

Understanding the Reasons for Incorporation

Sample Composition – Project Note (Updated)

29th September 2020

1. Introduction

The main survey sample of limited liability (LLC) and sole trader (ST) business owners will be drawn from multiple panels and business information sources. This approach is required since no individual panel identified in the project scoping stage has sufficient size or coverage to meet the sampling requirements (Table 1).

Table 1: Propose sample stratification and minimum sample sizes (see Methodology Report)

Segment	Representation	Min. sample size*
ST; 0 employees	Approx. 94% of all sole traders	250
ST; 1-4 employees	Approx. 6% of all sole traders	250
LLC; 0 employees	Approx. 46% of all LLCs	250
LLC; 1-4 employees	Approx. 32% of all LLCs	250
LLC; 5-9 employees	Approx. 11% of all LLCs	250
Total sample size (min).		1,250

The minimum overall sample size ($n = 1,250$) is based on the expectation that the choice task component of the survey will use a discrete choice experiment (DCE) format, with a sequence of repeated choices presented to respondents. A minimum of 250 respondents per sampling strata should give reliable results in terms of the precision of model estimated (e.g. business owner willingness to pay for incorporation). Nevertheless, larger sample sizes per segment are preferable since this usually means more precise results, and an improved account of the potential for heterogeneity in business owner preferences within segments.

2. Proposed approach

Table 2 details the proposed approach to constructing main survey sample that has been discussed with the project steering group in August and September. The approach will use (a) the Companies House User Panel along with (b) a consumer panel for self-employed business owners and (c) a business to business (B2B) panel to obtain the bulk of the minimum required overall sample. The consumer panel and B2B panel will be accessed through SurveyEngine¹. If needed a top-up sample to meet the remaining requirement will be sought through (d) purchasing of sample of business contact information from a commercial provider (Market Location) and widescale email recruitment for respondents.

¹ SurveyEngine is the platform is being used to script and host the online version of the survey.
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Table 2: Proposed approach for constructing the main survey sample

Source / Panel	Expected no. of respondents	Segments	Assumptions / notes
A. Companies House User Panel	270 (average of 187 – 375)	LLC	Approx. 1,200 – 1,300 business owners on the panel to recruit from Low: based on 15% response rate* High: based on 30% response rate
B. Consumer panel	350	ST and LLC	Target self-employed individuals with no other socio-economic/demographic quotas. Split between LLC and ST is unknown.
C. B2B panel via SurveyEngine	600	LLC and ST	60:40 split advised for LLC vs. ST, but a reasonable degree of uncertainty in estimate
D. Market Location database and widescale email recruitment	Approx. 200	LLC and ST	Assumes approx. 2% response rate from sample of 10,000. Sample can be tailored to some degree to target specific business types.
Total	1,420	-	-

Notes: * 15% response rate achieved from Companies House panels for 'Valuing the user benefits of Companies House data' survey (520 completed interviews from a total of approx. 3,500 invites).

The approach detailed in achieves the minimum required sample, but is subject to a number of caveats:

- Assuming a higher response rate from the Companies House User Panel than previously observed;
- The mix of ST and LLC respondents in the consumer panel is unknown;
- That a reasonable mix of LLC and ST respondents can be obtained from the Survey Engine B2B panel. This has been advised as possible, but is estimated rather than based on previous use of the panel; and
- That at least a 2% response rate can be achieved from the widescale email recruitment for the top-up sample from the Market Location database. However, the top-up will likely be adding sample over and above the minimum requirement, particularly if more panellists can be obtained from the Companies House User Panel - hence the response rate should be less of a critical issue for constructing the sample.

3. Further options

Further options for consideration for constructing the sample and/or ensuring balance in line with the proposed sample stratification are:

- Increasing the size of the sample purchased from Market Location for the widescale email recruitment component (e.g. further 10,000 business contacts). The sample can be tailored to some degree to target specific business types. to mitigate against the risk of a lower response rate
- Using telephone recruitment to target LLC and ST for the top-up component of the survey. This could either supplement or replace the email recruitment component of the sample.

4. Option costs

Table 3 sets out the unit costs for the each of the sources / approaches detailed above.

Table 3: Unit costs for alternative option (£ per respondent)

Source / Panel	Approx. £/respondent	Notes
A. Companies House User Panel	£6.00	270 respondents; SurveyEngine respondent charge; incentive
B. Consumer panel via SurveyEngine	£5.50	350 respondents; SurveyEngine respondent charge (incl. incentive)
C. B2B panel via SurveyEngine	£10.50	600 respondents; SurveyEngine respondent charge (incl. incentive)
D. Market Location database and email recruitment (10,000 contacts; 2% response rate)	~£19.80	200 respondents; SurveyEngine respondent charge; incentive
E. Market Location database and email recruitment (further 10,000 contacts; 2% response rate)	<i>As above</i>	<i>As above</i>
F. Telephone recruitment to online survey	£50 - £75	Indicative range quoted by fieldwork agency

Options A – B – C - D are costed into the current project budget and make use of the contingency amount factored into the overall project budget. Options E and F would require additional budget. Note that cost for Options F is indicative. Requirements to target specific business types / individuals likely mean that the upper end of the ranges are applicable (subject to further confirmation).