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Small Business Survey 2014:
Businesses with no employees

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1. Executive Summary

Introduction

The 2014 Small Business Survey (SBS 2014) is a large-scale representative telephone survey of business owners and managers in the UK commissioned by the Department for Business, Innovation and Skills (BIS), the Scottish Government and Invest NI. Interviews were undertaken between July and October 2014 by BMG Research Ltd.

The survey interviewed 5,115 businesses, each employing fewer than 250 people, across the UK. Some of these were enterprises without any employees, i.e. operated by a single individual or by partners who did not employ anyone else in the business. This report is concerned only with the 760 businesses without employees. Results for SME employers are in a separate report¹. In this report, however, results for businesses without employees are compared with those from SME employers.

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

SBS 2014 has introduced a significant change in that the primary sample source for employers was the Inter-Departmental Business Register (IDBR), whilst Dun & Bradstreet's commercial database (the source for all SME interviews in previous SBS surveys) was retained to target businesses with no employees. However, because of size band slippage (businesses in the IDBR thought to be employers, but who turned out to employ nobody), 52 per cent of all interviews with businesses with no employees were sourced from the IDBR. The implication of this is that businesses with no employees in SBS 2014 were more likely to have had employees at some point previously than was the case in SBS 2012.

Profile of businesses

The 2014 Business Population Estimates calculated that there were 5,243,135 businesses in the UK private sector. Nearly four million (3,965,775) of these businesses had no employees. This represents 76 per cent of all UK enterprises. The majority of these (2,976,245, 57 per cent of all enterprises) were unregistered businesses.

In terms of employment, businesses with no employees accounted for 17 per cent of all employment in the UK private sector and seven per cent of all turnover.

¹ <https://www.gov.uk/government/publications/small-business-survey-2014-businesses-with-employees>

The survey results show that:

- Ninety-five per cent of businesses without employees operated from a single site, compared with 88 per cent of SME employers.
- Sixty-eight per cent were operated from the home of one of the business owners, compared with 32 per cent of SME employers.
- Sixteen per cent were private limited companies, limited by shares, compared with 66 per cent of SME employers.
- Forty-eight per cent were registered for VAT, compared with 85 per cent of SME employers.
- Fourteen per cent were aged up to five years, 19 per cent aged between six and ten years, 24 per cent aged 11 to 20 years, and 43 per cent had been in business for more than 20 years.
- Seventy-eight per cent had a single partner/director, 18 per cent two, and four per cent three or more.
- Twenty per cent were 'women-led', defined as controlled by a single woman or having a management team, a majority of whom are women. A further 32 per cent were led equally by men and women.
- Five per cent were minority ethnic group (MEG)-led, defined as having a person from an ethnic minority in sole control, or having a management team with at least half of its members from an ethnic minority.
- Using BIS's definition, five per cent of businesses with no employees were social enterprises.

Comparisons of survey results between businesses without employees and SME employers show the following. The table also shows results from SBS 2012. Only those trends unaffected by changes to question wording or sampling method are shown.

Table 1.1: Profile of businesses

	2014 All businesses with no employees	2014 SME employers	2012 All businesses with no employees
(n=)	760	4355	955
	%	%	%
Operating from a single site	95	88	94
Aged 0-5 years	14	20	18
Women-led	20	18	21
MEG-led	5	7	5
Social enterprise	5	5	6

Base = all businesses with no employees/SME employers. Figures in bold were statistically significant at the 95% confidence level for businesses with no employees against SME employers.

Business performance

Nineteen per cent of businesses with no employees that had been trading for at least a year employed someone 12 months earlier.

Asked to look forward, 21 per cent of businesses with no employees expected to be employing someone in 12 months time. This compares with nine per cent in 2012.

Twenty-five per cent of businesses with no employees that had been trading for at least a year had greater sales turnover than a year previously, forty-nine per cent had approximately the same turnover, and 24 per cent had lower turnover.

Looking forward, 29 per cent of businesses with no employees expected to have a greater turnover in 12 months time. Fifty-three per cent expected it to remain stable, and thirteen per cent expected it to decrease.

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

Eighteen per cent of businesses with no employees anticipated closure of the business within the next five years. Nine per cent expected to transfer their business over the same time period.

Forty-seven per cent of businesses with no employees plan to grow their business over the next two to three years

The proportions of growth-oriented businesses (those planning to grow their business) reporting various strategies were: exploit new markets (66 per cent); increase skills (59 per cent); launch new products or services (55 per cent); and capital investment (48 per cent).

Table 1.2: Business performance

	2014 All businesses with no employees	2014 SME employers	2012 All businesses with no employees
(n=)	760	4355	955
	%	%	%
Expect to employ more people in 12 months' time	21	32	9
Sales turnover higher now than a year previously	25	40	23
Sales turnover lower now than a year previously	24	18	37
Expect higher sales turnover in 12 months' time	29	51	29
Expect lower sales turnover in 12 months' time	13	8	19
Generated a profit in the last financial year	76	78	72
Plan to close the business in next 5 years	18	4	20
Plan to grow the business in next 2-3 years	47	73	54

Base = all businesses with no employees/SME employers. Figures in bold were statistically significant at the 95% confidence level for businesses with no employees against SME employers.

Businesses with no employees were less likely than SME employers to aim to grow the business, and were more likely to plan to close it in the medium term. They were less optimistic in terms of prospects for growth in sales turnover.

47 per cent of businesses with no employees aimed to grow over the next two to three years, a lower proportion than for SME employers (73 per cent), and that seen for no employee businesses in 2012 (54 per cent).

Business capability

Businesses were asked how capable their business was at performing a number of tasks which are usually considered important to running a successful business. The proportions of businesses with no employees thinking themselves *strong* on the various tasks were:

- People management: 59 per cent
- Taking decisions on tax and regulation issues: 63 per cent
- Business strategy: 53 per cent
- Operational improvement: 52 per cent
- Introducing new products and services: 37 per cent

- Entering new markets: 25 per cent
- Accessing external finance: 21 per cent.

Compared to 2012, businesses with no employees felt themselves more capable for all of these tasks.

Twenty-seven per cent of businesses with no employees had introduced new or improved products or services in the last 12 months. Nineteen per cent had introduced new or improved processes in the same period.

Eleven per cent of businesses with no employees exported goods or services.

Ninety-four per cent of businesses with no employees had internet access. Sixty per cent had their own website.

Some key trends in business capability between businesses with no employees and SME employers were:

Table 1.3: Business capability

	2014 All businesses with no employees	2014 SME employers	2012 All businesses with no employees
(n=)	760	4355	955
	%	%	%
Introduced new or significantly improved products or services	27	38	29
Introduced new or significantly improved processes	19	32	20
Exporting	11	19	12
Have internet access	94	98	92

Base = all businesses with no employees/SME employers. Figures in bold were statistically significant at the 95% confidence level for businesses with no employees against SME employers.

Businesses with no employees were less likely than SME employers to innovate and export.

Access to finance

Twelve per cent of businesses with no employees had sought finance in the 12 months prior to the survey, a similar proportion to that seen in 2012.

Those businesses with no employees that applied for finance were most likely to do so for working capital or cash flow (38 per cent) or to buy capital equipment or vehicles (36 per cent).

More than half of those that sought finance requested a bank loan (56 per cent), with 16 per cent seeking an overdraft. Eleven per cent sought leasing/hire purchase and nine per cent credit card finance.

Compared to 2012, businesses with no employees were less likely to seek finance for working capital/cash flow, and consequently were less likely to seek bank overdrafts.

Forty-three per cent of those that applied for finance had some level of difficulty in getting the money they wanted from the first source they approached, including 38 per cent which were wholly refused.

Some of those that were initially refused finance approached other sources. Of those applying for finance in the last 12 months, 71 per cent eventually received all that they sought, and a further two per cent received some of it. Twenty per cent received nothing.

Thirty-nine per cent of businesses with no employees had a problem with late payment. Compared with 2012, the proportion that had a 'big' problem (as opposed to a small problem) with late payment decreased from 14 to nine per cent.

Table 1.4: Access to finance

	2014 All businesses with no employees	2014 SME employers	2012 All businesses with no employees
(n=)	760	4355	955
	%	%	%
Whether sought finance in last 12 months	12	19	13
Problem with late payment	39	44	42
all businesses applying for finance in last 12m (n=)	110	1074	133
	%	%	%
Sought finance for working capital/cash flow	38	38	58
Sought finance for capital equipment or vehicles	36	24	25
Sought a bank loan	56	48	50
Sought a bank overdraft	16	21	32
Whether had difficulty from first source approached	43	39	51
Whether eventually obtained all finance needed	71	71	71

Base = all businesses with no employees/SME employers. Figures in bold were statistically significant at the 95% confidence level for businesses with no employees against SME employers.

Obstacles to business success

When asked to identify the main obstacle to the success of their business, businesses with no employees identified these, in order, as follows:

Table 1.5: Main obstacles to business success

	2014 All businesses with no employees	2014 SME employe rs	2012 All businesses with no employees
(n=)	760	4355	955
	%	%	%
The economy	18	13	42
Competition	11	12	10
Not being able to increase prices/fees	9	6	n/a
Red tape	8	7	n/a
Cash flow	6	7	8
Regulations	6	6	8
Taxation	5	11	7
Obtaining finance	5	5	5

Base = all businesses with no employees/SME employers. Figures in bold were statistically significant at the 95% confidence level for businesses with no employees against SME employers.

Businesses with no employees were more likely than SME employers to cite the economy as the main obstacle to the success of the business, while less likely to cite taxation.

Compared to 2012, businesses with no employees were much less likely to say the economy was their main obstacle.

Business support

Twenty-nine per cent of businesses with no employees had sought external information or advice in the 12 months prior to the survey. This proportion was down from 34 per cent in 2012.

In England and Wales², 12 per cent of businesses with no employees had sought any strategic advice and 15 per cent any information.

The most common reason for seeking advice in England and Wales was for business growth (40 per cent of those that sought advice in England and Wales). The most common

² In Scotland and Northern Ireland, advice and information were not split out into separate categories.

reasons for seeking information were for tax/national insurance law and payments and financial advice/information for general running of business (both 23 per cent of those who sought information in England and Wales).

In England and Wales, the most frequent sources of advice or information were located in the private sector – accountants, friends/family, work colleagues and consultants, business networks or internet searches.

A third of those requiring advice or information in England and Wales (35 per cent) had paid for at least some of it.

Seven per cent of businesses with no employees had used a business mentor in the previous 12 months.

Table 1.6: Business support

	2014 All businesses with no employees	2014 SME employers	2012 All businesses with no employees
(n=)	760	4355	955
	%	%	%
Sought external advice or information in the previous 12 months	29	44	34
Used a business mentor	7	12	5

Base = all businesses with no employees/SME employers. Figures in bold were statistically significant at the 95% confidence level for businesses with no employees against SME employers.

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2. Introduction

Aims of the survey

This report sets out the key findings from the 2014 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 Scottish Government and Invest NI. This survey is the latest in a series of Annual Small Business Surveys (ASBS) and, subsequently, biennial Small Business Surveys dating back to 2003. The survey on this occasion was conducted between July and October 2014 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 2012 SBS in particular. The survey measures:
 - The characteristics of Small and Medium-sized Enterprises (SMEs³) such as their type (number of sites, number of owners, whether have separate business premises etc.);
 - The characteristics of their owners and leaders;
 - Recent turnover and employment growth;
 - Capabilities (in terms of their ability to innovate, export, train staff, etc.);
 - Experience of accessing finance;
 - Use of business support;
 - Intentions to grow turnover and employment;
 - The needs, concerns, and obstacles that prevent SMEs fulfilling their potential.
- The survey creates a database that can be used for follow-up studies among the general SME population, and sub-groups within it.

³ Defined here as having fewer than 250 employees.

Survey method

BIS commissioned 4,000 CATI⁴ interviews for the SBS 2014 survey distributed in proportion to the business populations of UK nations. The Scottish Government and Invest Northern Ireland commissioned additional interviews in their own nations to generate a total sample size of 5,115⁵.

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). As with previous SBS and ASBS surveys, the target was that one sixth of interviews in each nation should be 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).

An important difference between the 2014 SBS and previous surveys was that, for the first time in 2014, the Inter Departmental Business Register (IDBR) was used as the sample source to target employers, while the Dun & Bradstreet database was used as the sample source to target those with no employees. However, because of size band slippage (businesses in the IDBR thought to be employers, but who turned out to employ nobody), 52 per cent of all interviews with businesses with no employees were sourced from the IDBR. The implication of this is that businesses with no employees in SBS 2014 were more likely to have had employees at some point previously than was the case in SBS 2012. A full discussion of sampling and other methodological issues is given in the technical appendix to the SBS 2014 employers report⁶.

Once the sample was drawn, in accordance with ONS guidance, no quotas were employed on size, sector or any other criteria except for country.

Survey findings have been weighted to the 2014 Business Population Estimates, published by BIS and based upon the IDBR with supplementary estimates from the LFS. For employers a matrix of sector within size band within country was devised, and data weighted to this. For no employee businesses, a matrix of sector within legal status (companies vs. other) was devised.

A review of the 2012 questionnaire was undertaken through consultations with stakeholders before the 2014 survey. Some alterations were made based on these consultations. Changes necessarily reflected the need to balance a desire to meet stakeholders' emergent needs, and the requirement for consistency with previous SBS surveys. This was followed up by an

⁴ Computer Assisted Telephone Interviews.

⁵ 3,446 interviews in England, 1,005 in Scotland, 161 in Wales, and 503 in Northern Ireland. The overall sample size is smaller in 2014 than in 2012 because no boost of SMEs in Wales was commissioned.

⁶ <https://www.gov.uk/government/publications/small-business-survey-2014-businesses-with-employees>

extensive round of 30 cognitive tests, and a 'live' pilot of 100 interviews using the adjusted 2014 questionnaire⁷.

Note on the report

Please note that the findings presented in this report relate to businesses without 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 2012 SBS. The overall sample size for businesses without employees across the UK in the 2014 report is 760.

Statistical confidence

Based on all enterprises with no employees, a difference between SBS 2012 and SBS 2014 of +/- 2.9% is significant for findings around 10%/90%, and a difference of +/- 4.8% is significant for findings around 50%⁸.

Unless stated otherwise, all findings reported in bold in the tables were statistically significant at the 95 per cent confidence level, whether reported as a comparison between businesses with no employees and SME employers, or whether a finding for a sub-group is compared with the overall total. Findings reported in the tables are only statistically significant when highlighted in bold.

⁷ The 2014 questionnaire is shown in full in the appendix of the 2014 employers report.

⁸ These differences are at the 95% confidence level.

3. 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 2014 data is weighted⁹ to estimates derived from BIS's Business Population Estimates (BPE¹⁰) 2014.

Population size (based on BPE 2014)

The 2014 Business Population Estimates calculated that there were around 5.25 million businesses in the UK private sector. This was an increase of around 450,000 on the 2012 estimates.

Nearly four million of these businesses had no employees. This represents 76 per cent of all UK enterprises. The bulk of these (almost three million, 57 per cent of all enterprises) were unregistered businesses). Compared with 2012, there were slightly more than 400,000 more enterprises with no employees in 2014.

Businesses with no employees accounted for 17 per cent of all employment in the UK private sector, and seven per cent of all turnover.

Sector (data weighted to BPE 2014)

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.

The most populous sectors among businesses with no employees in 2014 were construction (20 per cent of all with no employees) and professional/scientific (15 per cent).

⁹ The dataset is weighted by legal status (companies vs. other) within sector group bandings, within country. See technical appendix for more details.

¹⁰ <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: Sector¹¹

	2014 All businesses with no employees	2014 All SME employers
(n=)	3,965,775	1,277,360
	%	%
ABDE Primary (Agriculture, Mining, Utilities, Waste)	3	5
C Manufacturing	4	7
F Construction	20	12
G Wholesale and Retail Trade	7	19
H Transportation and Storage	6	3
I Accommodation and Food Service Activities	1	10
J Information and Communication	6	5
KL Financial/Real Estate	3	5
M Professional, Scientific and Technical Activities	15	14
N Administrative and Support Service Activities	8	8
P Education	6	1
Q Human Health and Social Work Activities	7	5
R Arts, Entertainment and Recreation	5	2
S Other Service Activities	6	5

Base = all businesses with no employees/SME employers

Compared with SME employers, there were a greater proportion of SMEs with no employees in the construction (20 per cent of no employees, 12 per cent of employers), education (six per cent compared with one per cent), health (seven per cent compared with five per cent) and arts/recreation (five per cent compared with two per cent) sectors. There were a smaller proportion of businesses with no employees in the manufacturing (four per cent compared with seven per cent), retail/wholesale (seven per cent compared with 19 per cent) and food/accommodation (one per cent compared with ten 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 and Wales) had a higher proportion of businesses with no employees in primary industries than was the case in the UK as a whole.

¹¹ 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=)	3,965,775	3,491,115	228,880	159,790	86,000
	%	%	%	%	%
ABDE Primary	3	2	6	9	18
C Manufacturing	4	4	5	6	8
F Construction	20	20	20	30	23
GHI Transport, retail and distribution	15	15	14	15	12
J Information & communication	6	7	5	3	3
KLM Business services	18	19	20	11	7
N Administrative services	8	8	7	7	3
PQRS Other services	24	24	22	19	25

Base = all businesses in the UK with no employees

Number of sites

From this point forward in this report, all results are based on the Small Business Survey 2014 (rather than, as above, on Business Population Estimates).

In 2014, 95 per cent of businesses with no employees operated from a single site. This was a similar proportion to that observed in 2012 (94 per cent). Eighty-eight per cent of SME employers in 2014 operated from a single site.

Table 2.3: Number of sites

	2014 All businesses with no employees	2014 All SME employers	2012 All businesses with no employees
(n=)	760	4355	955
	%	%	%
One (single site)	95	88	94
Two-three	5	10	6
Four or more	*	2	0

Base = all businesses with no employees/SME employers

*= 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.

Whether main business/work premises is owner's home

For 68 per cent of businesses with no employees, their main work premises were also their home. This proportion is slightly lower than the figure reported in 2012 (70 per cent). It is considerably higher than that reported among SME employers (32 per cent).

Table 2.4: Whether main business/work premises is owner's home – by sector¹².

	All with no employees	ABDE Primary	C Manufacture	F Construction	GHI TRAD	J Info-comms	KLM Business service	N Admin.	PQRS Other service
(n=)	760	47	57	112	153	48	173	38	122
	%	%	%	%	%	%	%	%	%
Work/home as same address	68	82	57	82	51	70	75	60	62

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 (82 per cent), construction (82 per cent), and business services (75 per cent) sectors were more likely than average to have the same work and home premises. Those in manufacturing (57 per cent) and transport, retail and distribution (51 per cent) were less likely to be home-based.

¹² In 2012 and earlier the question was 'is your main business or work premises also your home?' In 2014 this changed to 'does your business have separate business premises to your or someone else's home address'.

Legal status

Sixty-nine per cent of businesses with no employees were sole proprietorships. Sixteen per cent were private limited companies limited by shares (Ltd) and eleven per cent were partnerships.

Table 2.5: Legal status

	2014 All businesses with no employees	2014 All SME employers	2012 All businesses with no employees
(n=)	760	4355	955
	%	%	%
Sole proprietorship	69	13	64
Private Ltd. Company, limited by shares	16	66	23
Partnership	11	10	10
Private company limited by guarantee	1	3	*
Limited liability partnership	1	2	*
Community Interest Company (CIC, limited by guarantee or shares)	*	*	*
Co-operative	*	-	*
Private Unlimited Company	*	*	-
A trust	*	-	-
Other	*	*	-

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 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 (82 per cent), while private limited companies were most likely to be found in information/communication (53 per cent) and business services (26 per cent) sectors. Partnerships were most likely to be found in primary (37 per cent) and transport, retail and distribution (17 per cent) sectors.

Compared to SBS 2012, there were fewer private companies among those with no employees. However, please note that this is a result of the weighting by legal status that was applied in 2014 on businesses with no employees. In 2012 there was no weighting by legal status.

VAT registrations

Forty-eight per cent of businesses with no employees in SBS 2014 were VAT-registered. The 2014 figure is higher than that reported in 2012 (40 per cent). This was likely to be due to a high proportion of 2014 interviews being sourced from the IDBR¹³.

The proportion of VAT-registered businesses with no employees was higher in primary (78 per cent), information/communications (76 per cent), transport, retail and distribution (74 per cent) and manufacturing (64 per cent). They were less common in other services (20 per cent).

Businesses with no employees in Northern Ireland were more likely (63 per cent) than those in other nations to be VAT-registered.

By age of business, VAT registration rates were higher among younger businesses: 59 per cent among businesses established for less than four years, compared with 43 per cent of those established for between 4 and 10 years and 49 per cent of those established for more than ten years.

Of those registered for VAT, 56 per cent registered at the time of start-up (compared to 55 per cent of SME employers) and nine per cent registered prior to start-up (11 per cent of SME employers). Nine per cent did so after four years of trading (five per cent of SME employers).

¹³ These were sampled as employers, but actually had no employees at the time of interview. The IDBR is made up of businesses that make PAYE or VAT returns, so the proportion of those with no employees paying VAT in 2014 is likely to be higher than in 2012 (when only Dun & Bradstreet was used).

Age of business

Table 2.6 shows the age of businesses with no employees interviewed in SBS 2014.

Table 2.6: Age of business

	All businesses with no employees	All SME employers
(n=)	760	4355
	%	%
Less than one	1	2
1 year	1	2
2 years	3	4
3 years	3	3
4 years	3	4
5 years	3	5
6-10 years	19	18
11-20 years	24	21
More than 20 years	43	39

Base = all businesses with no employees/SME employers

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. Eight per cent of businesses with no employees (11 per cent of SME employers) were therefore start-ups in 2014, slightly lower than the 2012 figure of ten per cent.

Forty-eight per cent of businesses with no employees were working as an employee within another business when they started their own business. This compares with 55 per cent of SME employers. Seven per cent were running another business, 21 per cent were self-employed and 12 per cent were unemployed (eight per cent; 18 per cent and ten per cent respectively among SME employers).

Those working for another business previously were asked about the business they previously worked in. They were most likely to have been working in a similar field for a business with fewer than 250 employees (38 per cent), while one in five (21 per cent) had been working in a different field in a similar size business. Overall, a quarter had been executives in large organisations: 17 per cent in a large corporation and seven per cent in a large multi-national. Eight per cent had been working in a public sector organisation.

Businesses without employees within manufacturing were significantly more likely than average to have been working in a similar field within another SME before starting their own business (65 per cent).

Number of partners/directors

SMEs with no employees may still have other partners or directors that do not count as employees. Seventy-eight per cent had just one director, with 22 per cent having more than one. The majority of these jointly-led businesses involved two partners or directors (18 per cent of all businesses with no employees).

Table 2.7: Number of partners/directors

	All businesses with no employees	All SME employers
(n=)	760	4355
	%	%
One	78	45
Two	18	37
Three	2	9
Four	1	4
Five to eight	1	3
Nine to twelve	*	*
Thirteen or more	*	*

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 for businesses with no employees against SME employers. R4/R5. Single answer only allowed at this question.

Thirty-three per cent of businesses with no employees had at least one woman director/partner in day-to-day control of the business (compared with 54 per cent of SME employers). Fifteen per cent had at least one director/partner with a disability or longstanding illness (eight per cent of SME employers), five per cent had at least one director/partner from an ethnic minority (eight per cent of SME employers), and eight per cent had at least one director/partner born outside of the UK (14 per cent of SME employers).

Women-led businesses

Twenty 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 18 per cent of SME employers and 21 per cent of businesses with no employees in 2012. A further 12 per cent were led equally by men and women, meaning that overall, 32 per cent were at least 50 per cent female.

Table 2.8: Leadership by gender

	2014 All businesses with no employees	2014 All SME employers	2012 All businesses with no employees
(n=)	760	4355	955
	%	%	%
Majority-led by women	20	18	21
Equally-led	12	27	16
At least 50% female (majority led & equally led)	32	45	37
Women in a minority	1	9	2
Entirely male-led	66	46	61

Base = all businesses with no employees/SME employers

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.

Compared to 2012, there was a lower proportion of businesses with no employees that were equally led by men and women.

There was a particularly high proportion of women-led businesses within the other services sector (40 per cent) and very few within the construction (four per cent), primary (six per cent) and information and communication (seven per cent) sectors. In the primary sector, businesses with no employees were more likely than average to be equally male/female led (24 per cent).

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

	All businesses with 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=)	760	47	57	112	153	48	180	39	124
	%	%	%	%	%	%	%	%	%
Women- led	20	6	10	4	18	7	22	16	40

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.

In 2012 the proportion of businesses with no employees that were MEG-led was also five per cent.

MEG-led businesses tended to be younger than businesses with no employees generally. They constituted 20 per cent of such formed in the last three years, but only eight per cent of those formed four to ten years ago and three per cent of those formed over ten years ago.

The TRAD sector was more likely than average to be MEG-led among those with no employees (12 per cent), but primary, manufacturing and construction sectors were less likely to be MEG-led (no more than one per cent in each).

Social enterprises

Twenty-six per cent of businesses with no employees saw their businesses as a social enterprise: a business that has mainly social or environmental aims. This was a similar proportion to that of SME employers in 2014 (27 per cent), but higher than among businesses with no employees in 2012 (21 per cent).

Table 2.10: Social enterprises

	2014 All businesses with no employees	2014 All SME employers	2012 All businesses with no employees
(n=)	760	4355	955
	%	%	%
Perceive themselves as social enterprises	26	27	21
Conform to BIS definition of a social enterprise	5	5	6

Base = all businesses with no employees/SME employers

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.

BIS 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 and should not have less than 75 per cent of turnover from trading. In addition, they had 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, five per cent of businesses with no employees were considered to be social enterprises, the same proportion as for SME employers, and similar to the proportion seen for businesses with no employees in 2012 (six per cent).

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

	All businesses with 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=)	760	47	57	112	153	48	180	39	124
	%	%	%	%	%	%	%	%	%
Social enterprise	5	4	3	5	3	2	4	5	9

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.

4. Business Performance

This section explores how businesses with no employees have performed in the last twelve months in terms of turnover, whether they have expectations of employing people, and their expectations for performance in the next twelve months.

Employment in twelve months' time

Twenty one per cent of businesses with no employees expected to employ people in twelve months' time. This compares with nine per cent in 2012.

Younger businesses were more likely than average to expect to employ someone in twelve months' time (48 per cent of those aged up to three years, compared with 16 per cent of those established for between four and ten years and 20 per cent of those established for more than ten years).

By sector, businesses without employees within primary (35 per cent) and TRAD (32 per cent) sectors were significantly more likely than average to expect to employ someone in twelve months' time.

Table 3.1: Numbers expect to employ in 12 months' time – 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=)	760	47	57	112	153	48	180	39	124
	%	%	%	%	%	%	%	%	%
Expect to employ someone	21	35	30	17	32	23	17	24	17

Base = all businesses with no employees

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

Turnover now compared to twelve months previously

Twenty-five per cent of businesses with no employees had greater turnover (value of sales) than a year previously, 49 per cent had approximately the same turnover and 24 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

	2014 All businesses with no employees	2014 All SME employers	2012 All businesses with no employees
(n=)	748	4225	923
	%	%	%
Turnover greater now	25	40	23
Same as 12m before	49	39	37
Turnover lower now	24	18	37

Base = all businesses with no employees/SME employers 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.

Compared with 2012, fewer businesses with no employees had experienced lower turnover in 2014.

By sector, businesses with no employees in the business services sector were more likely than average to report an increase in turnover (32 per cent).

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

	All businesses with 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=)	748	47	57	110	147	47	177	39	124
	%	%	%	%	%	%	%	%	%
Turnover greater now	25	28	33	22	26	16	32	26	20
Same as 12m before	48	45	33	48	46	60	42	53	56
Turnover lower now	24	25	29	26	24	23	22	22	23

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, 53 per cent thought it would remain roughly the same and 13 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. Compared with 2012, businesses with no employees were less likely to expect a decrease in turnover (19 per cent in 2012), but no more or less likely to expect an increase.

Table 3.4: Expectations of turnover in 12 months' time

	2014 All businesses with no employees	2014 All SME employers	2012 All businesses with no employees
(n=)	760	4355	955
	%	%	%
More than now	29	51	29
Same as now	53	37	46
Less than now	13	8	19

Base = all businesses with no employees/SME employers

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 (53 per cent) and TRAD (39 per cent) sectors, whereas those in construction (15 per cent) and primary sectors (16 per cent) were less likely than average to expect an increase.

The primary sector was the most likely to think turnover would decrease (48 per cent), those in manufacturing (five per cent), TRAD (six per cent), other services (seven per cent) and administrative services (eight per cent) sectors were the least likely to expect a decrease.

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

	All businesses with 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=)	760	47	57	112	153	48	180	39	124
	%	%	%	%	%	%	%	%	%
More than now	29	16	36	15	39	53	35	33	26
Same as now	53	21	48	63	49	33	44	54	65
Less than now	13	48	5	19	6	12	17	8	7

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 with no employees were more likely to expect higher turnover in the next twelve months (59 per cent of businesses less than four years old), while more than half of those aged ten years or older did not anticipate any change (56 per cent).

Profit

Seventy-six per cent of businesses with no employees generated a profit in their last financial year, a similar proportion to that reported by SME employers (78 per cent) and to businesses with no employees in 2012 (72 per cent).

By sector, those in the business services (83 per cent) sector were more likely than average to have made a profit, whilst those in the primary sector (57 per cent) were less likely than average to have done so.

Younger businesses were less likely to report a profit than those longer established: 61 per cent of those aged less than four years, 81 per cent of those aged between four and ten years and 75 per cent of those established for more than ten years reported that they made a profit.

Plans for closure or transfer of business

Eighteen 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 (four per cent). Nine per cent anticipate the full transfer of ownership (12 per cent of SME employers), while 67 per cent did not think either of these things would happen (78 per cent of SME employers). Although similar proportions of businesses with no employees anticipated the closure of their business in 2012 and 2014, a higher proportion in 2014 than in 2012 anticipate the full transfer of ownership.

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

	2014 All businesses with no employees	2014 All SME employers	2012 All businesses with no employees
(n=)	760	4355	955
	%	%	%
Yes – anticipate closure	18	4	20
Yes – anticipate full transfer	9	12	6
Neither	67	78	66
Don't know	7	6	8

Base = all businesses with no employees/SME employers

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 20 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 14 per cent of those aged between four and ten years.

Of those anticipating the transfer of their business, 28 per cent expect to pass ownership to somebody within their own family. Sixty-seven per cent anticipate selling outside of their family.

Plans for future growth

Forty-seven per cent of businesses with no employees aim to grow their business over the next two to three years. This compares to 73 per cent of SME employers and 54 per cent of businesses with no employees in 2012.

By sector, those in information/communications (61 per cent) and business services (60 per cent) sectors were more likely than average to aim to grow their businesses. Those in construction (34 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)

	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=)	760	47	57	112	153	48	180	39	124
	%	%	%	%	%	%	%	%	%
Aim to grow	47	42	36	34	51	61	60	53	40

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.

Plans to grow are correlated with age of business, with younger businesses more likely to plan growth. Eighty-three per cent of those aged 0-3 years aimed to grow, compared to 53 per cent of those aged between four and ten years and 40 per cent of those aged more than ten years.

Of those aiming to grow, 12 per cent were very likely to seek external finance to achieve this growth, with 16 per cent being fairly likely, 19 per cent not very likely and 53 per cent not at all likely. Therefore, more than a quarter of those looking to grow (28 per cent) will seek external finance. This was a similar proportion to that of SME employers with plans for growth (29 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

	2014 All businesses with no employees looking to grow	2014 All SME employers looking to grow	2012 All businesses with no employees looking to grow
(n=)	396	3362	489
	%	%	%
Increase turnover by exploiting new markets	66	68	70
Increase skills	59	81	58
Develop and launch new products or services	55	58	57
Capital investment	48	54	-

Base = all businesses with no employees/all SME employers 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.

Sixty-six per cent of those with no employees looking to grow aimed to increase turnover by exploiting new markets, 59 per cent aimed to increase skills, 55 per cent to launch new products or services, and 48 per cent to undertake capital investment. SME employers looking to grow were more likely than those with no employees to want to increase skills and make capital investment.

There has been little change in these figures since 2012 for businesses with no employees.

5. 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 at 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

		2014 All businesses with no employees	2014 All SME employers	2012 All businesses with no employees
(n=)		760	4355	955
		%	%	%
Taking decisions on regulation and tax issues	Strong	63	73	54
	Poor	8	5	12
People management	Strong	59	78	27
	Poor	6	3	24
Developing and implementing a business plan and strategy	Strong	53	61	41
	Poor	17	8	23
Operational improvement, e.g. adopting industry best practice	Strong	52	61	44
	Poor	15	7	19
Developing and introducing new products and services	Strong	37	44	28
	Poor	20	18	31
Entering new markets	Strong	25	28	19
	Poor	28	27	38
Accessing external finance	Strong	21	27	12
	Poor	33	30	49

Base = all businesses with no employees/SME employers. 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 (63 per cent), people management (59 per cent), developing and implementing business plans and strategy (53 per cent) and operational improvement (52 per cent). They were as likely to consider themselves strong as poor for entering new markets. They considered themselves particularly poor at accessing external finance (33 per cent poor).

SME employers were more likely to think themselves strong, and less likely to think themselves poor, on most of these factors. The gap between SME employers and those with no employees was largest for people management.

Compared to 2012, businesses with no employees were more likely to think themselves strong for all the mentioned business activities.

Table 4.2: Perception of whether the business is *strong* at business activities - 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=)	760	47	57	112	153	48	180	39	124
	%	%	%	%	%	%	%	%	%
Regulation/tax	63	45	44	71	57	46	70	55	65
People management	59	46	44	59	58	75	62	48	63
Bus. plan/strategy	53	55	41	51	46	48	59	50	55
Operational improvement	52	31	43	47	44	64	62	45	57
New product/service	37	12	41	32	43	50	43	21	35
New markets	25	8	29	23	30	28	32	30	19
External finance	21	15	17	22	26	23	28	14	15

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 least likely to be strong for entering new markets and introducing new products. Those in manufacturing were less likely than average to be strong for taking decisions on regulation and tax issues and people management, while those in the construction and business services sectors were particularly strong with regard to taking decisions on regulation and tax issues. Those with no employees in business services were also stronger than average in other areas. Those in the information/communications sector considered themselves particularly strong with regard to people management.

Although 53 per cent of businesses with no employees considered themselves strong in terms of developing and implementing a business plan and strategy, fewer than a quarter of all businesses without employees had a formal written business plan (23 per cent) and only half of those that did (12 per cent of all businesses) said it was kept up to date.

Business Capability: Innovation

Twenty-seven per cent of businesses with no employees had introduced new or significantly improved *products or services* in the last twelve months. This compares to 38 per cent of SME employers. Nineteen 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 (32 per cent). Among those with no businesses, there has been little change in the proportion innovating since 2012.

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

	2014 All businesses with no employees	2014 All SME employers	2012 All businesses with no employees
(n=)	385	2150	454
	%	%	%
Products/services	27	38	29
Processes	19	32	20

Base = all businesses with no employees/SME employers (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 TRAD (41 per cent) and manufacturing (44 per cent) sectors were more likely than average to have introduced new products or services, while those in primary (five per cent) and administrative services (three per cent) sectors 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)

	All businesses with 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=)	385	23	25	58	82	21	96	18	62
	%	%	%	%	%	%	%	%	%
Products/ services	27	5	44	21	41	28	27	3	29

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, 17 per cent of these products or services were completely new and 79 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 business services sector (31 per cent) and was least likely to have happened in primary (four per cent) and administrative services (three per cent) sectors.

For those introducing new processes, 22 per cent of processes were completely new and 74 per cent just new to the business.

Applying for tax credits in respect of innovation

Just four per cent of businesses with no employees reported applying for or receiving tax credits in respect of innovation in the last three years. This is the same proportion as that reported among SME employers.

Those which were most likely to have applied for or received these credits were in administrative services (12 per cent).

Business Capability: Exporting

Eleven 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. Among those with no employees, the proportion exporting was similar to 2012 (12 per cent)

Among those with no employees, those in information/communications (42 per cent), manufacturing (23 per cent) and business services (22 per cent) were the most likely to be exporting, and those in primary (three per cent), construction (less than half per cent) and other services (two per cent) the least likely. A similar pattern by sector was seen among SME employers.

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

	All businesses	ABDE Primary	C Manufacture	F Construction	GHI TRAD	J Info-comms	KLM Business service	N Admin.	PQRS Other service
No employees (n=)	760	47	57	112	153	48	180	39	124
	%	%	%	%	%	%	%	%	%
Export	11	3	23	*	15	42	22	16	2
SME employers (n=)	4355	150	570	369	1364	170	637	331	764
	%	%	%	%	%	%	%	%	%
Export	19	8	45	4	16	53	25	21	6

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 (16 per cent compared to 12 per cent in England, eight per cent in Scotland and 11 per cent in Wales). This is probably because of trade with the Republic of Ireland. Again, this pattern is similar to that observed among SME employers.

Two per cent of businesses with no employees that were not exporters planned to start exporting in the next twelve months. This is the same proportion as for 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 (59 per cent). Twenty-six per cent said it was not part of their business plan and five per cent said that they had sufficient business in the UK already. Only a very small proportion spontaneously said that exporting was too costly, that they had chosen to be a local business only, or that they did not export for regulation/legal reasons (each cited by two per cent).

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

Business Capability: Technology

Ninety-four per cent of businesses with no employees had internet access which they use for business purposes (98 per cent of SME employers). The 2014 figure compares with a similar proportion in 2012 (92 per cent).

Table 4.6: Uses of the internet

	All businesses with no employees	All SME employers
(n=)	375	2205
	%	%
Emails to customers	79	85
Other online transactions e.g. taking bookings, online banking, BACS payments, purchasing	69	78
Paying taxes online	68	79
Promoting goods and services through a website	53	68
Seeking general business advice	47	59
Social media e.g. Facebook, LinkedIn, twitter	47	57
Advice on regulation	43	61
Selling goods and services through a website	26	33
None of these	6	2

Base = all businesses with no employees/SME employers (half sample)

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.

Approximately four-fifths of all businesses with no employees email their customers (79 per cent), while two-thirds of all have used the internet for online transactions such as taking bookings, online banking, BACS payments and/or purchasing (69 per cent), or for paying taxes online (68 per cent).

More than half of all businesses with no employees use the internet for promoting their goods and services through a website (53 per cent), while slightly fewer have used it for social media (47 per cent) or seeking general business advice (47 per cent).

Those with no employees were less likely to use the internet for any of these purposes than SME employers, the biggest difference between the two being in the proportion using it to promote goods and services through a website (53 per cent compared to 68 per cent).

Three-fifths of businesses with no employees (60 per cent) had their own website. This compares to 77 per cent of SME employers.

Among those with no employees, those in information/communication were most likely to have their own website (93 per cent), those in TRAD (49 per cent), construction (48 per cent) and primary (25 per cent) sectors the least likely.

Of those with internet access, 70 per cent had this access at their workplace and 90 per cent at home. Sixty-five 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 90 per cent) or via a smartphone (74 per cent for SME employers).

Table 4.7: Importance of the security of the computer system and information held on it to the running of the business

	All businesses with no employees	All SME employers
(n=)	375	2205
	%	%
Essential	43	52
Very important	24	28
Fairly important	15	12
Not very important	9	4
Not at all important	3	1
Not relevant – no computer system	5	2
Don't know	1	1

Base = all businesses with no employees/SME employers (half sample)

Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. O6. Multiple answers allowed at this question.

When asked how important the security of their computer system and the information held on it is to the running of their business, more than two-fifths of businesses with no employees (43 per cent) considered it essential. A further quarter (24 per cent) considered it very important. Overall, two-thirds of businesses with no employees (67 per cent) place a high

level of importance on their IT security. This is a lower proportion than among SME employers (80 per cent, including 52 per cent that considered computer security essential).

Computer system and information security is most likely to be considered essential by businesses with no employees in the information and communication sector (80 per cent) and least likely to be considered important in the primary sector (33 per cent consider it not very important). One in ten businesses with no employees in primary, manufacturing and TRAD sectors do not have a computer system.

Table 4.8: Importance of the security of the computer system and information held on it to the running of the business – 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=)	375	24	32	54	71	27	84	21	62
	%	%	%	%	%	%	%	%	%
Essential	43	15	12	42	33	80	49	55	43
Very important	24	27	20	21	22	1	34	35	22
Fairly important	15	14	31	12	17	14	13	2	20
Not very important	9	33	13	17	11	2	2	8	7
Not at all important	3	0	6	4	7	3	*	0	4
Not relevant – no computer system	5	11	11	3	10	0	3	0	4
Don't know	1	0	8	1	0	0	0	0	0

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

Figures in bold are statistically significant at the 95% confidence level against the overall finding. O6. Single answer only allowed at this question.

6. 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

Twelve per cent of businesses with no employees had sought finance in the twelve months preceding the interview. This compares to 19 per cent of SME employers. Among employers, the proportion that sought finance increases according to size, with 18 per cent of micros (1-9 employees), 26 per cent of small businesses (10-49 employees) and 32 per cent of medium-sized businesses (50-249 employees) having sought finance in the last 12 months. Among those with no employees, there has been little change in the proportion seeking finance since 2012.

Table 5.1: Whether sought finance in the last 12 months

	2014 All businesses with no employees	2014 All SME employers	2012 All businesses with no employees
(n=)	760	4355	955
	%	%	%
YES - ANY	12	19	13
- Once	9	13	9
- More than once	4	7	4
NO	88	81	87

Base = all businesses with no employees/SME employers

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.

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

	All businesses with 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=)	760	47	57	112	153	48	180	39	124
	%	%	%	%	%	%	%	%	%
ANY	12	15	11	10	15	10	15	17	9
- Once	9	14	11	7	8	9	11	9	8
- More	4	*	*	3	7	2	4	8	2
NO	88	85	89	90	85	90	85	83	91

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

There is little variation in the propensity to have sought finance by sector, businesses with no employees in the administrative services sector were the most likely to have sought finance (17 per cent) and those in other services the least likely to have sought finance (nine per cent).

Younger businesses were more likely to have sought finance than older ones (16 per cent of those aged up to three years, eight per cent of those aged over four years).

Reasons for applying/not applying for finance

Of those that applied for finance, 38 per cent did so to acquire working capital or for cash flow reasons, 36 per cent to acquire capital equipment or vehicles, ten 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, although those with no employees were more likely to want to access finance to buy capital equipment or vehicles than was the case for SME employers (36 per cent of those seeking finance, compared to 24 per cent).

Table 5.3: Reason for applying for finance

	2014 Businesses with no employees that applied for finance	2014 SME employers that applied for finance	2012 Businesses with no employees that applied for finance
(n=)	110	1074	133
	%	%	%
Working capital, cash flow	38	38	58
Capital equipment or vehicles	36	24	25
Buying land or buildings	10	16	8
Business expansion/growth	8	6	2
Improving buildings	5	9	4
Debt consolidation	5	5	-
Research & development	4	3	1
Training/staff development	3	1	*
Acquiring intellectual property	1	0	-
Other	2	6	5

Base = all businesses with no employees/SME employers 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.

Compared to 2012, fewer businesses with no employees applied for finance for working capital/cash flow.

Of those businesses with no employees not applying for finance in the previous twelve months, ten per cent had a need for finance. This compares with 14 per cent for SME employers.

Among those with a need for finance, the reasons for not actually applying were because they thought they would be rejected (45 per cent); they did not want to take on additional risk (38 per cent); they thought it would be too expensive (34 per cent); the decision would have taken too long/it was too much hassle (32 per cent); they did not think it was the right time to seek finance because of economic conditions (27 per cent); or they did not know where to find the appropriate finance (25 per cent). SME employers with a need for finance but who did not apply gave similar reasons.

Forty-two per cent of businesses with no employees that had a need for finance but did not apply for it spoke to a bank before deciding not to apply. It was a similar proportion (45 per cent) among relevant SME employers.

Type of finance sought

Fifty-six 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. Sixteen per cent applied for bank overdrafts (21 per cent of SME employers); 11 per cent for leasing or hire purchase arrangements (nine per cent of SME employers); nine per cent sought credit card finance (one per cent of SME employers); and seven per cent sought grants (12 per cent of SME employers).

Table 5.4: Type of finance sought

	2014 Businesses with no employees that applied for finance	2014 SME employers that applied for finance	2012 Businesses with no employees that applied for finance
(n=)	110	1074	133
	%	%	%
Bank loan	56	48	50
Bank overdraft	16	21	32
Leasing or hire purchase	11	9	9
Credit card finance	9	1	3
Grant	7	12	2
Mortgage	2	5	3
Loan from family/business	2	*	1
Factoring/invoice discounting	1	2	2
Equity investment from business angel/VC	1	*	-

Base = all businesses with no employees/SME employers 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 mortgages, while those with no employees were more likely to seek credit card finance.

Compared with 2012, fewer businesses with no employees sought bank overdrafts (16 per cent of those seeking finance in 2014, compared to 32 per cent in 2012).

Five per cent of all businesses with no employees had had a formal application for finance rejected in the last ten years. The proportion was higher among SME employers (eight per cent).

Difficulties in obtaining finance

Forty-three 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 39 per cent of SME employers. However, among employers, micro businesses were particularly likely to experience difficulties in obtaining finance (42 per cent for micros, 32 per cent for small businesses and 25 per cent for medium-sized businesses). Thus, the proportion with no employees experiencing difficulties was similar to that of micro businesses.

Thirty-eight per cent of businesses with no employees that sought finance were unable to obtain any, one per cent obtained some finance but not all they needed, and three per cent obtained all they needed, but with some difficulties.

Although the proportion unable to obtain any finance from the first source approached was higher for those with no employees than for employers, this finding is not statistically significant.

Table 5.5: Any difficulty obtaining finance from first source approached

	2014 Businesses with no employees that applied for finance	2014 SME employers that applied for finance	2012 Businesses with no employees that applied for finance
(n=)	110	1074	133
	%	%	%
ANY DIFFICULTY	43	39	51
- Unable to obtain any finance	38	30	41
- Obtained some but not all	1	4	2
- Obtained all but with difficulty	3	6	7
NO DIFFICULTIES	54	58	49

Base = all businesses with no employees/SME employers 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.

The proportion of those businesses with no employees experiencing difficulties in 2014 was not significantly different from 2012.

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 (57 per cent from the first source, 14 per cent from another source). Two per cent obtained some but not all they needed and 20 per cent obtained none.

Table 5.6: Eventual outcome of application for finance

	2014 Businesses with no employees that applied for finance	2014 SME employers that applied for finance	2012 Businesses with no employees that applied for finance
(n=)	110	1074	133
	%	%	%
OBTAINED ALL THEY NEEDED	71	71	71
- From first source	57	64	56
- From another source	14	7	15
OBTAINED SOME BUT NOT ALL	2	4	5
OBTAINED NONE	20	21	23
Don't know/still pending/refused	7	3	2

Base = all businesses with no employees/SME employers that applied for finance in the last 12 months
H9/H13. Single answer only allowed at this question.

Compared to employers, those with no employees were more likely to obtain their finance from a secondary source.

Among those with no employees, the proportions obtaining all they need/obtaining no finance was very similar in both 2012 and 2014.

Relationship with bank

Fifty-seven per cent of all businesses with no employees had a good relationship with their bank, compared with 63 per cent of SME employers.

Compared with 2012, those with no employees in 2014 were more likely to have better relationships with their bank, and less likely to have poor relationships.

Table 5.7: Whether have a good relationship with bank

	2014 All businesses with no employees	2014 All SME employers	2012 All businesses with no employees
(n=)	760	4355	955
	%	%	%
GOOD	57	63	51
- Very good	34	37	28
- Fairly good	23	26	23
NEITHER GOOD NOR POOR	28	24	28
POOR	13	12	19
- Fairly poor	6	8	11
- Very poor	7	4	9
Don't know/refused	2	1	2

Base = all businesses with no employees/SME employers. 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.

Younger businesses tended to have a worse relationship with their banks than more established ones. Forty-nine per cent of businesses aged up to three years had a good relationship and 20 per cent had a poor relationship. This compares to 57 per cent of older businesses reporting a good relationship and just 11 per cent having a poor one.

Late payment

Thirty-nine 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 among SME employers. There has been little change in the propensity to have had a problem with customers paying later than required, although businesses with no employees are significantly less likely now than in 2012 to have had a big problem in this respect (nine per cent, compared to 14 per cent).

Table 5.8: Whether have had a problem with customers paying later than required

	2014 All businesses with no employees	2014 All SME employers	2012 All businesses with no employees
(n=)	760	4355	955
	%	%	%
ANY PROBLEM	39	44	42
- Big problem	9	14	14
- Small problem	29	31	28
NO PROBLEM	57	51	58
Not relevant – do not give credit	4	4	5

Base = all businesses with no employees/SME employers

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 most likely to be a problem in the business services sector (53 per cent). It was least likely to be a problem in the transport, retail and distribution sector (75 per cent 'no problem').

7. 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, 60 per cent of businesses with no employees said that the economy was an obstacle to the success of their business. Forty-seven per cent cited competition in the market and the same proportion agreed that not being able to increase prices/fees was an obstacle. Forty-five per cent mentioned 'red tape', while 40 per cent cited regulations, 37 per cent cash flow, 37 per cent taxation (including VAT, PAYE, NI and business rates), 34 per cent late payment, 19 per cent obtaining finance, 18 per cent shortage of skills, 17 per cent availability/cost of suitable premises and 17 per cent pensions.

Compared with SME employers, those with no employees were less likely to say there were specific obstacles. They were as likely as SME employees to mention the economy.

Respondents that cited obstacles were subsequently asked which one of these constituted the main obstacle to the success of their business. The economy was cited by 18 per cent of businesses with no employees (compared to 13 per cent of SME employers); competition in the market was the main obstacle for 11 per cent (12 per cent among SME employers); not being able to increase prices was mentioned by nine per cent, while eight per cent mentioned 'red tape'. These last two compare with similar proportions of SME employers (six per cent and seven per cent respectively).

Compared to businesses with no employees in 2012, fewer cited the economy as the main obstacle to business success in 2014 (18 per cent, compared with 42 per cent in 2012). The proportion saying they had no main obstacles increased (16 per cent in 2014, compared with eight per cent in 2012).

Table 6.1: Main obstacle to the success of the business

	All businesses with no employees	All SME employers	2012 All businesses with no employees
(n=)	760	4355	955
	%	%	%
The economy	18	13	42
Competition	11	12	10
Not being able to increase prices	9	6	n/a
Red tape	8	7	n/a
Cash flow	6	7	8
Late payment	6	5	n/a
Regulations	6	6	8
Taxation, VAT, PAYE, NI, rates	5	11	7
Obtaining finance	5	5	5
Recruiting staff	3	5	1
Shortage of skills generally	2	4	2
Availability/cost of suitable premises	1	3	3
Shortage of managerial expertise	*	1	1
Pensions	*	1	*
Other	3	2	5
No main obstacle	16	10	8
No opinion	*	*	1

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 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 (60 per cent). Those mentioning the economy as a main obstacle 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 mentioned reduction in demand (74 per cent) and local economic conditions (66 per cent) as a reason for this. The pressure to reduce prices (44 per cent) and increased costs (39 per cent) were mentioned by less than half.

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

	All businesses with no employees	All SME employers
(n=)	128	592
	%	%
Reduction in demand	74	64
Local economic conditions	66	65
Pressure to reduce prices	44	52
Increased costs	39	60

Base = all businesses with no employees/SME employers considering the economy to be their main 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.

Regulations

Among those with no employees regulations were more likely than average to be cited at all as an obstacle by those in the primary (83 per cent), construction (58 per cent) and transport, retail and distribution (50 per cent) sector.

Those that said regulations were the main 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=)	47	252
	%	%
Sector specific	20	13
Health and safety	17	12
Environmental	13	5
Employment	7	10
Planning, development etc.	5	4
Local authority/Council regulations	5	1
Providing information/record keeping	5	*
Financial services (e.g. FSA)	5	13
Tax-related	2	6
None specifically/all regulations	20	15

Base = all businesses with no employees/SME employers considering regulations to be their main 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. G5. Multiple answers allowed at this question.

Sector-specific regulations (20 per cent) were most frequently mentioned as an obstacle to business success, followed closely by health and safety regulations (17 per cent), and the environment (13 per cent). Compared to SME employers, there were few statistically significant differences. This was mainly due to the small sample size of those with no employees.

Taxation/VAT/PAYE

Taxation was more likely than average to be cited as an obstacle by businesses in the construction (51 per cent) and transport, retail and distribution (46 per cent) sectors.

Those that said that taxation was their main 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=)	43	392
	%	%
VAT	44	56
National insurance	21	15
Corporation tax	21	20
Income tax	17	9
PAYE	13	15
Business rates	9	40
Vehicle tax/fuel duty	2	2

Base = all businesses with no employees/SME employers considering taxation/VAT/PAYE to be their main 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. G6. Multiple answers allowed at this question.

Forty-four per cent of those citing taxation as a main obstacle mentioned VAT, with 21 per cent citing national insurance, the same proportion citing corporation tax, 17 per cent income tax, 13 per cent PAYE, nine per cent business rates and just two per cent vehicle tax/fuel duty.

Despite the apparent size of the disparity between SME employers and those with no employees for some of the figures above, because of small sample sizes only the difference for business rates was statistically significant, with employers much more likely to have mentioned this as a type of taxation that was an obstacle.

Cash flow

Cash flow was more likely than average to be cited as an obstacle by those in construction (51 per cent) and transport, retail and distribution (45 per cent) sectors.

Those that said that cash flow was their main 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=)	47	270
	%	%
Late payment from individual customers	64	57
Fluctuating income or outgoings	59	60
Timing of tax payments	42	40
Late payment from other businesses	40	45
Longer payment terms	34	44
High levels of working capital required	30	37
High levels of investment required	30	39
Difficult/expensive to get credit from suppliers	19	29

Base = all businesses with no employees/SME employers considering cash flow to be the main 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.

Businesses with no employees that identified that cash flow was their main obstacle were most likely to say that this was caused by late payment from individual customers (64 per cent), fluctuating income or outgoings (59 per cent), timing of tax payments (42 per cent) and/or by late payment from other businesses (40 per cent). Other causes mentioned were: longer payment terms (34 per cent), high levels of working capital required (30 per cent), high levels of investment required (30 per cent) and difficult/expensive to get credit from suppliers (19 per cent).

Compared with SME employers, there were no statistically significant differences in the figures, due to the small sample size for those with no employees.

8. 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.

Awareness of Government organisations offering business support

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

Table 7.1: Awareness of UK-wide public sector organisations offering business support

	All businesses with no employees	All SME employers
(n=)	760	4355
	%	%
Queen's Award for Enterprise	57	53
UK Trade & Investment (UKTI)	27	35
Tools for Business (.GOV website)	20	24
Manufacturing Advisory Service	15	17
British Business Bank	13	14
MentorSME	9	10
Technology Strategy Board	8	8

Base = all businesses with no employees/SME employers. Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. K1. Multiple answers allowed at this question.

Fifty-seven per cent of businesses with no employees had heard of the Queen's Award for Enterprise, 27 per cent had heard of UKTI, 20 per cent of the Tools for Business section of the .GOV website, 15 per cent of the Manufacturing Advisory Service, 13 per cent of the British Business Bank, nine per cent of the MentorSME website, and eight per cent of the Technology Strategy Board.

Compared to SME employers, those with no employees were more likely to have heard of the Queen's Award for Enterprise, but were less likely to have heard of UKTI or the Tools for Business section of the .GOV website. There has been a significant increase in awareness of UKTI among businesses with no employees (27 per cent in 2014, 20 per cent in 2012)

Business support in England

Fifty-eight per cent of businesses with no employees in England were aware of Local Enterprise Partnerships (LEPs), the same proportion as for SME employers.

Table 7.2: Awareness of services offering business support in England (prompted)

	All businesses with no employees in England	All SME employers in England
(n=)	519	2927
	%	%
Local Enterprise Partnerships	58	58
Tools for Business (.GOV website)	21	25
GrowthAccelerator	10	16
Growth Voucher Programme	3	7

Base = all businesses with no employees/SME employers. Figures in bold are statistically significant at the 95% confidence level for businesses with no employees against SME employers. K1. Multiple answers allowed at this question.

GrowthAccelerator (now part of the Business Growth Service) is an intensive coaching package that offers face-to-face assistance for those selected to receive the support. In 2014 ten per cent of businesses with no employees had heard of it, compared with 16 per cent of SME employers in England. There has been a significant increase in awareness of the package among businesses with no employees since 2012 (six per cent).

Just three per cent of businesses with no employees in England had heard of the Growth Voucher Programme. This compared with seven per cent of SME employers.

Where would businesses go for information on what Government is doing to support small businesses?

When asked where they would look or who they would ask if they wanted information on what the Government is doing to support new businesses, 43 per cent of businesses with no employees specified an internet search. This was the same figure as reported among SME employers. Business representation organisation/trade association/Chamber of Commerce and GOV.UK website were each mentioned by 15 per cent of businesses with no employees.

Compared to SME employers, those with no employees were less likely to have mentioned the GOV.UK website.

Table 7.3: Where would businesses go for information on what Government is doing to support small businesses (spontaneous, main answers)

	All businesses with no employees	All SME employers
(n=)	760	4355
	%	%
Internet search	43	43
GOV.UK website	15	20
Business representation organisations/trade associations/Chambers of Commerce	15	13
Accountant	12	15
Other Government websites	7	9
Business colleagues/peers/networks	5	4
Local Authority	4	5
Bank manager/advisor	4	4
Nowhere	8	7
Don't know	11	10

Base = all businesses with no employees/SME employers. K0. Multiple answers allowed at this question.

Whether sought external information or advice in the last twelve months

Across the UK, 29 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 as a whole (44 per cent). However, it is consistent with the pattern observed among SME employers where the propensity to seek external information or advice to increases by business size. It is also a lower proportion than among businesses with no employees in 2012 (34 per cent).

Businesses with no employees in primary (47 per cent) and business services (37 per cent) sectors were more likely than average to have sought information or advice. Less likely were those in the other services (22 per cent).

In England, 11 per cent had sought information only, seven per cent advice only and four per cent both, meaning that 12 per cent had sought any advice and 15 per cent any information.

Table 7.4: Whether sought external information or advice in the last 12 months¹⁴

	2014 UK businesses with no employees	2014 No employees in England & Wales	2014 UK SME employers	2012 UK businesses with no employees
(n=)	760	531	4355	955
	%	%	%	%
Yes - any	29	29	44	34
- Information only	n/a	11	n/a	n/a
- Strategic advice only	n/a	8	n/a	n/a
- Both of these	n/a	4	n/a	n/a
- Neither/not sure which	n/a	7	n/a	n/a
No – none	71	71	56	66

Base = all businesses with no employees/SME employers

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 (40 per cent of those that sought advice). Marketing advice for the general running of the business was also commonly sought (17 per cent), financial advice for the general running of the businesses was sought by 15 per cent. Six per cent sought advice on where to get finance, five per cent sought advice on improving business efficiency/productivity and another five per cent sought advice on tax/national insurance law and payments. 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 (23 per cent of those that sought information) and/or tax/national insurance law and payments (also 23 per cent). Sixteen per cent sought information on business growth while just seven per cent sought information on marketing.

Compared to SME employers, those with no employees were more likely to seek information on financial advice for the general running of their business, tax/national insurance law and payments, and marketing. They were less likely to seek information on improving business efficiency and employment law/redundancies.

¹⁴ In Scotland and Northern Ireland, the need for information and advice is not treated separately.

Table 7.5: 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=)	76	830	172	951
	%	%	%	%
Business growth	40	39	16	14
Marketing	17	7	7	3
Financial advice/info for general running of business	15	13	23	15
Advice/info on where to get finance	6	8	5	6
Tax/national insurance law and payments	5	6	23	16
Improving business efficiency/productivity	5	8	3	9
Legal issues	4	3	4	4
E-commerce/technology	3	3	2	2
Innovation	3	3	2	1
Employment law/redundancies	3	5	3	13
Regulations	1	3	9	6

Base = all businesses with no employees/SME employers 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.

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 27 per cent of those businesses with no employees that had sought advice, from consultants/business advisers by 13 per cent, from business networks/trade associations by nine per cent and from their bank by eight per cent. Those with no employees were more likely than SME employers to consult friends/family, work colleagues or to use internet searches. They were less likely to use consultants/business advisers, solicitors/lawyers or other professional organisations.

Table 7.6: Where did they seek information or advice from in the last 12 months (England & Wales/UK) – main sources only

	Advice		Information	
	England & Wales businesses with no employees	England & Wales SME employers	England & Wales businesses with no employees	England & Wales SME employers
(n=)	76	830	172	951
	%	%	%	%
Accountant	27	37	40	39
Friend/family member	15	2	3	1
Work colleagues	14	2	0	2
Consultant/business adviser	13	21	9	9
Internet search	12	2	17	8
Business networks/trade associations	9	9	14	7
Bank	8	8	4	4
Other government organisations	5	4	*	2
Other professional organisations	4	9	1	5
Business representation organisations	4	3	9	4
Enterprise agency	3	2	0	2
Mentor/mentoring organisation	3	1	3	1
GrowthAccelerator	2	5	0	1
Local authority	2	3	0	2
Solicitor/lawyer	2	7	5	7
.GOV website	2	2	2	5

Base = all businesses with no employees/SME employers 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.K6/K7. Multiple answers allowed at this question.

Of those businesses with no employees in England and Wales that sought **information** in the last twelve months, this was sought from an accountant by 40 per cent, from the internet by 17 per cent, and from business networks/trade associations by 14 per cent.

Compared with SME employers, those with no employees were more likely to seek information from business networks/trade associations, business representation organisations and the internet.

Table 7.7: How did businesses find main sources of strategic advice and how were these mainly delivered (prompted, single response)

	Strategic advice			
	Find		Delivered	
	England & Wales businesses with no employees	England and Wales SME employers	England & Wales businesses with no employees	England and Wales SME employers
(n=)	76	830	76	830
	%	%	%	%
Face to face	63	65	65	75
Through a website	10	9	10	3
By email	10	5	6	9
On the phone	8	12	13	9
Social media	3	1	n/a	n/a
Other	4	7	4	4
Don't know	2	2	2	1

Base = all businesses with no employees/SME employers that sought strategic advice in England and Wales. K9/K9a. Single answers only allowed at these questions.

Within England and Wales, businesses with no employees were most likely to find and then use the source of advice face to face (63 per cent and 65 per cent respectively).

One in ten of those that sought advice (ten per cent) found it and used it through a website. SME employers were as likely to find advice through a website, but were less likely to have had it delivered through these means.

Thirty-three per cent of those with no employees in England and Wales that sought advice paid for it, compared to 56 per cent of SME employers.

Unmet information and advice needs

Three per cent of businesses with no employees had opportunities, difficulties or important information or advice needs in the last twelve months for which they did not obtain external advice or support. This figure was five per cent among SME employers and four per cent among businesses with no employees in 2012.

The reasons why these businesses had not sought information or advice was because they did not know where to find it (31 per cent; 29 per cent of SME employers), doubted that the right type of advice existed (15 per cent; 20 per cent of SME employers); lacked time to get the information or advice (six per cent; 19 per cent of SME employers); had concerns over whether advice could be trusted (six per cent; six per cent of SME employers); had sufficient expertise/resource in their business (five per cent; 11 per cent of SME employers) or doubted the benefit of the advice (four per cent; two per cent of SME employers).

Business mentors

Seven per cent of all businesses with no employees had used a business mentor in the twelve months preceding interview. This compares to 12 per cent of SME employers, and five per cent of businesses with no employees in 2012.

Of those that did not use mentors in the last year, 22 per cent would be interested in using one in future (compared to 27 per cent of SME employers). This was most likely in the information/communication (31 per cent) and business services (29 per cent) sectors and least likely in primary (nine per cent) and construction (14 per cent) sectors. The proportion that would be interested is similar to that reported in 2012 (21 per cent).

Networks

Businesses with no employees were asked if they consider themselves as being part of business network. This could include a social media network such as LinkedIn, being a member of a Chamber of Commerce, a formal business network that meets regularly, or an informal business network that meets socially to discuss mutual business interests.

Sixty per cent of businesses with no employees were part of at least one of these types of networks, this being a lower proportion than among SME employers (71 per cent). Those in information/communication (89 per cent) and business services (75 per cent) were the most likely to be part of a networks, while those in primary (45 per cent) and construction (44 per cent) were the least likely to be networked.

Forty-one per cent of businesses with no employees were part of a *social media* network (compared to 49 per cent of SME employers). This was most likely to be the case for those in the information/communications (66 per cent) and business services (59 per cent) sectors.

Twenty-seven per cent of businesses with no employees were part of an *informal business* network (also 27 per cent of SME employers). This was most likely to be the case for those in the information/communications (61 per cent) and business services (35 per cent) sectors.

Twenty-three per cent of businesses with no employees were part of a *formal business* network (32 per cent of SME employers). This was most likely to be the case for those in the business services sector (32 per cent).

Ten per cent of businesses with no employees were members of a local *Chamber of Commerce* (18 per cent of SME employers). This was most likely to be the case for those in the information and communication (24 per cent), business services (15 per cent) and transport, retail and distribution (15 per cent) sectors.

9. 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 businesses with no employees had bid for public sector contracts in the twelve months prior to the survey, with a further two per cent having expressed an interest but not actually submitted a bid. This compares to ten per cent and four per cent of SME employers respectively. There has been no change in this respect since 2012.

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 (15 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 25 per cent of SME employers and is lower than that reported in 2012 (22 per cent).

Forty-nine per cent of those working for the public sector had Local Authorities as their main customer, 16 per cent the Health Service, 14 per cent Higher or Further Education Institutions and eight per cent Departments of State (including Central Government).



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