



Department
for Business
Innovation & Skills

BIS RESEARCH PAPER NUMBER 214

Small Business Survey 2014: SME
employers

MARCH 2015

RESEARCH

Acknowledgements/ Disclaimer

The authors would like to thank the project manager at BIS, Ian Drummond, and other members of the steering group for their guidance during the research and comments on the draft of the report. The findings and interpretations in this report were those of the authors and do not necessarily represent the view of BIS.

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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. Results for these 'no-employee businesses' will be in a separate report. This report is concerned only with the 4,355 businesses which employed at least one member of staff.

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.

The 2014 survey is the latest of a series of similar surveys. In this report, results from 2014 are primarily compared with those from the last Small Business Survey in 2012.

SBS 2014 has introduced a significant change in that the primary sample source for employers was the Inter-Departmental Business Register (IDBR), whilst previously Dun & Bradstreet's commercial database was the source for all SME interviews. This has led to some differences in the profiles of businesses between the 2012 and 2014 surveys.

Profile of businesses

The 2014 survey was weighted to estimates derived from BIS' Business Population Estimates (BPE 2014) which indicate that 82 per cent of SME employers were micro-businesses (1-9 employees), 15 per cent were small businesses (10-49 employees) and two per cent were medium businesses (50-249 employees).

Survey results then show that:

- Eighty-eight per cent of SME employers operated from a single site.
- Thirty-two per cent were operated from the home of one of the business's owners.
- Sixty-six per cent were private limited companies, limited by shares.
- Eighty-five per cent were registered for VAT.
- Twenty-two per cent were aged up to five years, 18 per cent aged between six and ten years, 21 per cent aged 11 to 20 years, and 39 per cent had been in business for more than 20 years.

- Thirty-five per cent had a single owner, 38 per cent two owners, and 19 per cent three or more owners (a further eight per cent did not know how many owners they had).
- Thirty-seven per cent had just one person running the business, 42 per cent two directors/partners, and 20 per cent had three or more.
- Seventy-two per cent were family-owned (defined in SBS 2014 as being majority-owned by members of the same family, or having a single owner).
- Eighteen 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 27 per cent were led equally by men and women.
- Seven per cent were minority ethnic group (MEG)-led, defined as having a person from an ethnic minority in sole control, or having a management team with at least half of its members from an ethnic minority.
- Using BIS's definition, five per cent of SME employers were social enterprises.

There were frequent variations by business size across many of these profile characteristics, for example micro-businesses were significantly more likely than small and medium-sized SMEs to operate from a single site or from home, to have 'sole proprietorship' status, to have just a single owner, or to be family businesses.

Profile of businesses: key trends

Comparisons of survey results in 2014 with those in 2012 show the following. Only those trends unaffected by changes to question wording or sampling method are shown.

Table 1.1: Profile of businesses: key trends

	2014	2012
All SME employers (n=)	4355	4768
	%	%
Operating from a single site	88	88
Aged 0-5 years	20	19
Women-led	18	19
MEG-led	7	7
Social enterprise	5	5

Base = all SME employers. Figures in bold were statistically significant at the 95% confidence level for SBS 2014 against SBS 2012.

Business performance

Twenty-two per cent of SME employers employed more people than was the case 12 months earlier. Sixty-two per cent employed the same number, and 16 per cent employed fewer. The manufacturing sector (29 per cent 'more') was particularly likely to report an increase in the numbers employed, while information/communications (23 per cent 'fewer') was more likely than the overall average to report fewer employees.

Asked to look forward, 32 per cent of SME employers expected to be employing more people in 12 months' time. Sixty-three per cent expected to employ the same number, and four per cent fewer employees. Those in the information/communications (47 per cent 'more') and business services sectors (43 per cent 'more') had an above average propensity to expect to employ more people.

Forty per cent of SME employers had greater sales turnover than a year previously, thirty-nine per cent had approximately the same turnover, and 18 per cent had lower turnover. The sectors most likely to report greater turnover were manufacturing (48 per cent), business services (47 per cent) and administrative services (46 per cent).

Looking forward, 51 per cent of SME employers expected to have a greater turnover in 12 months' time. Thirty-seven per cent expected it to remain stable, and eight per cent expected it to decrease. SME employers most likely to expect greater turnover were those in the manufacturing (63 per cent), business services (57 per cent) and administrative services sectors (61 per cent).

Seventy-eight per cent of SME employers made a profit in their last financial year.

Four per cent of SME employers anticipated closure of the business within the next 5 years. Twelve per cent expect to transfer their business over the same time period.

Seventy-three per cent of SME employers plan to grow their business over the next 2-3 years. Growth ambition was above-average in the manufacturing (81 per cent), information and communications (86 per cent), business services (78 per cent) and administrative services (83 per cent) sectors.

Where businesses planned to grow, a number of strategies to support this were reported. The proportions of growth-oriented businesses reporting various strategies were: increase workforce skills (81 per cent); exploit new markets (68 per cent); increase the leadership capability of managers (64 per cent); launch new products or services (58 per cent); and capital investment (54 per cent).

Business performance: key trends

Key trends in business performance were:

Table 1.2: Business performance: key trends

	2014	2012
All SME employers (n=)	4355	4768
	%	%
Employ more people now than 12 months previously	22	19
Employ fewer people now than 12 months previously	16	17
Expect to employ more people in 12 months' time	32	20
Expect to employ fewer people in 12 months' time	4	21
Sales turnover higher now than a year previously	40	29
Sales turnover lower now than a year previously	18	31
Expect higher sales turnover in 12 months' time	51	37
Expect lower sales turnover in 12 months' time	8	14
Generated a profit in the last financial year	78	72
Plan to close the business in next 5 years	4	9
Plan to grow the business in next 2-3 years	73	68

Base = all SME employers. Figures in bold were statistically significant at the 95% confidence level for SBS 2014 against SBS 2012.

Statistics on recent employment, sales performance and profit were more positive in 2014 than they were in 2012. Optimism for the next 12 months in 2014 was much greater than in 2012.

Business capability

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

- People management: 78 per cent
- Taking decisions on tax and regulation issues: 73 per cent
- Business strategy: 61 per cent
- Operational improvement: 61 per cent
- Introducing new products and services: 44 per cent
- Entering new markets: 28 per cent
- Accessing external finance: 27 per cent.

Thirty-eight per cent of SME employers had introduced new or improved products or services in the last 12 months. Thirty-two per cent had introduced new or improved processes in the same period. The information and communications (50 per cent) and the manufacturing (51 per cent) sectors were the most likely to have innovated in respect of their products or services.

Nineteen per cent of SME employers exported goods or services. Again, the information and communications (53 per cent) and manufacturing (45 per cent) sectors were particularly strong in this respect.

Fifty-seven per cent of SME employers had trained staff in the 12 months prior to survey. Forty-six per cent had supplied off-the-job training and 40 per cent had supplied on-the-job training. Training had been supplied to *managers* in 28 per cent of SME employers.

Ninety-eight per cent of SME employers had internet access. Seventy-seven per cent had their own website.

Business capability: key trends

Some key trends in business capability between 2012 and 2014 were:

Table 1.3: Business capability: key trends

	2014	2012
All SME employers (n=)	4355	4768
	%	%
Innovate products or services	38	43
Innovated processes	32	33
Exporting	19	19
Trained staff	57	60
Have internet access	98	91

Base = all SME employers. Figures in bold were statistically significant at the 95% confidence level for SBS 2014 against SBS 2012.

While more SME employers in 2014 had technological capability than in 2012 through internet access, fewer had innovated products or services.

Access to finance

Nineteen per cent of SME employers had sought finance in the 12 months prior to the survey (18 per cent of micro-businesses, 26 per cent of small businesses and 32 per cent of medium-sized businesses). Seeking finance was more likely in the primary (40 per cent) and other services (25 per cent) sectors.

Those SME employers that applied for finance were most likely to do so for working capital or cash flow (38 per cent of cases), to buy capital equipment or vehicles (24 per cent of cases), or to buy land or buildings (16 per cent of cases).

About half of those that sought finance requested a bank loan (48 per cent), with around a fifth seeking an overdraft (21 per cent). Twelve per cent sought a grant and nine per cent leasing/hire purchase.

Thirty-nine 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 30 per cent which were wholly refused. Difficulty was more frequently experienced by micro-businesses (42 per cent) rather than by small (32 per cent) and medium-sized (25 per cent) businesses. Difficulties were most likely to be encountered when seeking bank loans (48 per cent) and grants (53 per cent).

Of those applying for finance in the last 12 months, 71 per cent eventually received all of it (some from additional sources), and a further four per cent received some of it. Twenty-one per cent received nothing, equivalent to four per cent of all SME employers in the UK.

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

Access to finance: key trends

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

Table 1.4: Access to finance: key trends

	2014	2012
All SME employers (n=)	4355	4768
	%	%
Whether sought finance in last 12 months	19	24
Problem with late payment	44	47
all SME employers applying for finance in last 12m (n=)	1074	1409
	%	%
Sought finance for working capital/cash flow	38	56
Sought finance for capital equipment or vehicles	24	23
Sought a bank loan	48	48
Sought a bank overdraft	21	35
Whether had difficulty from first source approached	39	47
Whether eventually obtained all finance needed	71	68

Base = all SME employers. Figures in bold were statistically significant at the 95% confidence level for SBS 2014 against SBS 2012.

A smaller proportion of SME employers sought finance in 2014 compared with 2012. Of those that did seek it, there were fewer applications for working capital/cash flow, and consequently the demand for bank overdrafts was lower. Fewer had difficulties obtaining finance from the first source they approached in 2014, but the overall proportion of those seeking finance that obtained it was similar in both 2012 and 2014.

Obstacles to business success: key trends

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

Table 1.5: Main obstacles to business success: key trends

	2014	2012
All SME employers (n=)	4355	4768
	%	%
The economy	13	38
Competition	12	10
Taxation	11	12
Red tape	7	n/a
Cash flow	7	10
Not being able to increase prices/fees	6	n/a
Regulations	6	8
Obtaining finance	5	7

Base = all SME employers. Figures in bold were statistically significant at the 95% confidence level for SBS 2014 against SBS 2012.

The biggest difference here was that the economy was much less likely to be cited as the main obstacle to the success of the business in 2014 than in 2012.

Business support

Forty-four per cent of SME employers had sought external information or advice in the 12 months prior to the survey. Those in the primary sector (66 per cent), information/communications (58 per cent) and administrative services (50 per cent) were more likely than average to have done this.

In England and Wales, 22 per cent of SME employers had sought any strategic advice, and 26 per cent any information.

The most common reason for seeking advice in England and Wales was for business growth (39 per cent of those that sought advice in England and Wales). The most common reason for seeking information was for tax/national insurance law and payments (16 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, consultants, banks, solicitors and lawyers, and business networks or trade associations.

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

Five per cent of SME employers across the UK had opportunities or difficulties or important information or advice needs in the last 12 months in respect of which they did not get external advice or support. The main reasons were because they did not know where to find it (29 per cent), did not believe that the right type of advice existed (20 per cent), lacked time to get the advice (19 per cent), or considered that there was sufficient expertise/resource within the business to deal with the issue (11 per cent). Ten per cent thought it would be too expensive.

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

Business support: key trends

Some trends in business support were:

Table 1.6: Business support: key trends

	2014	2012
All SME employers (n=)	4355	4768
	%	%
Sought external advice or information in the previous 12 months	44	45
Used a business mentor	12	8

Base = all SME employers. Figures in bold were statistically significant at the 95% confidence level for SBS 2014 against SBS 2012.

Use of business support in 2014 was at a similar level to 2012, but more SMEs had mentors in 2014.

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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 of 5,115 owners and managers, commissioned by the Department for Business, Innovation and Skills (BIS). This survey is the latest in a series of Annual Small Business Surveys and, subsequently, biennial Small Business Surveys dating back to 2003. The survey 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 (SMEs¹) such as their type (number of sites, number of owners, whether they 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.

¹ Defined here as having fewer than 250 employees.

Survey method

BIS commissioned 4,000 CATI² interviews for the SBS 2014 survey distributed in proportion to the business populations of the UK nations. The Scottish Government and Invest Northern Ireland commissioned additional interviews in their own nations to generate a total sample size of 5,115³.

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 for employers, while the Dun & Bradstreet database was used as the sample source for businesses with no employees. In the past Dun & Bradstreet has been the sole source for all survey contacts. Use of the IDBR was recommended by the Office for National Statistics (ONS) in a review of SBS's methodology early in 2014, as this is generally considered to be the most up-to-date list of UK businesses.

The IDBR is a record of all UK enterprises that pay VAT or PAYE. As such it has around two million entries, compared with the estimate from BIS' Business Population Estimates (BPE), that there are around 5.2 million enterprises in the UK. The difference in the figures is explained by the number of unregistered enterprises that do not pay VAT or PAYE, estimates of which come from the Labour Force Survey (LFS). This is the reason why Dun & Bradstreet was retained as the source for businesses with no employees, as it contains records for both registered and unregistered businesses.

However, the IDBR contains very few telephone numbers, and for many businesses in the sample these needed to be identified, by a combination of automated tele-matching and internet searches. Inevitably, a lower proportion of numbers were found for very small micro businesses (with 1-4 employees) compared with businesses with 5 or more employees. Where numbers were found for the 1-4 employee enterprises, these were more likely to have particular characteristics, such as being companies as opposed to sole traders and being more likely to be businesses that advertise themselves via the internet. This has a bearing on trends in this report as the sample profile for micro businesses in 2014 differs from previous surveys.

Furthermore, there was some slippage between employment size bands. Employment levels can change seasonally, particularly by just one or two employees (casual employees being counted among the workforce in the SBS definition). Therefore, a

² Computer Assisted Telephone Interviews.

³ 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.

number of IDBR records flagged as employers were recorded in the survey in the 'no employees' group, and a number of Dun & Bradstreet records, flagged as businesses without employees, were recorded in the survey as employers.

Once the sample was drawn, in accordance with the improved methodology required by BIS, 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. However, 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 extensive round of 30 cognitive tests, and a 'live' pilot of 100 interviews of the adjusted 2014 questionnaire.

Note on the report

Please note that the findings presented in this report relate to SME *employers* only - enterprises with *no employees* have been excluded from the dataset on which this report is based. This procedure is consistent with reporting of the 2010 and 2012 SBS surveys, and of the Annual Small Business Survey 2006. The overall sample size for SME employers across the UK is 4,355. A separate report relating to enterprises with no employees is available.

Trends which may have been affected by the change to the sample composition are noted throughout the report, where applicable. Micro businesses are especially likely to have been affected by this issue, whereas the sample composition of small and medium-sized businesses is broadly similar to that in previous surveys.

Statistical confidence

This overall sample is sufficiently large to allow reporting on findings with a high degree of statistical reliability. For example, a difference between SBS 2012 and SBS 2014 of +/- 1.2% is significant for findings in which 10% of respondents give one response and 90% give the alternative and a difference of +/- 2.1% is significant in cases where responses were equally split, 50% of respondents giving one answer and 50% giving the other. Table 2.1 overleaf shows the differences required between the 2012 and 2014 surveys for findings to be statistically significant.

Unless stated otherwise, all findings reported in bold in the tables were statistically significant, whether reported as a comparison between SBS 2012 and SBS 2014, or whether a finding for a sub-group is compared with the overall total. In this instance it should be noted that the comparison is between the finding for the sub-group (e.g. all micro employers), and the finding for the total sample of employers minus that sub-group

(which in the cases where comparisons are made between micros and others means a comparison between micros and small/medium-sized businesses combined).

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

Table 2.1: Statistical confidence of survey findings⁴

	2014 Sample size	2012 Sample size	Confidence intervals at 10%/90%	Confidence intervals at 50%/50%
All UK	4355	4768	+/- 1.2%	+/- 2.1%
Nation				
England	2927	2872	+/- 1.5%	+/- 2.6%
Scotland	853	835	+/- 2.9%	+/- 4.8%
Wales	139	630	+/- 5.5%	+/- 9.2%
Northern Ireland	436	431	+/- 4.0%	+/- 6.7%
Employment size				
Micro businesses (1-9 employees)	1653	1901	+/- 2.0%	+/- 3.3%
Small businesses (10-49 employees)	1714	1902	+/- 2.0%	+/- 3.3%
Medium-sized businesses (50-249 employees)	988	965	+/- 2.7%	+/- 4.4%
Sector (SIC 2007)				
ABDE Primary sector	150	204	+/- 6.3%	+/- 10.5%
C Manufacturing	570	671	+/- 3.3%	+/- 5.6%
F Construction	369	457	+/- 4.1%	+/- 6.9%
GHI Retail, transport and food service	1364	1220	+/- 2.3%	+/- 3.9%
J Information & communications	170	255	+/- 5.8%	+/- 9.7%
KLM Business services	637	734	+/- 3.2%	+/- 5.3%
N Administrative services	331	302	+/- 4.7%	+/- 7.8%
PQRS Other services	764	935	+/- 2.9%	+/- 4.8%
Age of business				
Aged 0-3 years	317	305	+/- 4.7%	+/- 7.9%
Aged 4-10 years	909	959	+/- 2.7%	+/- 4.5%
Aged over 10 years	3092	3484	+/- 1.5%	+/- 2.4%

⁴ The table presents the confidence intervals for comparisons between 2014 and 2012, at the 95% confidence level, associated with findings of 10%/90% and findings of 50%.

3. Profile of businesses

This section explores the characteristics of SMEs which have at least one employee, for example in terms of their employment size, sector, legal status, age, and the characteristics of their owners. SBS 2014 data is weighted⁵ to estimates derived from BIS' Business Population Estimates (BPE⁶). For that reason the data on employment size and sector is drawn from this source, but is shown here for information.

Employment size (based on BPE 2014)

The 2014 Business Population Estimates calculated that there were 5,243,135 businesses in the UK private sector. This was an increase of 449,030 on the 2012 estimates.

However, seventy-six per cent of these businesses had no employees⁷ and therefore fall out of the scope of this report. The number, in 2014, of private sector employers which were SMEs (that is, excluding enterprises with 250 or more employees, which make up a tiny fraction of all enterprises) was 1,270,615. This was an increase of 40,220 on the 2012 estimate.

Of all SME employers in 2014, 82 per cent had between one and nine employees and were classified as micros. Fifteen per cent had between ten and 49 employees and were classified as small businesses, and two per cent had between 50 and 249 employees and were classified as medium-sized businesses. These proportions were consistent with those reported in the 2012 SBS.

The micro-businesses therefore dominated overall findings for all SME employers. However, they accounted for only 36 per cent of all employment among SME employers, whereas the small businesses employed 35 per cent and the mediums 29 per cent.

Sector (data weighted to BPE 2012)

Standard Industrial Classification (SIC) is used as a means of classifying business establishments by the type of economic activity in which they were engaged. It has been revised several times, the latest revision producing the SIC 2007 classification. In SBS 2012 and 2014, industrial sector classification was based on SIC 2007. Prior to this SIC 2003 was used. The data from surveys *prior to* SBS 2012 was re-analysed so that it matched SIC 2007 and allowed comparisons with the two later surveys.

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

⁶ <https://www.gov.uk/government/statistics/business-population-estimates-2014>. The figures were drawn from a combination of the Inter Departmental Business Register (IDBR) which contains all businesses operating VAT or PAYE schemes, or which were registered at Companies House and the household survey-based Labour Force Survey (LFS) which is the main source for estimating the number of the self-employed and very small businesses.

⁷ These will form the basis of a separate report.

The most populous SME sectors in 2014 were retail/wholesale (19 per cent), professional/scientific (14 per cent), construction (12 per cent) and food/accommodation (ten per cent).

Table 3.1: Sector – by employment size⁸

	All SME employers		Micro (1-9)	Small (10-49)	Medium (50-249)
(n =)	4355		1653	1714	988
	%		%	%	%
AB Agriculture/mining	4		5	2	1
DE Utilities & waste	1		1	*	1
C Manufacturing	7		6	11	19
F Construction	12		13	8	6
G Retail & wholesale	19		19	18	15
H Transport & storage	3		3	4	4
I Food & accommodation	10		9	13	8
J Information/ comms.	5		6	4	5
K Finance	2		2	2	2
L Real estate	2		2	2	2
M Professional & scientific	14		14	10	9
N Administrative services	8		8	7	12
P Education	1		1	2	2
Q Health	5		4	11	11
R Arts & recreation	2		2	2	2
S Other services	5		6	3	1

The composition of SME employers by size bands differs by sector. For example, 89 per cent of those in construction are micro businesses, compared with 68 per cent of those in manufacturing. Other sectors that are more likely than average to comprise micro enterprises are primary (91 per cent), information/communication (86 per cent), professional/scientific (87 per cent), and other services (91 per cent). Sectors that are more likely than average to comprise small and medium-sized enterprises are

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

transport/storage (23 per cent), food/accommodation (22 per cent), education (24 per cent), and health/social work (40 per cent).

Based upon Business Population Estimates, there has been a decline, between 2012 and 2014, in the proportion of SME employers in the manufacturing, construction and retail sectors (down 0.4, 0.6 and 0.5 per cent respectively). This decline has been countered by an increase in numbers of SME employers in the information/ communication and professional/scientific sectors (up 0.4 and 0.5 per cent respectively).

Table 3.2: Sector – change 2012-2014 (based on BPE)

	SBS 2014		SBS 2012	Change
	%		%	+/- %
ABDE Primary	4.7		4.7	=
C Manufacturing	6.8		7.2	- 0.4
F Construction	11.7		12.3	- 0.6
G Retail & wholesale	18.9		19.4	- 0.5
H Transport & storage	2.8		3.0	- 0.2
I Food & accommodation	9.9		9.8	+ 0.1
J Information/comms.	5.4		5.0	+ 0.4
KL Finance/real estate	4.6		4.7	- 0.1
M Professional & scientific	13.5		13.0	+ 0.5
N Administrative services	8		7.7	+ 0.3
P Education	1.4		1.4	=
Q Health	4.8		4.7	+ 0.1
R Arts & recreation	1.9		1.9	=
S Other services	5.3		5.4	- 0.1

Certain sectors are more likely than average to be found in certain nations in the UK. Northern Ireland (11 per cent), Scotland (eight per cent) and Wales (seven per cent) have a higher proportion of SMEs in primary industries than is the case in England. Construction SMEs form a higher proportion of the business population in Northern Ireland than in the rest of the UK, while transport, retail and distribution (TRAD) were proportionately most likely to be found in Wales and Northern Ireland. By contrast, SMEs in the information/communication and business and administrative services sectors are less common in Wales and Northern Ireland. These findings are the same as those seen in 2012.

Table 3.3: Sector⁹ – by nation (based on BPE)

	All SME emps.		Eng-land	Scot-land	Wales	North-ern Ireland
(n =)	4355		2927	853	139	436
	%		%	%	%	%
ABDE Primary	5		4	8	7	11
C Manufacturing	7		7	6	7	8
F Construction	12		11	12	13	16
GHI Transport, retail/distribution	32		31	34	37	36
J Information & communication	5		6	3	3	2
KLM Business services	18		19	17	13	11
N Administrative services	8		8	7	7	4
PQRS Other services	13		14	13	14	13

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). Where possible, comparisons are made with the SBS 2012 and 2010 and the Annual Small Business Survey of 2007/08).

In 2014, 88 per cent of SME employers operated from a single site. This is the same proportion as seen in 2012.

⁹ In order to create sample sizes that can be analysed with a high degree of statistical accuracy, it is necessary to amalgamate certain sectors e.g. GHI which are abbreviated under the name of TRAD (transport, retail & distribution, although the category also includes accommodation, storage and food service)

Table 3.4: Number of sites – trends

	SBS 2014		SBS 2012	SBS 2010	ASBS 07/08
(n =)	4355		4768	3817	7783
	%		%	%	%
One (single site)	88		88	86	86
Two-three	10		10	11	12
Four or more	2		2	3	2

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level for SBS 2014 against SBS 2012. A1. Single answer only allowed at this question.

As might be expected, the more employees in an enterprise, the more likely they are to have multiple sites. Only eight per cent of micros had more than one site, compared with 27 per cent of small businesses, and 50 per cent of medium-sized ones. Compared with 2012, there are fewer medium-sized businesses with multiple sites (down six percentage points).

By sector, those in 'other services' (PQRS) were the most likely to have multiple sites (15 per cent), and those in manufacturing the least likely (ten per cent).

Whether business premises are somebody's home

Thirty-two per cent of SME employers have a main work premises that is also their home, or the home of the business's owner. This proportion increased by three percentage points on the 2012 survey, and by ten percentage points compared with SBS 2010. However, it is hard to conclude whether this is a genuine trend because the question used changed in 2014¹⁰.

¹⁰ 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'. The table for this question shows 'yes' answers in 2010 and 2012, and 'no' answers in 2014.

Table 3.5: Whether main business/work premises are somebody's home – trends by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	4355	1653	1714	988
	%	%	%	%
Work/home at same address	32	37	9	4
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
Work/home at same address	29	33	9	4
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
Work/home at same address	22	25	7	3

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). A10. Single answer only allowed at this question.

The proportion of home-based businesses appears to have increased since 2012 among micros (up four percentage points). For small and medium-sized businesses, the proportion has remained stable.

By sector, those most likely to have home-based businesses were in primary (60 per cent) and construction (54 per cent) sectors. The sectors that were least likely to have home-based businesses were manufacturing (15 per cent), 'other services' (24 per cent) and administrative services (26 per cent).

By nation, home-based businesses were much more common in Wales (41 per cent), Scotland (43 per cent) and Northern Ireland (45 per cent) than in England (30 per cent). This finding is influenced by the sector profile by country, with England having fewer SMEs in the primary and construction sectors compared with elsewhere.

Legal status

In SBS 2014, 66 per cent of SMEs were private limited companies, limited by shares (LTDs). Thirteen per cent were sole proprietors, and ten per cent partnerships. The remainder had a variety of legal statuses, including private companies limited by guarantee (CLGs), limited liability partnerships (LLPs), public limited companies (PLCs) and community interest companies (CICs).

In SBS 2012, 52 per cent of SME employers were private limited companies, meaning that this proportion has risen by 14 per cent in 2014. The proportions that were sole proprietorships and partnerships were lower in consequence. However, as discussed in the method section of this report, this result is caused by the change from using Dun & Bradstreet contact sample to the IDBR, with telephone numbers seemingly less available for sole proprietorships and partnerships than companies. BPE estimates do not indicate any significant change in the proportion of companies among SME employers.

Table 3.6: Legal status – trends

	SBS 2014		SBS 2012	SBS 2010	ASBS 07/08
(n =)	4355		4768	3817	7783
	%		%	%	%
Private Ltd. Company, limited by shares	66		52	59	51
Sole proprietorship	13		27	19	29
Partnership	10		12	10	16
Private company limited by guarantee	3		2	3	2
Limited liability partnership	2		2	2	1
Public limited company	1		1	2	1
Community Interest Company	*		*	*	*
Other	3		1	1	*

Base = all SME employers

* = a figure greater than zero, but less than 0.5%. Figures in bold are statistically significant at the 95% confidence level for SBS 2014 against SBS 2012. A5. Single answer only allowed at this question.

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

Table 3.7: Legal status 2014 – by employment size

	All SME employers		Micro (1-9)	Small (10-49)	Medium (50-249)
(n=)	4355		1653	1714	988
	%		%	%	%
Private Ltd. Company, limited by shares	66		65	71	80
Sole proprietorship	13		15	6	1
Partnership	10		11	9	3
Private company limited by guarantee	3		2	5	6
Limited liability partner	2		2	2	3
Public limited company	1		1	1	2
Community Interest Company	0		*	1	1
Other	3		3	3	2
Don't know/refused	1		1	2	1

Base = all 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 (minus the sub-group tested). A5. Single answer only allowed at this question.

Private limited companies were most likely to be found in the manufacturing (80 per cent), construction (83 per cent), information/communication (97 per cent), business services (77 per cent) and administrative services (85 per cent) sectors. Sole proprietorships were most likely to be found in transport, retail and distribution (22 per cent) and 'other services' (16 per cent), while partnerships were most likely in primary (54 per cent) and transport, retail and distribution (14 per cent) sectors.

The 'other services' sector, in which there is a higher than average proportion of businesses that are charities, was the most likely to have alternative legal statuses. Fourteen per cent of these were CLGs, two per cent CICs, one per cent Friendly Societies, one per cent co-operatives, three per cent private unlimited companies, three per cent unincorporated associations, and eight per cent trusts.

VAT registrations

Eighty-five per cent of SME employers in SBS 2014 were VAT-registered. This was more likely to be the case for small (86 per cent) and medium (90 per cent) enterprises than for micros (85 per cent).

The overall proportion is a seven point increase in the overall figure compared with 2012. Although the proportion registered for VAT is very similar to that seen in 2010 and 07/08, the change is almost certainly due to having the IDBR¹¹ as the main source of contacts for employer interviews in 2014.

Table 3.8: VAT registration – trends by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	4355	1653	1714	988
	%	%	%	%
VAT registered	85	85	86	90
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
VAT registered	78	75	89	91
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
VAT registered	83	82	88	90
ASBS 2007/08 (n=)	7783	3529	2950	1304
	%	%	%	%
VAT registered	85	84	95	95

Base = all SME employers

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

VAT-registered SME employers were least likely in the 'other services' sector (36 per cent), perhaps as a result of a high proportion of these having charitable status. This proportion is comparable with the 2012 result (40 per cent).

A lower than average proportion of businesses in Wales (79 per cent) were VAT registered.

Of those registered for VAT, 55 per cent registered at the time of start-up. Eleven per cent did so prior to start-up. Only five per cent did so after four years of trading.

¹¹ Those not registered for VAT from the IDBR contacts will have been paying PAYE but not VAT, although note that a number of Dun & Bradstreet contacts supposed to have no employees ended up as employers.

Age of business

The table below shows the age of the SME employing businesses interviewed in SBS 2014 and in previous surveys. In 2014 there were a greater proportion of businesses aged between five and ten years (23 per cent, compared with 20 per cent in 2012), and correspondingly slightly fewer aged 11 years or more (60 per cent, compared with 64 per cent in 2012). This may be as a result of changing from a Dun & Bradstreet to an IDBR contact sample.

Table 3.10: Age of business – trends

	SBS 2014		SBS 2012	SBS 2010	ASBS 07/08
(n=)	4355		4768	3817	7783
	%		%	%	%
Less than one	2		1	1	1
1 year	2		2	1	1
2 years	4		4	2	2
3 years	3		4	3	2
4 years	4		4	4	4
5 years	5		4	4	4
6-10 years	18		16	18	17
11-20 years	21		23	26	26
More than 20 years	39		41	40	42

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level for SBS 2014 against SBS 2012 at the 95% confidence level. A6. Single answer only allowed at this question.

As it usually takes time for start-up businesses to grow enough to become small or medium sized, age and size of business were closely correlated. Thus, 22 per cent of micros were aged up to five years in SBS 2012, compared with 12 per cent of small businesses and eight per cent of medium-sized ones.

There were certain sectors which, on average, were also likely to be 'younger' and 'older'. Twenty-two per cent of transport, retail & distribution employers, and 26 per cent in business services were aged up to five years, whereas only eleven per cent in primary industries, 15 per cent in 'other services', and 14 per cent in manufacturing were in this 'young' age bracket.

Splitting this further into one-digit SIC categories, the businesses most likely to be young enterprises were those in food service and accommodation (38 per cent aged up to five years), real estate (32 per cent) and education (32 per cent). Only nine per cent in agriculture and mining (AB) were aged up to five years, compared with 27 per cent in utilities and waste (DE).

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

	All SME employers	ABDE Primary	C Manu- -cturing	F Constr- -uction	GHI TRAD	J Info- -comms.	KLM Busi- -ness -service	N Admin.	PQRS Other -service
SBS 2014 (n=)	4355	150	570	369	1364	170	637	331	764
	%	%	%	%	%	%	%	%	%
0-5 years	20	11	14	18	22	19	26	19	15
6-10 yrs	18	8	13	20	15	30	25	21	15
11-20 yrs	21	12	22	24	17	35	20	32	23
21+ yrs	39	69	51	37	43	16	28	26	47
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
0-5 years	19	3	13	19	23	18	19	19	17
6-10 yrs	16	7	16	20	14	26	18	19	15
11-20 yrs	23	10	22	22	20	36	23	26	31
21+ yrs	41	78	49	39	43	20	39	37	35
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
0-5 years	16	3	9	23	20	18	11	11	13
6-10 yrs	18	6	15	14	16	34	21	36	12
11-20 yrs	26	13	29	29	22	33	30	20	30
21+ yrs	40	78	47	35	42	16	39	33	44

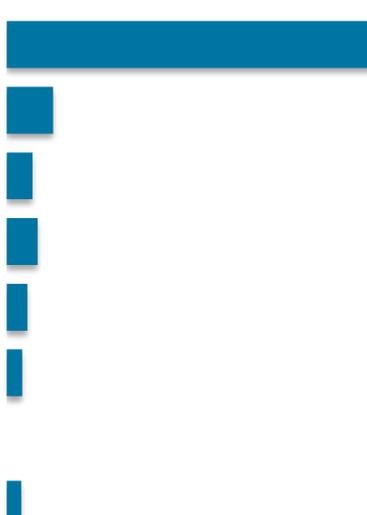
Base = all SME employers. Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). A6. Single answer only allowed at this question.

Number of contractor/agency staff not on payroll

A new question added for SBS 2014 concerned the number of contractors/agency staff working for the enterprise, not directly on the payroll. These are workers in addition to full- and part-time employees, temporary/casual staff, and working owners/partners.

Overall, 28 per cent of SME employers had contractors working for them at the time of interviewing. Forty-three per cent of medium-sized businesses had contractors, but there was no difference in the average number between micro and small businesses, with both groups having an average of two to three contractors.

Figure 3.11: Number of contractors/agency staff – by size (2014 only)

	All SME employers		Micro (1-9)	Small (10-49)	Medium (50-249)
(n=)	4355		1653	1714	988
	%		%	%	%
None	72		73	72	56
One	9		10	9	7
Two	5		5	5	7
Three- five	6		5	6	12
Six-ten	4		4	3	6
Eleven+	3		3	4	10
Don't know	0		*	1	2
Mean average	2.81		2.71	2.74	6.75

Base = all 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 (minus the sub-group tested). A2c. Single answer only allowed at this question.

This finding is explained by the fact that contractors were far more common in the construction sector (51 per cent) than elsewhere, and that construction businesses were much more likely to be micros than small or medium-sized (see table overleaf). In terms of the average number of contractors, enterprises in the administrative services sector, which includes security, call centres and cleaning, had the most with 14-15 per business. Fifteen per cent of SME employers in this sector employed more than ten contractors.

Table 3.12: Number of contractors/agency staff – by sector (SIC 2007) – 2014 only

	All SME employers	ABDE Primary	C Manufa-cturing	F Constr-uction	GHI TRAD	J Info-comms	KLM Busi-ness service	N Admin.	PQRS Other service
SBS 2014 (n=)	4355	150	570	369	1364	170	637	331	764
	%	%	%	%	%	%	%	%	%
None	72	74	77	48	85	73	64	71	72
One	9	10	11	9	7	8	15	5	11
Two	5	4	6	8	3	9	6	1	6
Three-five	6	9	4	12	3	8	9	2	4
Six-ten	4	1	1	16	1	1	4	5	5
Eleven+	3	1	1	6	1	3	2	15	2
Don't know	*	1	*	1	*	0	1	*	*
Mean average	2.81	1.14	0.67	3.51	0.76	6.37	1.91	14.65	1.47

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). A2c. Single answer only allowed at this question.

Number of owners/partners

A further new question in SBS 2014 asked about the number of owners/partners in enterprises. The employment definition for SBS asks for owners/partners to be excluded in the calculation.

Thirty-five per cent of SME employers have just one owner, 38 per cent have two, with 15 per cent having between three and five, and three per cent more than five.

Table 3.13: Number of owners – by size (2014 only)

	All SME employers		Micro (1-9)	Small (10-49)	Medium (50-249)
(n=)	4355		1653	1714	988
	%		%	%	%
One	35		38	23	17
Two	38		39	33	22
Three-five	15		13	24	29
Six-ten	2		2	3	6
Eleven+	1		1	1	4
Don't know	8		7	16	23

Base = all 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 (minus the sub-group tested). A2a. Single answer only allowed at this question.

The larger the enterprise, the more owners there tended to be. Thirty-eight per cent of micro businesses had one owner, compared with 23 per cent of small and 17 per cent of mediums.

The proportion of respondents who did not know how many owners the business had, increased with size of enterprise. This was partly to do with the complexity of ownership of larger enterprises, and with who within the organisation answered the survey. For micros, 67 per cent of respondents were owners, and 28 per cent directors/senior managers. For mediums, 23 per cent were owners, and 73 per cent directors/senior managers. However, the proportion that did not know the number of owners was also affected by legal status. Those respondents who work for PLCs, trusts, charities, and membership organisations, which may have thousands of owners, were typically unable to give a figure for this.

This lack of knowledge about the number of owners is demonstrated in an analysis of the number of owners by sector. In the 'other services' sector, many of which have alternative legal statuses, and where charities are particularly prevalent, 30 per cent did not know how many owners there were.

Table 3.14: Number of owners – by sector (SIC 2007) – 2014 only

	All SME emps.		ABDE Prim-ary	C Manufa-cturing	F Constr-uction	GHI TRAD	J Info-comms	KLM Busi-ness service	N Admin	PQRS Other serv.
(n=)	4355		150	570	369	1364	170	637	331	764
	%		%	%	%	%	%	%	%	%
One	35		21	28	35	37	34	41	44	28
Two	38		42	46	45	40	41	36	37	21
Three-five	15		35	19	15	15	17	15	12	10
Six-ten	2		*	1	*	2	1	3	*	6
Eleven+	1		1	*	0	*	0	1	*	5
Don't know	8		2	6	5	6	7	4	7	30

Base = all SME employers

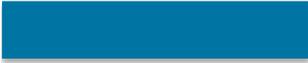
Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). A2a. Single answer only allowed at this question.

Number of working partners/directors

Owners are not necessarily working partners or directors. The survey also asked about the number of these. Overall, there is not a great difference in the figures between the two questions, except that respondents were better able to count the number of working partners/directors than of owners.

Thirty-seven per cent of SME employers in 2014 had only one partner/director in day-to-day control of the business. This is a decrease of eight percentage points on SBS 2012, but again this is likely to be linked to the change to IDBR as a sample source, along with the correspondingly lower numbers of sole proprietors who are more likely than companies to have just one working director.

Table 3.15: Number of partners/directors – trends

	SBS 2014			SBS 2012	SBS 2010	ASBS 07/08
(n=)	4355			4768	3817	7783
	%			%	%	%
One	37			45	41	45
Two	42			37	39	38
Three	10			9	11	9
Four	4			4	4	4
Five to eight	4			3	4	2
Nine to 12	1			*	1	1
Thirteen or more	*			*	1	*

Base = all SME employers

* = a figure greater than zero, but less than 0.5%. Figures in bold are statistically significant at the 95% confidence level for SBS 2014 against SBS 2012. R4/R5. Single answer only allowed at this question.

The number of directors/partners in a business is correlated with its size. Forty-one per cent of micros had just one working director, compared with 23 per cent of small businesses, and 15 per cent of mediums. By sector, those in transport, retail and distribution (41 per cent) and administrative services (49 per cent) were more likely than average to have just one working director, while those in primary (24 per cent) and manufacturing (29 per cent) sectors were less likely than average to have a single working director.

Sixty-two per cent of SME employers were multi-managed by more than one working director or partner. Of these, 67 per cent had any women partners/directors, 58 per cent contained two or more members of the same family, eight per cent had any partners/directors with a disability or longstanding illness, nine per cent had a partner/director from an ethnic minority group, and 16 per cent had a partner/director that was born outside of the UK.

Table 3.16: Whether the business has any partners/directors from the following groups – by employment size (multi-management enterprises only)

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	3085	974	1280	831
	%	%	%	%
Any women	67	69	61	56
Any members of same family	58	60	50	39
Any disability/longstanding illness	8	8	8	5
Any from an ethnic minority	9	8	12	12
Any born outside of the UK	16	14	20	22
SBS 2012 (n=)	3267	959	1469	839
	%	%	%	%
Any women	65	67	61	54
Any members of same family	61	64	54	38
Any disability/longstanding illness	11	12	8	10
Any from an ethnic minority	11	10	11	13
Any born outside of the UK	14	13	17	22

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

Because they had more directors/partners per se, it might be expected that small and medium sized businesses would be more likely than micros to have at least one director in all of the categories above. This was certainly the case for directors from ethnic minorities and those born outside of the UK, but not for members of the same family or women directors. The proportions in both 2014 and 2012 were consistent in this respect.

By sector, women directors in 2014 were most likely to be found in 'other services' (86 per cent) and transport, retail and distribution (73 per cent). They were least likely to be found in manufacturing (44 per cent), construction (61 per cent) and business services (58 per cent) sectors.

At least two family members as directors were most likely to be found in primary (87 per cent), construction (71 per cent) and transport, retail and distribution (73 per cent) sectors. They were least likely to be found in business services (40 per cent), administrative services (51 per cent) and 'other services' (37 per cent).

The 'other services' sector had a higher than average proportion of directors who had disabilities or with long-standing illnesses (17 per cent).

'Other services' (18 per cent) and business services (16 per cent) have higher than average proportions of directors from ethnic minorities. They were also more likely than average to have directors born outside of the UK.

Family-owned businesses

Fifty-two per cent of SME employers with multi-management had at least two directors/partners from the same family. However, this is not to say that the businesses were owned by members of the same family.

In SBS 2014, 72 per cent of SME employers were defined as family-owned businesses. This is up by ten percentage points on SBS 2012. However, this was not necessarily a genuine trend, because in 2014 it was decided to automatically include any business where there was a single owner in the family-owned business definition, whereas in 2012 the question was asked of all respondents.

Table 3.17: Family-owned businesses – by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	4355	1653	1714	988
	%	%	%	%
Family-owned businesses	72	74	61	51

Base = all SME employers. Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). R1. Single answer only allowed at this question.

Family-owned businesses were more common among smaller enterprises, comprising nearly three-quarters of micros (74 per cent), 61 per cent of small businesses, and 51 per cent of medium-sized ones. They were more likely than average to be found in the primary sector (87 per cent), construction (79 per cent) and transport, retail and distribution (83 per cent) sectors. They were least likely to be found in information/communication (63 per cent), business services (64 per cent) and 'other services' (46 per cent) sectors.

Table 3.18: Family-owned businesses – by sector (SIC 2007)

	All SME employers	ABDE Primary	C Manuf act	F Constr-uction	GHI TRAD	J Info-comm	KLM Business serv.	N Admin	PQRS Other serv.
SBS 2014 (n=)	4355	150	570	369	1364	170	637	331	764
	%	%	%	%	%	%	%	%	%
Family-owned businesses	72	87	70	79	83	63	64	75	46

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). R1. Single answer only allowed at this question.

Seventy-five per cent of family-owned businesses had been in the control of the family for just a single generation, 16 per cent for two generations, six per cent for three, and three per cent for four or more generations. Family-owned businesses in primary industries were the most likely to stretch back more than one generation (67 per cent).

Compared with SBS 2012 there were more family-owned businesses in their first generation (in 2012 this was 69 per cent). The difference is due to the change in definition for family businesses.

Women-led businesses

Overall in SBS 2014, 18 per cent of SME employers were majority-led by women, defined as controlled by a single woman, or having a management team of which a majority were women. A further 27 per cent were equally-led, with the same number of men and women in director/partner roles. These two figures combined means that 45 per cent of SME employers were majority- or equally-led by women.

A further nine per cent had women directors as a minority within their leadership, and 46 per cent were entirely male-led.

Table 3.19: Leadership by gender – trends

	SBS 2014		SBS 2012	SBS 2010	ASBS 07/08
(n=)	4355		4768	3817	7783
	%		%	%	%
Majority-led by women	18		19	14	14
Equally-led	27		23	25	24
At least 50% female (majority led & equally led)	45		42	40	39
Women in a minority	9		8	9	8
Entirely male-led	46		49	51	53

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level for SBS 2014 against SBS 2012. R4/R5/R7/U5. Single answer only allowed at this question.

Sixty-seven per cent of SME employers with multi-management had at least one director/partner who was a woman. However, this is not to say that the businesses were necessarily women-led.

Compared with SBS 2012, the proportion of equally-led businesses, and of those that were at least 50 per cent women-led, has increased. The proportion that was entirely male-led has decreased by three percentage points.

By employment size, women-led businesses were less prevalent in medium-sized businesses (11 per cent). This is consistent with SBS 2012, but since then the proportion

of small businesses than are women-led has increased by two percentage points, whilst the proportion of micro businesses that are male-led has decreased similarly.

In SBS 2012 women-led businesses were more prevalent among the youngest businesses (with 32 per cent of businesses aged 0-1 years, and 26 per cent of businesses aged 2-3 years being women-led), but this trend is not observed in 2014.

Table 3.20: Whether women led – trends by age of business

	All SME employers	0-1 Years	2-3 Years	4-5 Years	6-10 Years	11-20 Years	Over 20 Years
SBS 2014 (n=)	4355	93	224	276	633	949	2143
	%	%	%	%	%	%	%
Women-led	18	24	13	14	16	23	18
Equally-led	27	27	27	29	28	29	24
Women in minority	9	3	4	7	6	8	13
Entirely male-led	46	45	56	49	49	40	44
SBS 2012 (n=)	4768	86	219	244	715	1152	2332
	%	%	%	%	%	%	%
Women-led	19	32	26	22	21	19	16
Equally-led	23	15	15	17	23	24	25
Women in minority	8	*	5	3	8	6	10
Entirely male-led	49	52	53	56	46	50	48

Base = all SME employers.

* = a figure greater than zero, but less than 0.5%. Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). R4/R5/R7/U5. Single answer only allowed at this question.

Table 3.21 shows that women-led businesses were most likely to be in certain sectors. Forty-three per cent of SME employers in 'other services' were women-led, a similar proportion to that seen in SBS 2012.

Table 3.21: Whether women led – trends by sector (SIC 2007)

	All SME employers	ABDE Primary	C Manufacturing	F Construction	GHI TRAD	J Info-comms	KLM Business service	N Admin.	PQRS Other service
SBS 2014 (n=)	4355	150	570	369	1364	170	637	331	764
	%	%	%	%	%	%	%	%	%
Women-led	18	18	7	8	18	12	11	20	43
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
Women-led	19	11	12	9	22	10	13	19	39
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
Women-led	14	16	7	5	14	6	14	20	32

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). R4/R5/R7/U5. Single answer only allowed at this question.

MEG-led businesses

Seven per cent of SME employers were minority ethnic group (MEG)-led, defined as having a person from an ethnic minority in sole control of the business, or having a management team with at least half of its members from an ethnic minority. There was little difference in this proportion by size of business, with seven per cent of both micros and small businesses being MEG-led and six per cent of medium-sized ones. These were the exact same proportions seen in 2012.

Table 3.22: Whether MEG led – trends by age of business

	All SME employers	0-1 Years	2-3 Years	4-5 Years	6-10 Years	11-20 Years	Over 20 Years
SBS 2014 (n=)	4355	93	224	276	633	949	2143
	%	%	%	%	%	%	%
MEG-led	7	9	9	11	9	6	5
SBS 2012 (n=)	4768	86	219	244	715	1152	2332
	%	%	%	%	%	%	%
MEG-led	7	12	11	13	8	8	5
SBS 2010 (n=)	3817	66	117	212	532	942	1930
	%	%	%	%	%	%	%
MEG-led	8	16	10	12	10	10	5

Base = all SME employers. Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). R4/R5/R10/R15. Single answer only allowed at this question.

Whereas in 2012 and 2010 MEG-led businesses tended to be younger than SME employers, generally, this was not the case in 2014. MEG-led businesses were more likely than average to be four to five years old.

There were many more MEG-led businesses in London (24 per cent) than in the rest of the UK, a finding consistent with SBS 2012. Unlike 2012, there were no differences in the proportions between England, Scotland and Wales, although there were fewer MEG-led businesses in Northern Ireland (three per cent).

Table 3.23: Whether MEG led – trends by sector (SIC 2007)

	All SME employers	ABDE Primary	C Manufacturing	F Construction	GHI TRAD	J Info-comms.	KLM Business service	N Admin.	PQRS Other service
SBS 2014 (n=)	4355	150	570	369	1364	170	637	331	764
	%	%	%	%	%	%	%	%	%
MEG-led	7	*	3	1	8	9	11	3	10
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
MEG-led	7	1	6	2	10	4	8	6	9
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
MEG-led	8	2	2	4	13	7	8	9	10

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). R4/R5/R10/R15. Single answer only allowed at this question.

By sector, MEG-led businesses were most common in business services (11 per cent) and 'other services' (ten per cent). Within these categories they were most likely to be found in healthcare (16 per cent) and professional/scientific services (12 per cent). There was also an above-average proportion in transport/storage (13 per cent), which was also the case in 2012.

Social enterprises

Twenty-seven per cent of SME employers viewed their businesses as comprising a social enterprise: a business that has mainly social or environmental aims. This was a slightly higher proportion than in SBS 2012, but broadly similar to previous surveys.

Table 3.24: Social enterprises – trends

	SBS 2014		SBS 2012	SBS 2010	ASBS 07/08
(n=)	4355		4768	3817	7783
	%		%	%	%
Perceive themselves as social enterprises	27		24	26	29
Conform to BIS definition of a social enterprise	5		5	6	6

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level for SBS 2014 against SBS 2012. 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'. (This definition is consistent with that used in ASBS surveys up to 2008, but is slightly different from that used in SBS 2010 which required that 25 per cent or more of turnover was derived from trading).

Under this definition, five per cent of SME employers were considered to be social enterprises, a similar proportion to that seen in SBS 2010 and ASBS 07/08¹².

Small and medium businesses were slightly more likely to be classified under the BIS definition of social enterprises in 2014 (each seven per cent) than micros (five per cent).

¹² The proportion of social enterprises under the BIS definition was 5.1 per cent in 2012 and 5.4 per cent in 2014. Based on the definition used in SBS 2010 that required just 25 per cent or more of turnover derived from trading, the proportions would be 5.7 per cent in 2012 and 6.8 per cent in 2014.

By sector, social enterprises were most likely to be found within the 'other services' sector (fourteen per cent). Within 'other services' they were most likely to be found in education (18 per cent), health (13 per cent) and arts/recreation (28 per cent). Within arts/recreation this was an 11 point percentage increase on SBS 2012. Another one-digit SIC sector with a higher than average proportion of social enterprises was the food/accommodation sector (ten per cent).

Table 3.25: Whether conform to BIS definition of social enterprise – trends by sector (SIC 2007)

	All SME employers	ABDE Primary	C Manuf-cturing	F Constr-uction	GHI TRAD	J Info-comms.	KLM Busi-ness service	N Admin.	PQRS Other service
SBS 2014 (n=)	4355	150	570	369	1364	170	637	331	764
	%	%	%	%	%	%	%	%	%
Social enterprise	5	7	4	3	6	3	1	4	14
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
Social enterprise	5	3	2	2	8	*	3	2	10
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
Social enterprise	6	2	2	4	6	1	3	4	14

Base = all SME employers

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

There was a higher than average proportion of social enterprises in Northern Ireland (eight per cent).

By age of business, it appears that a higher proportion of SME employers formed in the last five years were social enterprises, but the results are not statistically significant.

Table 3.26: Whether conform to BIS definition of social enterprise – trends by age of business

	All SME employers	0-1 Years	2-3 Years	4-5 Years	6-10 Years	11-20 Years	Over 20 Years
SBS 2014 (n=)	4355	93	224	276	633	949	2143
	%	%	%	%	%	%	%
Social enterprise	5	9	5	7	3	3	7
SBS 2012 (n=)	4768	86	219	244	715	1152	2332
	%	%	%	%	%	%	%
Social enterprise	5	6	4	7	5	4	6
SBS 2010 (n=)	3817	66	117	212	532	942	1930
	%	%	%	%	%	%	%
Social enterprise	6	6	8	3	5	4	7

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). D1/D2/D4/D5/D6. Single answer only allowed at this question.

4. Business performance

This section explores how SMEs have performed in the last 12 months in terms of employment size and turnover and their expectations for performance in the next 12 months.

Numbers employed compared with 12 months ago

Twenty-two per cent of SME employers employed more people than was the case 12 months earlier. Sixty-two per cent employed the same number and 16 per cent employed fewer.

Table 4.1: Numbers employed now compared with 12 months ago – trends by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	4313	1624	1702	987
	%	%	%	%
More than 12m ago	22	19	33	46
Same as 12m ago	62	64	53	46
Fewer than 12m ago	16	17	13	10
SBS 2012 (n=)	4736	1879	1892	965
	%	%	%	%
More than 12m ago	19	17	27	37
Same as 12m ago	64	67	51	47
Fewer than 12m ago	17	16	22	15
SBS 2010 (n=)	3779	1502	1520	757
	%	%	%	%
More than 12m ago	17	16	26	29
Same as 12m ago	61	64	48	45
Fewer than 12m ago	21	20	26	26
ASBS 2007/08 (n=)	7700	3477	2925	1298
	%	%	%	%
More than 12m ago	19	16	30	38
Same as 12m ago	66	68	55	49
Fewer than 12m ago	15	15	16	13

Base = all SME employers trading for at least one year

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). B1/B2. Single answer only allowed at this question.

Compared with SBS 2012, there has been a statistically significant increase in the proportion employing more people. This increase occurred across all size bands.

The larger the employer, the more likely they were to have increased the numbers they employ. This is unsurprising as, when the numbers employed increases, an enterprise will move into the next size band.

By sector, *increases* in employment were more likely than average within the manufacturing sector (29 per cent), while *reductions* in employment were more likely than average in transport, retail and distribution (18 per cent), and information/communication (23 per cent).

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

	All SME employers	ABDE Primary	C Manu- -cturing	F Constr- -uction	GHI TRAD	J Info- -comms.	KLM Busi- -ness service	N Admin.	PQRS Other service
SBS 2014 (n=)	4313	149	569	368	1335	169	633	331	759
	%	%	%	%	%	%	%	%	%
More than 12m ago	22	25	29	22	20	17	24	22	19
Same as 12m ago	62	64	60	59	62	60	62	63	67
Fewer than 12m ago	16	11	11	19	18	23	14	14	15
SBS 2012 (n=)	4736	204	670	452	1208	254	719	299	930
	%	%	%	%	%	%	%	%	%
More than 12m ago	19	22	26	12	18	25	18	20	18
Same as 12m ago	64	65	55	65	65	56	69	68	64
Fewer than 12m ago	17	13	18	23	17	19	13	11	18
SBS 2010 (n=)	3779	63	492	319	1094	154	519	200	904
	%	%	%	%	%	%	%	%	%
More than 12m ago	17	14	21	19	16	25	18	16	15
Same as 12m ago	61	78	51	47	64	60	62	65	72
Fewer than 12m ago	21	8	29	34	20	15	20	20	13

Base = all SME employers trading for at least one year

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). B1/B2. Single answer only allowed at this question.

By nation, businesses in Wales were the most likely to have increased employment (35 per cent) and those in Scotland the least likely (17 per cent). Corresponding proportions in England were 21 per cent, and 23 per cent in Northern Ireland.

Number of people expected to be employed in 12 months' time

Thirty-two per cent of SME employers expected to employ more people in 12 months' time, 63 per cent expected to employ the same number, and 4 per cent expected to employ fewer.

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

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	4355	1653	1714	988
	%	%	%	%
More than now	32	31	36	45
Same as now	63	64	58	49
Fewer than now	4	4	5	5
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
More than now	20	19	29	33
Same as now	58	60	51	50
Fewer than now	21	21	20	16
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
More than now	23	22	29	34
Same as now	62	64	54	50
Fewer than now	14	13	16	14
ASBS 2007/08 (n=)	7783	3529	2950	1304
	%	%	%	%
More than now	24	22	31	38
Same as now	59	60	52	47
Fewer than now	16	17	16	14

Base = all SME employers

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.

The proportion thinking that the numbers employed will increase was 12 percentage points higher in 2014 than 2012, and the proportion thinking that numbers employed will decrease was 17 percentage points lower in 2014 than in 2012. This suggests a very optimistic outlook for 2015 in terms of SME employment.

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

By sector, those in information/communications (47 per cent, a sector that appeared to have decreased employment levels from 2013-14), business services (43 per cent) and administrative services (38 per cent) were the most likely to think that they would employ more people next year. Compared with 2012, all sectors were more likely to think they would employ 'more' in 12 months time.

Table 4.4: Numbers expect to employ in 12 months' time – trends by sector

	All SME employers	ABDE Primary	C Manufacturing	F Construction	GHI TRAD	J Info-comms.	KLM Business service	N Admin	PQRS Other service
2014 (n=)	4355	150	570	369	1364	170	637	331	764
	%	%	%	%	%	%	%	%	%
More than now	32	14	35	27	28	47	43	38	28
Same as now	63	83	59	68	65	50	52	60	68
Fewer than now	4	3	5	3	6	3	4	2	4
2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
More than now	20	12	25	16	17	28	26	22	21
Same as now	58	67	58	60	59	56	59	49	57
Fewer than now	21	20	17	23	22	14	15	28	22
2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
More than now	23	12	26	19	23	36	20	34	17
Same as now	62	76	58	63	63	49	67	52	65
Fewer than now	14	9	14	16	13	15	12	14	17

Base = all SME employers. Figures in bold 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.

By nation, businesses in Scotland, Northern Ireland and Wales were less likely than average to think they would employ more people in 12 months' time (Scotland 28 per cent, 26 per cent in Wales, 27 per cent in Northern Ireland, and 33 per cent in England).

Turnover now compared with 12 months previously

Forty per cent of SME employers had greater turnover (value of sales) than a year previously. Thirty-nine per cent had approximately the same turnover and 18 per cent had lower turnover.

Table 4.5: Turnover now compared with 12 months previously – trends by size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	4225	1575	1672	978
	%	%	%	%
Turnover greater now	40	38	48	55
Same as 12m before	39	41	32	32
Turnover lower now	18	18	15	11
SBS 2012 (n=)	4682	1844	1875	963
	%	%	%	%
Turnover greater now	29	27	38	50
Same as 12m before	37	37	34	31
Turnover lower now	31	33	25	16
SBS 2010 (n=)	3752	1482	1514	755
	%	%	%	%
Turnover greater now	28	27	33	44
Same as 12m before	34	35	30	30
Turnover lower now	35	36	34	24
ASBS 2007/08 (n=)	7633	3440	2905	1288
	%	%	%	%
Turnover greater now	42	40	51	61
Same as 12m before	35	36	32	26
Turnover lower now	21	22	16	11

Base = all SME employers trading for at least two years

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). P2. Single answer only allowed at this question

Compared with SBS 2012, there has been a statistically significant increase in the proportion with higher turnover (up 11 percentage points), and a consequential decrease in the proportion reporting lower turnover (down 13 percentage points). This increase occurred across all size bands, but was most noted among the micros.

By sector, those in manufacturing were more likely than average to report increased turnover (48 per cent), as were those in business services (47 per cent) and administrative services (46 per cent). Construction (37 per cent) and 'other services' (33 per cent) were less likely than average to have had increased turnover, but nonetheless their performance improved compared with 2012, as was the case for all sectors.

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

	All SME employers	ABDE Primary	C Manuf-cturing	F Constr-uction	GHI TRAD	J Info-comms.	KLM Busi-ness service	N Admin.	PQRS Other service
SBS 2014 (n=)	4225	146	560	360	1291	167	625	326	750
	%	%	%	%	%	%	%	%	%
Turnover greater now	40	35	48	36	37	43	47	46	33
Same as 12m before	39	39	37	44	39	34	35	39	43
Turnover lower now	18	23	12	17	21	19	15	14	20
SBS 2012 (n=)	4682	203	665	451	1185	249	708	297	924
	%	%	%	%	%	%	%	%	%
Turnover greater now	29	29	39	24	26	37	35	28	25
Same as 12m before	37	40	36	33	37	27	37	40	38
Turnover lower now	31	26	21	40	35	32	25	31	30
SBS 2010 (n=)	3752	63	492	317	1079	149	516	199	902
	%	%	%	%	%	%	%	%	%
Turnover greater now	28	46	25	23	27	32	29	27	30
Same as 12m before	34	22	35	27	34	39	37	30	40
Turnover lower now	35	28	38	45	36	29	32	41	26

Base = all SME employers trading for at least two years

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). P2. Single answer only allowed at this question.

By nation, increased turnover was more likely in England (41 per cent) and Northern Ireland (32 per cent) than in Scotland (34 per cent) and Wales (37 per cent).

Expectations of turnover in 12 months' time

Fifty-one per cent of SME employers expected turnover to increase in the next 12 months, 37 per cent thought it would remain roughly the same and 8 per cent thought it would be less.

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

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	4355	1653	1714	988
	%	%	%	%
More than now	51	50	56	65
Same as now	37	37	34	28
Less than now	8	8	5	5
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
More than now	37	35	44	54
Same as now	43	44	39	34
Less than now	14	14	11	10
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
More than now	41	40	45	57
Same as now	40	41	37	31
Less than now	14	15	13	11
ASBS 2007/08 (n=)	7783	3529	2950	1304
	%	%	%	%
More than now	49	47	54	63
Same as now	35	35	32	26
Less than now	12	13	12	10

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). P7. Single answer only allowed at this question.

As with findings on employment, there was increased optimism in SBS 2014 findings on turnover expectations compared with those for SBS 2012. The proportion in SBS 2014 that thought turnover would increase was at a similar level to that observed, pre-recession, in 2007/08.

By sector, forecasts for higher turnover were most frequent in manufacturing (63 per cent), business services (57 per cent) and administrative services (61 per cent). For primary (30 per cent) and 'other services' (41 per cent) expectations for increased turnover were below average.

By nation, expectations for higher turnover were higher in England (53 per cent) than in Wales, Scotland and Northern Ireland (all 44 per cent).

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

	All SME employers	ABDE Primary	C Manuf- -cturing	F Constr- -uction	GHI TRAD	J Info- -comms.	KLM Busi- -ness service	N Admin.	PQRS Other service
SBS 2014 (n=)	4355	150	570	369	1364	170	637	331	764
	%	%	%	%	%	%	%	%	%
More than now	51	30	63	51	51	54	57	61	41
Same as now	37	39	33	43	36	31	34	29	43
Less than now	8	27	3	4	7	9	6	8	9
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
More than now	37	26	43	29	34	49	45	35	36
Same as now	43	48	40	44	45	39	39	42	43
Less than now	14	20	12	18	13	9	11	15	15
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
More than now	41	40	45	34	40	51	43	52	37
Same as now	40	31	36	43	41	37	40	37	43
Less than now	14	20	13	22	13	8	15	10	15

Base = all SME employers. Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). P7. Single answer only allowed at this question.

Profit

Seventy-eight per cent of SME employers generated a profit in their last financial year, six percentage points higher than the equivalent figure in 2012.

This increase in the proportion of businesses making a profit was most notable among micros, with 78 per cent making a profit in 2014, compared with 71 per cent in 2012.

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

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	4355	1653	1714	988
	%	%	%	%
Yes - profit	78	78	79	84
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
Yes - profit	72	71	75	86
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
Yes - profit	71	71	72	81
ASBS 2007/08 (n=)	7783	3529	2950	1304
	%	%	%	%
Yes - profit	78	78	82	85
ASBS 2006/07 (n=)	8949	3721	3666	1562
	%	%	%	%
Yes - profit	78	77	82	85

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). D3. Single answer only allowed at this question.

By sector, those in manufacturing (84 per cent), construction (84 per cent), business services (88 per cent) and administrative services (89 per cent) were the most likely to have made a profit. Those in transport, retail and distribution (71 per cent) and 'other services' (69 per cent) were less likely to have done so.

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

Plans for closure or transfer of business

Four per cent of SME employers anticipate the closure of their business in the next five years. Twelve per cent anticipate the full transfer of ownership, while 78 per cent did not think either of these things would happen.

Small (two per cent) and medium-sized businesses (one per cent) were less likely than micros (five per cent) to think their business would close in the next five years.

Compared with SBS 2012, fewer businesses anticipate closure (down five percentage points). This change was most notable for micros (down five percentage points).

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

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	4355	1653	1714	988
	%	%	%	%
Yes – anticipate closure	4	5	2	1
Yes – anticipate full transfer	12	12	12	9
Neither	78	77	81	87
Don't know	6	6	6	3
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
Yes – anticipate closure	9	10	3	1
Yes – anticipate full transfer	14	14	15	13
Neither	70	69	76	80
Don't know	7	7	6	6
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
Yes – anticipate closure	6	6	3	1
Yes – anticipate full transfer	17	16	18	11
Neither	71	70	72	81
Don't know	7	7	7	7

Base = all SME employers. Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). R3. Single answer only allowed at this question.

Closure was more likely than average to be anticipated in the transport, retail and distribution sector (six per cent). Businesses in this sector were also most likely to think there would be a full transfer of ownership (15 per cent).

SME employers in Wales were more likely than average to think that either closure or a transfer would happen in the next 5 years (21 per cent), whilst those in Scotland were the least likely to think this (14 per cent).

Of those anticipating the transfer of their business, 25 per cent will pass ownership to somebody within their own family. Sixty-five per cent anticipate selling outside of their family. These proportions were similar to those seen in 2012.

5. Growth

Plans for growth

Seventy-three per cent of SME employers aimed to grow their business over the next two to three years. This was a higher proportion (by five percentage points) than that seen in SBS 2012, but a similar proportion to that seen in SBS 2009. The increase in this proportion between 2012 and 2014 can be mainly seen among micro-businesses (up five percentage points).

Table 5.1: Whether aim to grow business over the next two-three years – trends by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	4355	1653	1714	988
	%	%	%	%
Aim to grow	73	71	80	87
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
Aim to grow	68	66	78	87
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
Aim to grow	74	72	80	89
ASBS 2007/08 (n=)	7783	3529	2950	1304
	%	%	%	%
Aim to grow	67	65	77	88

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). F1. Single answer only allowed at this question.

By sector, those in manufacturing (81 per cent), information/communications (86 per cent), business services (78 per cent) and administrative services (83 per cent) sectors were more likely than average to aim to grow their businesses. Those in primary (64 per cent), construction (63 per cent), transport, retail and distribution (69 per cent) and 'other services' (69 per cent) were less likely than average to aim to grow.

However, compared with SBS 2012, all sectors were more likely to aim to grow, with the exception of construction (down one percentage point).

Table 5.2: Whether aim to grow business over the next two-three years – trends by sector (SIC 2007)

	All SME employers	ABDE Primary	C Manufa-cturing	F Constr-uction	GHI TRAD	J Info-comms.	KLM Busi-ness service	N Admin.	PQRS Other service
SBS 2014 (n=)	4355	150	570	369	1364	170	637	331	764
	%	%	%	%	%	%	%	%	%
Aim to grow	73	64	81	63	69	86	78	83	69
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
Aim to grow	68	54	77	64	65	75	76	79	61
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
Aim to grow	74	56	79	78	69	80	78	80	67

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). F1. Single answer only allowed at this question.

By nation, SME employers in England were more likely to aim to grow (74 per cent) than those in Wales (59 per cent), Scotland (65 per cent) and Northern Ireland (68 per cent). Compared with 2012, only businesses in England were more likely to aim to grow.

Plans to grow were correlated with age of business. Eighty-four per cent of those aged up to three years aim to grow, compared with 79 per cent of those aged four to ten years, and 68 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 17 per cent being 'fairly likely', 26 per cent 'not very likely', and 44 per cent 'not at all likely'. Compared with SBS 2012, the proportion that was very or fairly likely to seek external finance decreased by five percentage points (29 versus 34 per cent).

Medium-sized businesses were most likely to want to seek external finance (41 per cent), as were those in the primary (56 per cent), manufacturing (34 per cent) and 'other services' (38 per cent) sectors. Thirty-nine per cent of those aiming to grow in Scotland would seek external finance, compared with 28 per cent in England, 32 per cent in Wales, and 33 per cent in Northern Ireland.

How growth will be achieved

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

Table 5.3: How growth will be achieved – trends by sector¹³ (SIC 2007)

	All SME employers	C Manufa - cturing	F Constr - uction	GHI TRAD	J Info- comms	KLM Busi- ness service	N Admin.	PQRS Other service
SBS 2014 (n=)	3362	486	272	1020	155	523	289	512
	%	%	%	%	%	%	%	%
Increase skills of the workforce	81	79	82	74	85	87	84	85
Increase turnover by exploiting new markets	68	84	56	68	88	66	74	58
Increase the leadership capability of managers	64	63	55	63	65	66	68	64
Develop and launch new products/ services	58	65	38	62	78	54	54	64
Capital investment (in premises, machinery etc.)	54	76	48	59	44	50	38	47
SBS 2012 (n=)	3577	562	307	879	210	584	253	633
	%	%	%	%	%	%	%	%
Increase skills of the workforce	74	67	72	70	78	79	78	77
Increase turnover by exploiting new markets	69	80	62	68	89	70	73	64
Develop and launch new products/ services	65	75	51	71	91	57	64	71
Increase the leadership capability of managers	61	63	56	59	65	64	64	68

Base = all SME employers looking to grow in the next 2-3 years. Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). F3. Multiple answers allowed at this question.

¹³ Figures for the primary sector are not shown because of small sample size

These figures derive from a prompted question, meaning that possible ways of achieving growth were read out to the respondents. Eighty-one per cent said they would increase the skills of the workforce, 68 per cent would increase turnover by exploiting new markets, 64 per cent would increase the leadership capability of their managers, 58 per cent would develop and launch new products or services, and 54 per cent would make a capital investment (in premises, machinery etc.)

Compared with SBS 2012, the proportion wanting to invest in training (i.e. increasing skills) has risen by seven percentage points, whilst the proportion wanting to invest in innovation (i.e. developing new products and services) has decreased by seven percentage points.

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

- The manufacturing sector was more likely than average to want to exploit new markets, develop new products, and invest in capital equipment
- The construction sector was less likely to invest in all of the measures with the exception of increasing the skills of the workforce
- The transport, retail and distribution sector was more likely than average to want to develop new products or services and make a capital investment, but was less likely to seek to increase the skills of the workforce
- The information/communications sector was more likely than average to want to exploit new markets and develop and launch new products/services, but was less likely than average to want to invest in premises/machinery
- Business services were more likely than average to want to increase the skills of the workforce
- Administrative services were more likely than average to want to exploit new markets

Businesses in 'Other services' were more likely than average to want to increase the skills of the workforce and develop/launch new products/services, but were less likely than average to want to exploit new markets or invest in premises/machinery

6. Business capability

This section explores how SME employers perform on a range of different measures such as how strong or poor they feel they are across a range of business management tasks and in innovating, exporting, training, and adopting new technology.

Perceptions of business capability

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

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

		SBS 2014	SBS 2012	SBS 2010
(n=)		4355	4768	3817
People management ¹⁴	Strong	78	57	59
	Poor	3	11	10
Taking decisions on regulation and tax issues	Strong	73	62	63
	Poor	5	9	9
Operational improvement, e.g. adopting industry best practice	Strong	61	54	53
	Poor	7	12	11
Developing and implementing a business plan and strategy	Strong	61	55	56
	Poor	8	13	14
Developing and introducing new products and services	Strong	44	40	42
	Poor	18	22	21
Entering new markets	Strong	28	23	26
	Poor	27	33	34
Accessing external finance	Strong	27	18	25
	Poor	30	42	38

Base = all SME employers. Figures in bold are statistically significant at the 95% confidence level for SBS 2014 against SBS 2012. F4. Multiple answers allowed at this question.

¹⁴ The wording of this statement in 2010 and 2012 was 'people management, such as recruitment and delegation'

Overall, it is noticeable that SME employers were more likely to think themselves strong for all tasks in 2014, compared with previous years.

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

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

	All SME employers	ABDE Primary	C Manufacturing	F Construction	GHI TRAD	J Info-comm	KLM Business service	N Admin.	PQRS Other service
SBS 2014 (n=)	4355	150	570	369	1364	170	637	331	764
	%	%	%	%	%	%	%	%	%
People management	78	70	71	76	77	71	78	88	83
Regulation/tax	73	75	68	77	68	71	79	77	73
Operational improvement	61	77	55	64	54	54	65	76	61
Business plan/strategy	61	55	55	56	58	70	62	71	63
New product/service	44	31	50	31	51	57	41	42	42
New markets	28	21	33	28	28	34	26	35	22
External finance	27	46	29	28	25	18	26	28	31
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
Regulation/tax	62	59	59	61	60	53	70	65	62
People management	57	42	56	51	60	52	54	57	63
Business plan/strategy	55	52	55	47	55	57	59	57	54
Operational improvement	54	60	51	53	50	54	56	59	58
New product/service	40	20	51	31	46	58	31	40	41
New markets	23	16	33	19	23	34	21	30	18
External finance	18	33	20	15	17	14	17	21	20

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). F4. Multiple answers allowed at this question.

Business capability: people management, regulations and tax, and operational improvement

People management

Seventy-eight per cent of SME employers considered themselves strong at people management, while three per cent considered themselves to be poor at this. The proportion of firms thinking themselves strong increased by 21 percentage points compared with 2012. This increase may have been influenced by the change in the wording of the question (in 2012 it included recruitment and delegation).

The businesses most likely to consider themselves strong in this area were those in administrative services (88 per cent) and 'other services' (83 per cent), while those in primary (70 per cent), manufacturing (71 per cent) and information/communications (71 per cent) were less likely than average to consider themselves strong. Compared with 2012, the biggest increases in the proportion thinking themselves strong were in administrative services (plus 31 percentage points) and primary (plus 28 percentage points).

Taking decisions on regulation and tax issues

Seventy-three per cent of SME employers considered themselves strong when taking decisions on regulation and tax issues, whilst five per cent considered themselves poor at this. The proportion thinking themselves strong increased by 11 percentage points on SBS 2012. Most likely to consider themselves strong on this measure were those in the business services sector (79 per cent), while those in manufacturing (68 per cent) and transport, retail and distribution (68 per cent) were less likely than average to consider themselves strong. Compared with 2012, the biggest increases in the proportion thinking themselves strong were in information/communication (plus 18 per cent), primary and construction (both plus 16 per cent).

Operational improvement, e.g. adopting industry best practice

Sixty-one per cent of SME employers considered themselves strong at operational improvement (e.g. adopting industry best practice), while seven per cent considered themselves poor at this. The proportion thinking themselves strong increased by seven percentage points compared with SBS 2012. Most likely to consider themselves strong were those in primary (77 per cent) and administrative services (76 per cent) sectors, while those in manufacturing (55 per cent) and transport, retail and distribution (54 per cent) sectors were the least likely to consider themselves strong. Compared with 2012, the biggest increases in the proportion thinking themselves strong were in administrative services and primary (both plus 17 per cent) sectors.

Business capability: innovation

Thirty-eight per cent of SME employers had introduced new or significantly improved products or services in the last 12 months. Thirty-two per cent had introduced new or significantly improved processes in the last 12 months.

New/significantly improved products/services

The proportion that introduced new products and services was lower than in 2012, by five percentage points. The decline was most significant among micros (by six percentage points). Product/service innovation appears to have been constrained since 2010, when 47 per cent had introduced new or significantly improved products or services in the previous 12 months.

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

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	2150	808	839	503
	%	%	%	%
Products/services	38	36	42	47
Processes	32	30	41	51
SBS 2012 (n=)	2367	955	921	491
	%	%	%	%
Products/services	43	42	47	55
Processes	33	31	42	52
SBS 2010 (n=)	1904	781	740	383
	%	%	%	%
Products/services	47	46	53	57
Processes	33	30	48	52
ASBS 2007/08 (n=)	7783	3529	2950	1304
	%	%	%	%
Products/services	46	45	51	60
Processes	33	30	43	55

Base = all SME employers (half sample only)

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). J1/J3. Single answer only allowed at this question.

Those in manufacturing (51 per cent), information/communication (50 per cent), transport, retail and distribution (42 per cent) and 'other services' (42 per cent) were more likely than average to have introduced new products or services, while those in construction were less likely to have done so (21 per cent). These differences by sector were also observed in SBS 2012.

The decrease in the figure for product/service innovation between 2012 and 2014 was mainly seen in the construction (minus 13 percentage points), transport, retail and distribution (minus nine percentage points) and information/communication (minus 22 percentage points) sectors.

Younger businesses were the most likely by age to have introduced new products or services (53 per cent of those aged up to four years, 36 per cent of older businesses).

Businesses in Scotland were more likely to have introduced new products or services (43 per cent) than those in England (37 per cent), Wales (32 per cent) and Northern Ireland (39 per cent).

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

	All SME employers	C Manufacturing	F Construction	GHI TRAD	J Info-comms.	KLM Business service	N Admin.	PQRS Other service
SBS 2014 (n=)	2150	282	171	680	83	326	157	382
	%	%	%	%	%	%	%	%
Products/services	38	51	21	42	50	35	31	42
SBS 2012 (n=)	2367	330	239	601	123	363	145	466
	%	%	%	%	%	%	%	%
Products/services	43	51	34	51	72	37	32	42
SBS 2010 (n=)	1904	241	152	563	82	258	106	448
	%	%	%	%	%	%	%	%
Products/services	47	51	51	47	54	46	40	42

Base = all SME employers (half sample only). Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). J1. Single answer only allowed at this question.

For those introducing new products or services, 22 per cent of these products or services were completely new, and 76 per cent just new to the business. The proportion introducing completely new products/services increased by five percentage points on SBS 2012.

New/significantly improved processes

The proportion that introduced new or significantly improved processes was one percentage point lower than in 2012, but this is not a statistically significant change. Indeed, the overall proportion introducing new processes has been stable since ASBS 07/08, with stability also being found for all employment size bands.

The introduction of new or better processes was most likely to have happened in information/communication (43 per cent), manufacturing (42 per cent), administrative

services (39 per cent) and business services (38 per cent), and was least likely in construction (21 per cent).

Younger businesses were more likely than older ones to have improved their processes (41 per cent of those aged up to four years, 34 per cent of those aged four to ten years and 30 per cent of those aged over ten years). Northern Ireland (22 per cent) falls behind Wales (27 per cent), Scotland (29 per cent) and England (33 per cent) in the introduction of new processes.

For those introducing new processes, 17 per cent of processes were completely new and 81 per cent just new to the business. In SBS 2012, 14 per cent were completely new and 86 per cent just new to the business.

Applying for tax credits in respect of innovation

Just four per cent of SME employers reported applying for or receiving tax credits in respect of innovation in the last three years. This was a seven percentage point decrease on the figure in SBS 2012. Medium sized businesses were the most likely to have applied for or received tax credits (16 per cent), compared with eight per cent of small businesses and two per cent of micros.

Those which were most likely to have applied for or received these credits were in manufacturing (13 per cent) and information/communication (11 per cent) sectors. Eight per cent of SME employers in Scotland applied for/received tax credits, compared with three per cent in England, and five per cent in Wales and Northern Ireland.

Business capability: exporting

Nineteen per cent of SME employers reported that they sell goods or services or licence products outside of the UK. This was the same proportion as that observed in 2012, but since 2007/08 the proportion exporting has declined.

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

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	4355	1653	1714	988
	%	%	%	%
Yes - export	19	17	26	36
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
Yes - export	19	17	26	40
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
Yes - export	23	21	29	40
ASBS 2007/08 (n=)	7783	3529	2950	1304
	%	%	%	%
Yes - export	24	22	33	43

Base = all SME employers. Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). C1. Single answer only allowed at this question.

By sector, businesses in information/communications (53 per cent), manufacturing (45 per cent) and business services (25 per cent) sectors were the most likely to export.

Businesses in the primary (eight per cent), construction (four per cent), transport, retail and distribution (16 per cent) and 'other services' (six per cent) sectors were less likely than average to export. A similar pattern in terms of these sectors being more or less likely than average to export was observed in SBS 2012.

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

	All SME employers	ABDE Primary	C Manufacturing	F Construction	GHI TRAD	J Info-comms.	KLM Business service	N Admin.	PQRS Other service
SBS 2014 (n=)	4355	150	570	369	1364	170	637	331	764
	%	%	%	%	%	%	%	%	%
Yes - export	19	8	45	4	16	53	25	21	6
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
Yes - export	19	11	42	6	16	51	24	25	8
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
Yes - export	23	13	42	13	18	44	26	26	13

Base = all SME employers

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

Looking at sectors in more detail, that is, at the 'two digit' level¹⁵, the types of businesses most likely to export were metal manufacturers (34 per cent), wholesalers (47 per cent), computer programmers and consultants (47 per cent) and management consultants (50 per cent).

By nation, SME employers in Northern Ireland were more likely than average to export (30 per cent compared with 19 per cent in England, 15 per cent in Wales, and 12 per cent in Scotland), this being because of the land border with the Republic of Ireland.

Sixteen per cent of exporters have been exporting since they were set up. This was most likely to be the case for exporters that started their businesses in the last four years (42 per cent).

¹⁵ Based on minimum sample sizes of 50

Fifty-seven per cent of exporters plan to increase their levels of exports over the next few years. This was most commonly the case among manufacturing exporters (67 per cent), and those in Scotland (69 per cent) and Northern Ireland (70 per cent, with 55 per cent in England and 63 per cent in Wales planning to increase exports).

Ninety-four per cent of exporters have been exporting for more than two years. Of these, 79 per cent have had overseas sales every year, while 20 per cent have had some years with no overseas sales.

Of those exporters that had some years without overseas sales, the main reasons for this were that they only got occasional orders from overseas (44 per cent), and that exports only accounted for a very small proportion of turnover (33 per cent). Eight per cent said that exporting was not profitable for them, six per cent that they did not have the time to pursue exporting, and six per cent that they preferred to concentrate on UK markets. Only one per cent volunteered that they lacked knowledge of how best to export.

Barriers to exporting

Two per cent of those not currently exporting planned to do so in the next 12 months. This proportion has not significantly changed since the ASBS surveys began. Those not currently exporting in information/communications were the most likely to plan to begin exporting (ten per cent).

As a new question in 2014, those that planned to export were asked if they knew how to begin exporting. Fifty-five per cent of them said that they did.

For those not currently exporting and with no plans to do so, the main reason, given spontaneously, was not having a product or service suitable for exporting (56 per cent). Twenty-five per cent said it was not part of their business plan and seven per cent stated that they had sufficient business in the UK already. Only very small proportions spontaneously stated that they did not have knowledge of how to export (one per cent), had difficulties finding overseas customers (one per cent) or had difficulties identifying opportunities (less than half a per cent). Three per cent said that it was too costly, and the same proportion said that they chose to be a local business, or that it was a personal decision not to export.

Forty-four per cent of those not planning to export had a product or service that could be exported. Of these, eight per cent had considered or tried to export in the past. This was most likely to be the case among manufacturers (26 per cent of those with a product that could be exported).

Of those not currently exporting, nine per cent had received unsolicited enquiries or orders from potential overseas buyers in the past three years (21 per cent of manufacturers not currently exporting). This was the same proportion seen in SBS 2012.

Fifteen per cent of those that had had these unsolicited enquiries planned to export in future. Two-thirds of these said that the unsolicited enquiries were a factor in their decision to begin exporting

Of those that had received unsolicited enquiries but did not plan to export in future, 20 per cent said that they would be likely to make export sales in the next three years as a result of these enquiries.

Business capability: training

Fifty-seven per cent of SME employers had arranged or funded training in the past 12 months. This was three percentage points less than that seen in SBS 2012, but the difference is not statistically significant. Medium-sized businesses were more likely to have done this than smaller ones, but there has been a gradual decline in the proportion of medium-sized businesses arranging or funding training since 2007/08.

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

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	2147	794	865	488
	%	%	%	%
Yes - any	57	52	80	89
SBS 2012 (n=)	2380	938	971	471
	%	%	%	%
Yes - any	60	54	86	92
SBS 2010 (n=)	1937	772	798	367
	%	%	%	%
Yes - any	60	56	85	94
ASBS 2007/08 (n=)	7783	3529	2950	1304
	%	%	%	%
Yes - any	57	52	86	96

Base = all SME employers (half sample)

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

Overall, 46 per cent of SME employers provided off-the-job training and 40 per cent provided informal on-the-job training¹⁶. Although the proportion providing any training has not increased between 2012 and 2014, the proportion providing off-the-job training has increased significantly in this period by five percentage points.

By sector, those in construction (64 per cent), business services (65 per cent) and 'other services' (72 per cent) were the most likely to have provided training. Those in manufacturing (52 per cent) and transport, retail and distribution (46 per cent) sectors were the least likely to have done so. Compared with 2012, the proportion of manufacturers that offered training declined by 11 percentage points.

¹⁶ Businesses may have provided both off-the-job and on-the-job training

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

	All SME employers	C Manufacturing	F Constr- uction	GHI TRAD	J Info- comms.	KLM Busi- ness service	N Admin.	PQRS Other service
SBS 2014 (n=)	2147	283	192	656	87	323	156	371
	%	%	%	%	%	%	%	%
Yes - any	57	52	64	46	67	65	57	72
- Off the job	46	43	54	29	52	54	53	61
- On the job	40	37	43	35	42	41	41	55
No - none	42	47	35	53	33	35	40	28
SBS 2012 (n=)	2380	339	225	607	130	373	152	453
	%	%	%	%	%	%	%	%
Yes - any	60	63	69	50	61	61	59	70
- Off the job	41	42	55	29	43	43	42	49
- On the job	43	45	45	36	43	41	44	54
No - none	40	37	30	50	39	39	41	29

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

Thirty-eight per cent of SME employers provided any training for managers (see Table 6.9). This was most likely to be the case for the larger SME employers and for those in business services (52 per cent) and other services (48 per cent) sectors.

Overall, training for managers has increased by six percentage points since 2012, and this was particularly the case for firms in the business services sector where it increased by 13 percentage points. The proportion of businesses training managers increased among both micro and small businesses, but not for the medium-sized businesses.

Of those providing training for managers, 83 per cent provided off-the-job and 70 per cent informal on-the-job training for them. The proportion providing off-the-job training for managers rose by seven percentage points on the 2012 survey.

Two-thirds (66 per cent) of all training provided was designed to lead to formal qualifications. This proportion did not vary according to whether managers were trained or not.

Of those providing training to managers, 81 per cent provided technical, practical or job-specific skills training, 63 per cent training on health and safety, 42 per cent in leadership and management skills, 35 per cent in team working skills, and 33 per cent in IT skills. These proportions were slightly higher than in 2012

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

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	2147	794	865	488
	%	%	%	%
Yes - any	57	52	80	89
- Any managers	38	33	58	74
- Other employees only	20	19	22	15
No - none	42	47	20	10
SBS 2012 (n=)	2380	938	971	471
	%	%	%	%
Yes - any	60	54	86	92
- Any managers	32	27	53	80
- Other employees only	28	27	33	12
No - none	40	46	14	8

Base = all SME employers (half sample)

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

Business capability: technology

Ninety-eight per cent of SME employers used the internet for work purposes. This proportion is six percentage points higher than in 2012. Those that did not use the internet were mainly micros, and in the transport, retail & distribution and administrative services sectors. Usage of the internet did not vary according to whether a business is in an urban or rural location.

Of those with internet access, 90 per cent had this access at their workplace and 89 per cent at home. Seventy-four per cent had a smart phone. The proportion with home access has increased by five percentage points since 2012, and the proportion with smart phones by 23 percentage points.

The very small number of businesses that did not have internet access all said that they did not need it/want it.

Eighty-five per cent of SME employers use the internet for emailing customers, 79 per cent for paying taxes online, 78 per cent for other online transactions (e.g. taking bookings, online banking, BACS payments, and purchasing), 68 per cent for promoting goods and services through a website, 61 per cent for advice on regulation, 59 per cent for seeking general business advice, 57 per cent for social media and 33 per cent for e-commerce.

Table 6.10: Uses of the internet

	All SME employ-ers		Micro (1-9)	Small (10-49)	Medium (50-249)
(n=)	2205		845	875	485
	%		%	%	%
Emails to customers	85		84	90	91
Paying taxes online	79		79	80	83
Other online transactions	78		76	84	89
Promoting goods and services via website	68		66	79	87
Advice on regulation	61		60	68	82
Seeking general business advice	59		58	66	71
Social media	57		56	59	68
Selling goods and services through a website	33		33	35	45
None of these	2		4	1	*

Base = all SME employers (half sample)

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

The proportion of businesses using the internet *to pay taxes* has increased since 2012 by eleven percentage points. Most likely to do this in 2014 were those in the construction sector (85 per cent), information/communications (95 per cent), and business services (86 per cent) sectors. Least likely to do so were those in transport, retail and distribution (75 per cent) and ‘other services’ (66 per cent) sectors.

The proportion using the internet *to promote goods or services* through a website increased slightly (but not significantly) in 2014, up three percentage points on 2012. This was most likely to be the case in information/communication (90 per cent), manufacturing (76 per cent), business services (78 per cent), administrative services (76 per cent) and ‘other services’ (73 per cent) sectors. It was less likely to be the case in primary (37 per cent), construction (58 per cent) and transport, retail and distribution (62 per cent) sectors.

The proportion seeking internet *advice on regulation* increased slightly (but not significantly) in 2014, up two percentage points on 2012. Most likely to have done this were businesses in the information/communication sector (83 per cent), with primary (49 per cent) and manufacturing (56 per cent) sector businesses the least likely to have done so.

The proportion seeking *general business advice* on the internet increased slightly (but not significantly) in 2014, up three percentage points on 2012. Most likely to have done this were businesses in information/ communication (79 per cent) and business services (69 per cent) sectors. Those in transport, retail and distribution were the least likely to have done this (55 per cent).

Social media (not covered in 2012) were most likely to be used by those in information/ communication (91 per cent) and 'other services' (68 per cent) sectors. They were least likely to be used by those in primary (32 per cent), manufacturing (41 per cent) and construction (46 per cent) sectors.

The proportion using *e-commerce* has declined since 2012, by five percentage points. Most likely to have used e-commerce in 2014 were businesses in the information/communication (56 per cent) sector, and least likely were those in 'other services' (29 per cent).

Seventy-seven per cent of SME employers had their *own website* in 2014, an increase on 2012 of six percentage points. In 2014, this proportion was 74 per cent among micros, 89 per cent for small businesses, and 97 per cent for medium-sized businesses. The proportion of micros with a website has increased by six percentage points since 2012, whilst the proportions of small and mediums with websites are similar to those in the previous survey.

The sectors most likely to have websites in 2014 were information/communication (96 per cent), administrative services (90 per cent), manufacturing (87 per cent) and business services (88 per cent). Those in primary (53 per cent), construction (71 per cent) and transport, retail and distribution (68 per cent) sectors were less likely to have websites.

7. Access to finance

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

Whether sought finance in the last 12 months

Nineteen per cent of SME employers had sought finance in the 12 months preceding interview. This was more likely to have been the case for larger SMEs than for micros.

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

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	4355	1653	1714	988
	%	%	%	%
YES - ANY	19	18	26	32
- Once	13	12	17	18
- More than once	7	6	10	13
NO	79	81	69	65
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
YES - ANY	24	22	32	34
- Once	16	16	19	18
- More than once	8	7	12	15
NO	75	77	65	61
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
YES - ANY	26	25	33	40
- Once	17	17	21	22
- More than once	9	8	13	17
NO	72	74	63	53
ASBS 2007/08 (n=)	7783	3529	2950	1304
	%	%	%	%
YES - ANY	23	21	32	40
- Once	16	15	19	23
- More than once	7	6	13	17
NO	76	78	66	56

Base = all SME employers. Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). H4. Single answer only allowed at this question.

Compared with SBS 2012, fewer SME employers sought finance in the last 12 months (19 per cent, compared with 24 per cent). This was the case both for micros (down four percentage points) and small businesses (down six percentage points). This lower demand for finance was also reported in other finance surveys published in 2014¹⁷.

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

	All SME employers	ABDE Primary	C Manufacturing	F Construction	GHI TRAD	J Info-comms.	KLM Business service	N Admin.	PQRS Other service
SBS 2014 (n=)	4355	150	570	369	1364	170	637	331	764
	%	%	%	%	%	%	%	%	%
YES - ANY	19	40	22	22	16	8	20	13	25
- Once	13	30	15	13	11	5	15	9	13
- More than once	7	10	7	9	5	3	5	4	11
NO	79	59	76	77	82	91	79	86	73
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
YES - ANY	24	43	21	25	23	21	22	27	23
- Once	16	31	15	19	17	13	13	13	14
- More than once	8	12	6	7	6	8	9	14	8
NO	75	56	78	73	76	78	76	72	75
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
YES - ANY	26	32	25	29	28	22	23	26	26
- Once	17	23	18	17	21	13	14	21	12
- More than once	9	8	7	12	8	9	9	5	12
NO	72	67	73	71	70	78	75	74	72

Base = all SME employers. Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). H4. Single answer only allowed at this question.

By sector, businesses in primary industries were the most likely to have sought finance (40 per cent), as was also the case in SBS 2012. 'Other services' businesses were also more likely than average to have sought finance in the last 12 months (25 per cent).

¹⁷ See SME Journey Towards Raising Finance 2014 <http://british-business-bank.co.uk/performance/sme-journey-towards-raising-finance-2014-survey/> commissioned by the British Business Bank, and SME Finance Monitor <http://bdrc-continental.com/products/sme-finance-monitor/> commissioned by the Business Finance Taskforce.

Compared with 2012, applications for finance declined most in transport, retail and distribution (down seven percentage points), information/communication (down 13 percentage points) and administrative services (down 14 percentage points) sectors.

Finance applications in the past 12 months were proportionally more common in Northern Ireland (24 per cent) than in Scotland (18 per cent) and England (20 per cent). In Wales, the proportion seeking finance was below average (12 per cent). Compared with 2012, applications for finance have declined by 11 percentage points in Northern Ireland, ten percentage points in Scotland, 12 percentage points in Wales, but only by three percentage points in England.

Number of providers approached

Of those businesses that applied for finance, 51 per cent had only approached one provider on the last occasion they sought finance. Twenty-four per cent had approached two, 19 per cent between three and five, and three per cent more than five¹⁸. The mean average number of providers approached was just over two.

Fifty-three per cent of micros had approached just a single provider, compared with 48 per cent of small businesses and 40 per cent of mediums. Those in the 'other services' sector were much more likely than average to have approached multiple providers (15 per cent approached more than five).

Reasons for applying for finance

Of those that had applied for finance, 38 per cent had done so to acquire working capital or for cash flow reasons, 24 per cent to acquire capital equipment or vehicles, 16 per cent to buy land or buildings, and nine per cent to improve buildings. Six per cent said their application was for business expansion/growth.

The reasons for applying for finance in 2014 were very different from those given in 2010 and 2012, and were much more similar to those in 2007/08. The decline in the proportion seeking working capital (down 18 percentage points), and corresponding increase in the proportions wishing to buy land or buildings (up seven percentage points), or expanding generally, is seemingly indicative of a better economic position than in the recession years.

Reasons for applying for finance did not vary significantly by size of business. By sector, those applying for finance in 'other services' were the most likely to need the money for working capital (45 per cent), while those in transport, retail and distribution were the most likely to want finance for land or building purchase (21 per cent) and improving buildings (14 per cent). Those in primary and manufacturing sectors were the most likely to need finance to acquire capital equipment or vehicles (both 41 per cent)

¹⁸ Seven respondents said they had not approached anybody. These mainly had bank overdrafts.

Table 7.3: Reason for applying for finance – trends

	SBS 2014		SBS 2012	SBS 2010	ASBS 07/08
(n=)	1074		1409	1193	2247
	%		%	%	%
Working capital, cash flow	38		56	56	43
Capital equipment/ vehicles	24		23	21	26
Buying land or buildings	16		9	10	10
Improving buildings	9		8	9	8
Business expansion/growth	6		2	1	3
Debt consolidation	5		n/a	n/a	n/a
Research & development	3		5	2	4
Moving premises	2		n/a	n/a	n/a
Buying another business	1		2	2	2
Marketing	1		2	2	1
Training/staff development	1		1	1	2
Management buy out	1		1	1	2
Acquiring/ protecting intellectual property	0		*	0	*
Other	2		1	2	3
Don't know/refused	1		*	*	2

Base = all SME employers that applied for finance in the last 12 months. * = a figure greater than zero, but less than 0.5%. Figures in bold are statistically significant at the 95% confidence level for SBS 2014 against SBS 2012. H5. Multiple answers allowed at this question.

Reasons for not applying for finance

Fourteen per cent of SME employers had a need for finance in the last 12 months but did not apply for it. This proportion includes those who had already applied for finance and those who needed more. Of those that had not applied for finance in the last 12 months, 13 per cent had a need for it, two percentage points less than in 2012.

Micros (14 per cent) were more likely than small businesses (11 per cent) and mediums (eight per cent) to say they needed finance but had not applied for it. By sector, those in construction (19 per cent) were the most likely to report this. Businesses aged up to ten years were more likely to report this than those aged ten years or more (18 per cent versus eleven per cent), and businesses in Wales (20 per cent) were more likely to report this than businesses in the rest of the UK.

Among those that needed finance but did not apply, the reasons for not applying were because they did not want to take on additional risk (47 per cent), they thought their application would be rejected (44 per cent), they thought the finance would be too expensive (38 per cent), they thought the decision would take too long (32 per cent), they did not think it was the right time to seek finance because of economic conditions (28 per cent), or they did not know where to find the appropriate finance (17 per cent). Eight per cent said their failure to apply was because they had a poor credit history.

The figures are not directly comparable with SBS 2012 as the question, on that occasion, was only asked of those that had a need for finance, but who had not applied for it in the last 12 months¹⁹. However, among those that had a need but had not applied, the indication is that the proportion thinking finance would be too expensive fell by nine percentage points between 2012 and 2014 (from 51 to 44 per cent), as did the proportion citing economic conditions as a reason not to seek finance (from 46 to 32 per cent).

Overall, micro businesses were more likely than small and medium-sized ones to report the listed reasons for not applying for finance (see Table 7.4).

By sector, those in construction were the most likely to think they would be rejected (58 per cent), those in business services the most likely to not want to take on additional risk (67 per cent), and those in manufacturing the most likely to cite economic conditions (41 per cent).

Among those with a need for (additional) finance, there were also differences between those that had sought it in the last 12 months, and those that had not. The cost of finance was a reason not to apply for 42 per cent of those that had not sought finance at all, but a reason for only 27 per cent of those that had sought it. Those that had *not* sought it were also more likely to cite additional risk (52 per cent, compared with 32 per cent of those that had sought it), economic conditions (32 per cent, compared with 16 per cent), and the length of time needed for a decision (35 per cent, compared with 23 per cent). Conversely, those that *had* applied previously and now had a need for further finance were more likely to cite poor credit history than those that had not applied at all (17 per cent, compared with five per cent).

¹⁹ In 2014 the question was asked of all those that had a need for finance, including those that might have already sought finance in the previous 12 months

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

	All SME employers		Micro (1-9)	Small (10-49)	Medium (50-249)
(n=)	471		209	182	80
	%		%	%	%
Did not want to take on additional risk	47		48	38	29
Thought would be rejected	44		45	37	30
Thought it would be too expensive	38		38	38	25
Decision would have taken too long/too much hassle	32		32	32	21
Now is not the right time because of economic conditions	28		29	21	21
Did not know where to find the appropriate finance	17		18	12	9
Poor credit history	8		8	7	9
Other reasons	14		13	21	32
Don't know/refused	1		1	6	3

Base = all SME employers that had a need for finance but did not apply. Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). H17. Multiple answers allowed at this question.

Respondents in 2014 were also asked to give their single *main* reason for *not* applying for finance. Twenty-four per cent said this was fear of rejection, 19 per cent did not want to take on additional risk, 15 per cent thought it would be too expensive, and 12 per cent thought it would take too long.

Among those that had a need for additional finance (i.e. they had already sought some in the last 12 months), fear of rejection was the *main* reason for not making a further application (33 per cent, compared with 24 per cent of those that had not applied at all in the last 12 months). Not wanting to take on additional risk was the main reason for not applying for those that had not applied at all in the last 12 months (21 per cent, compared with 15 per cent of those that had previously applied for finance).

Of those that had a need for finance but did not apply, 45 per cent said they had spoken to a bank before deciding not to apply.

Type of finance sought

Forty-eight per cent of the SME employers that sought finance in the previous 12 months applied for bank loans. Twenty-one per cent applied for bank overdrafts, 12 per cent for grants, nine per cent for leasing or hire purchase arrangements, five per cent for mortgages and two per cent for factoring or invoice discounting (asset-based finance).

Compared with SBS 2012, the proportion that sought bank overdrafts declined by 14 percentage points. This finding was consistent with less demand for working capital. Applications for grants increased by five percentage points, and demand for factoring/invoice finance fell by four percentage points.

Table 7.5: Type of finance sought²⁰ – trends

	SBS 2014		SBS 2012	SBS 2010	ASBS 07/08
(n=)	1074		1409	1193	2247
	%		%	%	%
Bank loan	48		48	40	44
Bank overdraft	21		35	35	26
Grant	12		7	9	7
Leasing or hire purchase	9		8	9	10
Mortgage	5		3	6	7
Factoring/invoice discounting	2		6	3	1
Crowd funding/P2P loan	1		n/a	n/a	n/a
Crowd funding/P2P equity	1		n/a	n/a	n/a
Loan from family/business	*		3	3	*
Credit card finance	1		3	1	n/a
Equity finance	*		2	2	2
Loan from a CDFI	*		*	1	n/a
Mezzanine finance	*		*	n/a	n/a

Base = all SME employers that applied for finance in the last 12 months.

* = a figure greater than zero, but less than 0.5%. Figures in bold are statistically significant at the 95% confidence level for SBS 2014 against SBS 2012 at the 95% confidence level. H6. Multiple answers allowed at this question.

²⁰ 'P2P' refers to peer to peer lending; CDFIs are Community Development Finance Institutions

Bank overdrafts were more likely to have been sought by micros (23 per cent) than by small (15 per cent) and medium sized businesses (11 per cent). Factoring/invoice discounting and leasing/hire purchase were more likely to have been sought by medium and small businesses than by micros:

- *Factoring/invoice discounting* sought by 12 per cent of medium businesses, six per cent of small businesses, and one per cent of micros
- *Leasing/hire purchase* sought by 20 per cent of medium businesses, 14 per cent of small businesses, and seven per cent of micros

The proportions of SME employers seeking alternative methods of finance such as crowd funding, equity, and mezzanine finance remain very low.

By sector: *bank loans* were more commonly sought by those in primary (72 per cent) and transport, retail and distribution (54 per cent) sectors; *overdrafts* were more commonly sought in construction (30 per cent); *factoring/invoice discounting* in manufacturing and administrative services (eight and ten per cent respectively); *leasing/hire purchase* also in manufacturing and administrative services (21 per cent and 22 per cent); and *grants* in 'other services' (48 per cent). Although sample sizes were small, it was nonetheless a significant finding that 34 per cent businesses in the information/communications sector that sought finance in the last 12 months sought equity, a much higher proportion than in any other sector.

Amount of finance sought

Thirteen per cent of those that sought finance in the last 12 months sought less than £10,000. Six per cent sought more than £1 million. The mean average amount sought was £350,000, more than £55,000 higher than in 2012. The median average amount sought was £33,000.

Table 7.6: Amount of finance sought – trends

	SBS 2014		SBS 2012	SBS 2010	ASBS 07/08
(n=)	1074		1409	1193	2247
	%		%	%	%
Less than £10,000	13		20	18	12
£10,000 - £24,999	22		26	23	24
£25,000 - £49,999	13		12	14	14
£50,000 - £99,999	14		13	11	12
£100,000 – £249,999	15		11	11	14
£250,000 - £499,999	5		4	6	6
£500,000 - £999,999	3		3	4	3
£1 million or more	6		3	5	4
Don't know/refused	11		8	9	11
Mean Average	£350,100		£294,130	£240,450	£221,400

Base = all SME employers that applied for finance in the last 12 months

Figures in bold are statistically significant at the 95% confidence level for SBS 2014 against SBS 2012. H7. Single answer only allowed at this question.

Difficulties in obtaining finance

Thirty-nine per cent of those that applied for finance had some form of difficulty getting the money from the first source they approached. Thirty per cent were unable to obtain any finance, four per cent obtained some finance but not all they needed, and six per cent obtained all they needed but with some difficulties. Although the overall proportion that experienced any *difficulty* is lower than in 2012, the proportion unable to obtain *any* finance was not significantly different.

Table 7.7: Any difficulty obtaining finance from first source approached – trends by size

	All who applied for finance	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	1074	309	454	311
	%	%	%	%
ANY DIFFICULTY	39	42	32	25
- Unable to obtain any finance	30	33	21	14
- Obtained some but not all	4	3	4	6
- Obtained all but with difficulty	6	6	6	5
NO DIFFICULTIES	58	55	66	71
SBS 2012 (n=)	1409	447	624	338
	%	%	%	%
ANY DIFFICULTY	47	50	39	29
- Unable to obtain any finance	32	35	25	14
- Obtained some but not all	6	6	5	6
- Obtained all but with difficulty	9	9	9	9
NO DIFFICULTIES	49	47	55	69
SBS 2010 (n=)	1193	383	529	282
	%	%	%	%
ANY DIFFICULTY	51	54	44	36
- Unable to obtain any finance	35	37	27	23
- Obtained some but not all	7	6	7	6
- Obtained all but with difficulty	9	9	9	7
NO DIFFICULTIES	47	45	52	59

Base = all SME employers that applied for finance in the last 12 months

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). H9. Single answer only allowed at this question.

As has been the case in the previous SBS surveys, small and medium-sized businesses were less likely to have experienced difficulties than micros.

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

	All who applied for finance	C Manufacturing	F Construction	GHI TRAD	KLM Business service	PQRS Other service
SBS 2014 (n=)	1074	161	85	308	158	207
	%	%	%	%	%	%
ANY DIFFICULTY	39	35	43	46	43	39
- Unable to obtain any finance	30	27	37	33	36	23
- Obtained some but not all needed	4	2	1	3	2	9
- Obtained all but with some difficulty	6	7	6	9	6	7
NO DIFFICULTIES	58	64	55	52	50	58
SBS 2012 (n=)	1409	229	144	353	198	247
	%	%	%	%	%	%
ANY DIFFICULTY	47	36	53	49	48	49
- Unable to obtain any finance	32	21	40	36	30	33
- Obtained some but not all needed	6	3	7	4	9	10
- Obtained all but with some difficulty	9	12	6	9	10	6
NO DIFFICULTIES	49	60	46	47	49	43

Base = all SME employers that applied for finance in the last 12 months

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). H9. Single answer only allowed at this question.

By sector, those in the transport, retail and distribution sector were the most likely to encounter difficulties (46 per cent), although they were no more likely than average to be unable to obtain any finance. Businesses in the 'other services' sector, the sector most likely to apply for grants, were the ones most likely to have obtained some money, but not as much as they needed.

Looking at difficulties by the type of finance sought, 48 per cent of those that applied for bank loans had difficulties, with 39 per cent being unable to gain any finance from the first source. Those that sought leasing/hire purchase had fewer difficulties, with 78 per cent reporting no difficulties getting finance from the first source approached. As noted above, comparing 2012 and 2014, although the incidence of difficulty declined for most types of finance, the proportion unable to get any finance was similar in both years²¹.

²¹ The proportion unable to get a bank overdraft declined by seven percentage points between 2012 and 2014, but the finding is not statistically significant.

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

	All SME employers	Bank loan	Bank overdraft	Grant	Factoring/IF	Leasing/HP
SBS 2014 (n=)	1074	463	169	134	60	150
	%	%	%	%	%	%
ANY DIFFICULTY	39	48	41	53	35	22
- Unable to obtain any finance	30	39	30	36	20	13
- Obtained some but not all needed	4	2	5	14	7	5
- Obtained all but with some difficulty	6	8	5	4	8	8
NO DIFFICULTIES	58	48	56	45	65	78
SBS 2012 (n=)	1409	601	410	138	108	165
	%	%	%	%	%	%
ANY DIFFICULTY	47	57	53	52	34	22
- Unable to obtain any finance	32	42	37	34	22	10
- Obtained some but not all needed	6	7	7	10	2	1
- Obtained all but with some difficulty	9	9	9	7	10	10
NO DIFFICULTIES	49	39	45	43	64	78

Base = all SME employers that applied for finance in the last 12 months

* = a figure greater than zero, but less than 0.5%. Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). H9. Single answer only allowed at this question.

Of those that did not obtain finance from the first source they approached, some went to alternative providers and were successful. Overall, of those that sought finance, 71 per cent obtained all that they needed (64 per cent from the first source, seven per cent from another source). Four per cent obtained some but not all they needed from all the sources they went to and 21 per cent obtained nothing despite approaching other sources.

As was the case in previous SBS surveys, micro-businesses had more difficulties gaining finance than small and medium-sized ones. Twenty-four per cent of micros did not get finance, compared with 13 per cent of small businesses and six per cent of medium-sized businesses. Compared with SBS 2012, the proportion of small and medium-sized businesses getting all they needed increased by ten percentage points.

There were also some sector differences in the success rate. Of businesses in the construction sector that applied for finance, 33 per cent received no money, a similar proportion to that seen in 2012. In 'other services' only 14 per cent received no money, a proportion which was 11 percentage points lower than in 2012.

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

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	1074	309	454	311
	%	%	%	%
OBTAINED ALL THEY NEEDED	71	68	81	86
- From first source	64	61	72	76
- From another source	7	6	10	10
OBTAINED SOME BUT NOT ALL	4	5	3	1
OBTAINED NONE	21	24	13	7
Don't know/still pending/refused	3	3	3	6
SBS 2012 (n=)	1409	447	624	338
	%	%	%	%
OBTAINED ALL THEY NEEDED	68	66	71	85
- From first source	58	56	64	78
- From another source	10	10	7	7
OBTAINED SOME BUT NOT ALL	7	7	5	4
OBTAINED NONE	21	23	16	8
Don't know/still pending/refused	4	3	7	3
SBS 2010 (n=)	1193	383	529	282
	%	%	%	%
OBTAINED ALL THEY NEEDED	68	67	68	76
- From first source	56	55	61	66
- From another source	11	12	6	10
OBTAINED SOME BUT NOT ALL	6	6	6	7
OBTAINED NONE	21	22	19	11
Don't know/still pending/refused	5	5	7	6

Base = all SME employers that applied for finance in the last 12 months

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). H9/H13. Single answer only allowed at this question.

Based on all SME employers, including those that did not apply for any finance, four per cent of businesses in the 2014 survey were unable to obtain any finance. This was one percentage point lower than in SBS 2012 and 2010.

Of those unable to obtain any finance in 2014, 65 per cent had all their applications turned down, and 27 per cent rejected the terms and conditions that they were offered.

Rejection for finance in the past ten years

A new question for 2014 asked whether SME employers had had formal applications for finance rejected in the past ten years. Overall, eight per cent confirmed this had been the case, a similar figure to the proportion unable to gain any finance in the last 12 months²². There was no difference in the proportion rejected for finance in the last ten years by size band, but those in the construction (12 per cent) and 'other services' (12 per cent) sectors were more likely than average to have been rejected. Rejections were more common in Northern Ireland (12 per cent) than in the rest of the UK.

Relationship with bank

Sixty-three per cent of all SME employers had a good relationship with their bank. This was more likely to be the case for medium-sized SMEs (79 per cent).

Table 7.11: Whether have a good relationship with bank – trends by size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	4355	1653	1714	988
	%	%	%	%
GOOD	63	61	72	79
- Very good	37	36	42	47
- Fairly good	26	25	30	32
NEITHER GOOD NOR POOR	24	26	16	14
POOR	12	13	9	5
- Fairly poor	8	8	5	4
- Very poor	4	4	3	1
Don't know/refused	1	1	3	2
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
GOOD	60	60	63	73
- Very good	33	33	34	42
- Fairly good	27	27	29	31
NEITHER GOOD NOR POOR	21	22	20	15
POOR	16	17	14	9
- Fairly poor	8	8	7	5
- Very poor	8	8	6	4

Base = all SME employers

²² Some of those unable to gain finance in the last 12 months did not report having had formal applications for finance rejected in the last ten years. This may be because some of those unable to obtain finance in the last 12 months did not reach the stage where they made a formal application.

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). H1. Single answer only allowed at this question.

The proportion reporting a good relationship with their bank increased by three percentage points compared with SBS 2012. This increase was driven by small businesses (up nine percentage points) and medium- sized businesses (up six percentage points) rather than by the micros. Conversely, the proportion that said they had a poor relationship decreased by a similar amount.

By sector, those in primary industries (81 per cent good, up 13 percentage points on 2012) had the best relationship with their bank. Most likely to have a poor relationship were those in construction (17 per cent poor) and business services (15 per cent) sectors.

Late payment

Forty-four per cent of SME employers reported that they had a problem with customers paying them later than required. This was more likely to be the case for medium-sized SMEs than for micros or smalls.

Table 7.12: Whether have a problem with customers paying later than required – trends by size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	4355	1653	1714	988
	%	%	%	%
ANY PROBLEM	44	44	46	51
- Big problem	14	14	14	13
- Small problem	31	30	32	38
NO PROBLEM	51	52	50	47
Not relevant – do not give credit	4	4	4	2
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
ANY PROBLEM	47	46	53	55
- Big problem	19	18	21	18
- Small problem	29	28	32	37
NO PROBLEM	48	50	42	43
Not relevant – do not give credit	4	4	4	2

Base = all SME employers. Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). H19. Single answer only allowed at this question.

Compared with SBS 2012, fewer businesses considered late payment to be a problem (down three percentage points). This difference was largely due to a reduction in the proportion stating that late payment was a big problem (down five percentage points), while the proportion saying it was a small problem increased by two percentage points.

Late payment was most likely to be a problem in manufacturing (57 per cent), construction (66 per cent), and business services (55 per cent) sectors. It was less likely to be a problem in transport, retail and distribution (64 per cent no problem), primary (61 per cent no problem) and 'other services' (56 per cent no problem).

8. Obstacles to the success of the business

This section explores the barriers and obstacles that SME employers report as restricting their business success.

Obstacles to the success of the business

Respondents were read a list of issues and asked which, if any, represented obstacles to the success of their business. Overall, 59 per cent of SME employers said that the economy was an obstacle to the success of their business. Fifty-six per cent said competition, 54 per cent red tape, 52 per cent not being able to increase prices/fees, 49 per cent regulations, 48 per cent taxation (including VAT, PAYE, NI and rates), 42 per cent cash flow and 40 per cent late payment.

Table 8.1: Obstacles to the success of the business (all) – trends

	SBS 2014		SBS 2012	SBS 2010	ASBS 07/08
(n=)	4355		4768	3817	7783
	%		%	%	%
The economy	59		78	81	64
Competition	56		56	58	55
Red tape	54		n/a	n/a	n/a
Not able to raise prices	52		n/a	n/a	n/a
Regulations	49		53	47	59
Taxation etc.	48		57	50	62
Cash flow	42		50	49	47
Late payment	40		n/a	n/a	n/a
Recruiting staff	33		25	26	35
Shortages of skills generally	31		28	24	32
Obtaining finance	28		38	39	22
Pensions	22		17	12	11
Availability/cost of suitable premises	21		22	21	27
No obstacles	5		4	3	2

Base = all SME employers. Figures in bold are statistically significant at the 95% confidence level for SBS 2014 against SBS 2012. G1. Multiple answers allowed at this question.

Compared with SBS 2012, fewer obstacles were mentioned in 2014. In particular, the economy was less likely to be considered an obstacle (down 19 percentage points on SBS 2012), as were regulations (down four percentage points), taxation (down nine percentage points), cash flow (down eight percentage points) and obtaining finance (down ten percentage points). Recruitment of staff (up eight percentage points), general shortage of skills (up three percentage points), pensions (up five percentage points) and shortage of managerial skills (up three percentage points) were more likely to be reported as obstacles in 2014 compared with 2012.

Main obstacle

Respondents were asked which one of those mentioned was the *main* obstacle to the success of the business. The economy was cited by 13 per cent of SME employers, competition by 12 per cent, taxation by 11 per cent, and cash flow and red tape by seven per cent each.

Table 8.2: Main obstacle to the success of the business – trends

	SBS 2014		SBS 2012	SBS 2010	ASBS 07/08
(n=)	4355		4768	3817	7783
	%		%	%	%
The economy	13		38	33	16
Competition	12		10	10	14
Taxation, etc.	11		12	8	12
Red tape	7		n/a	n/a	n/a
Cash flow	7		10	11	9
Not being able to increase prices/fees	6		n/a	n/a	n/a
Regulations	6		8	7	12
Obtaining finance	5		7	8	3

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level for SBS 2014 against SBS 2012. G2. Single answer only allowed at this question.

Compared with 2012, the economy was much less likely to be mentioned as the main obstacle (down 25 per cent). Cash flow and regulations were less likely to be mentioned, and competition more likely to be mentioned²³.

²³ Please note that red tape, not being able to increase price/fees and late payment were introduced as new (prompted) categories in 2014. While this does not change whether issues are obstacles overall (see table 8.1), it means that categories appearing in previous surveys may have been less likely to be selected as the main obstacle.

The economy

Although far fewer respondents considered the economy as their main obstacle in 2014 than in 2012, it was still the most frequently mentioned obstacle to the success of the business for all sub-groups. It was more likely than average to be mentioned by medium-sized businesses (63 per cent) and those in transport, retail and distribution (63 per cent) and 'other services' (66 per cent). The economy was particularly likely to be mentioned in Northern Ireland (71 per cent), but much less so in Wales (37 per cent). In England it was mentioned by 59 per cent and in Scotland by 61 per cent.

Those mentioning the economy as their main obstacle²⁴ were prompted as to whether a number of specific issues relating to the economy affected them.

Table 8.3: Specific issues that affect businesses that relate to the economy - trends

	SBS 2014		SBS 2012
(n=)	592		1730
	%		%
Local economic conditions	65		n/a
Reduction in demand for products and services	64		81
Increased costs	60		n/a
Pressure to reduce prices	52		72

Base = all SME employers considering the economy their main obstacle to success

* = a figure greater than zero, but less than 0.5%. Figures in bold are statistically significant at the 95% confidence level for SBS 2014 against SBS 2012. G3. Multiple answer allowed at this question.

The majority of those citing the economy as an obstacle cited local economic conditions (65 per cent), reduction in demand (64 per cent), increased costs (60 per cent) and the pressure to reduce prices (52 per cent). Only two of these issues were also addressed by SBS 2012. Both reduction in demand (down 17 percentage points) and pressure to reduce prices (down 20 percentage points) were less likely to be mentioned in 2014.

Pressure to reduce prices was a particular obstacle for medium-sized businesses (61 per cent), which were less affected than others by local economic conditions (57 per cent). Local economic conditions (78 per cent) and increased costs (72 per cent) were particularly likely to be mentioned in Northern Ireland.

²⁴ Please note that in previous SBS/ASBS reports this question was based on all mentioning the economy as an obstacle. Figures shown are now based on those mentioning the economy as their main obstacle in 2012 and 2014.

Regulations

Regulations were mentioned as an obstacle by 49 per cent of SME employers, and by six per cent as the main obstacle.

Table 8.4: Regulations considered as obstacles to business success – trends

	SBS 2014		SBS 2012
(n=)	252		441
	%		%
Sector specific	13		30
Financial services (e.g. FSA)	13		n/a
Health and safety	12		33
Employment	10		21
Tax-related	6		12
Environmental	5		12
Export regulations	5		2
Planning, development etc.	4		7
Pensions	4		4
Working time directive	3		4
Building/construction	3		n/a
Food regulations	3		3
Freight/transport	3		n/a
Waste disposal	2		n/a
Trading standards	1		3
Company law	1		n/a
Minimum wage	*		3
Providing information/record keeping	*		4
Fire regulations	*		3
None specifically/all regulations	15		16

Base = all SME employers considering regulations to be their main obstacle to business success. Figures in bold are statistically significant higher at the 95% confidence level for SBS 2012 against SBS 2010. G5. Multiple answers allowed at this question.

Those in small (53 per cent) and medium-sized businesses (56 per cent) were more likely to mention them as an obstacle than micros (48 per cent). By sector, those in primary industries (75 per cent) were more likely than average to say regulations were an obstacle, as were businesses aged ten years or over (51 per cent), and employers in Northern Ireland (54 per cent). Those that cited regulations as their main obstacle²⁵ were asked which regulations in particular. The question was unprompted with multiple answers allowed.

The areas of regulation most likely to be mentioned were financial service regulations²⁶ and sector-specific regulations (both 13 per cent), health and safety regulations (12 per cent) and employment regulations (ten per cent). Compared with 2012, fewer regulations were mentioned, with the proportions mentioning sector-specific regulations, health and safety and employment all being much lower in 2014.

Taxation/VAT/PAYE

Taxation was mentioned as an obstacle by 48 per cent of SME employers, and by 11 per cent as the main obstacle. Those in medium-sized businesses (43 per cent) were less likely to consider this an obstacle than micros (49 per cent) and small businesses (43 per cent). By sector, it was most likely to be considered an obstacle in transport, retail and distribution (55 per cent). Taxation was more likely than average to be an issue for younger businesses (63 per cent of those aged up to four years, the same proportion seen in 2012).

Those that cited taxation as their main obstacle²⁷ were asked which types of taxation were particular obstacles. The question was unprompted with multiple answers allowed.

Fifty-six per cent of those reporting taxation as an obstacle mentioned VAT, with 40 per cent citing business rates, 20 per cent corporation tax, 15 per cent PAYE, 15 per cent National Insurance, nine per cent income tax, five per cent employer contributions, and three per cent vehicle tax or fuel duty.

Compared with 2012, there were fewer mentions of VAT in SBS 2014 (down 12 percentage points), and of PAYE (down seven percentage points), income tax (down eight percentage points) and vehicle/fuel duty (down five percentage points). Mentions of business rates increased by seven percentage points.

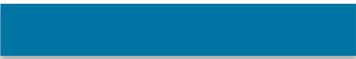
²⁵ Please note that in previous SBS/ASBS reports this question was based on all mentioning regulations as an obstacle. Figures shown are now based on those mentioning regulations as their *main* obstacle.

²⁶ This was an unprompted question with 'guide' precodes of possible answers. Mentions of financial services, building/construction and other regulations which were not mentioned in 2012 were found in the other answers category.

²⁷ Please note that in previous SBS/ASBS reports this question was based on all mentioning taxation as an obstacle. Figures shown are now based on those mentioning taxation as their *main* obstacle.

Of those saying that taxation was their main obstacle, business rates were more likely than average to be an issue for those in manufacturing (61 per cent). Corporation tax was more likely than average to be an issue for business services (48 per cent). Income tax was also more likely to be mentioned by manufacturers (24 per cent) than by businesses in other sectors.

Table 8.5: Types of taxation/VAT/PAYE considered to be obstacles to business success – trends

	SBS 2014		SBS 2012
(n=)	392		486
	%		%
VAT	56		68
Business rates	40		33
Corporation tax	20		19
PAYE	15		22
National insurance	15		16
Income tax	9		17
Employer contributions	5		n/a
Vehicle tax/fuel duty	3		8

Base = all 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 higher at the 95% confidence level for SBS 2012 against SBS 2010. G6. Multiple answers allowed at this question.

Cash flow

Cash flow was mentioned as an obstacle by 42 per cent of SME employers, and by seven per cent as the main obstacle. Overall, it was less likely to be mentioned as an obstacle than in 2012.

Cash flow was more likely than average to be cited as an obstacle to the success of the business by micros (50 per cent), than by small businesses (39 per cent) and by medium-sized ones (42 per cent). Compared with 2012, fewer small businesses mention cash flow as an obstacle (down nine percentage points).

Those in the primary (58 per cent) and construction sectors (53 per cent) were particularly affected by cash flow, and it was most likely to be mentioned by younger businesses (49 per cent of those aged up to three years, 45 per cent of those aged four to ten years and 39 per cent of those aged more than ten years). SME employers in Northern Ireland were more likely to mention cash flow (53 per cent) than businesses located in the rest of the UK. These patterns were also seen in 2012.

Those that cited cash flow as their main obstacle²⁸ were read a list of possible causes of cash flow difficulties and asked which applied to them. Multiple answers were allowed.

Table 8.6: Causes of cash flow difficulties – trends

	SBS 2014		SBS 2012
(n=)	270		430
	%		%
Fluctuating income or outgoings	60		n/a
Late payment from individual customers	57		67
Late payment from other businesses	45		59
Longer payment terms	44		n/a
Timing of tax payments	40		48
High levels of investment required	39		35
Difficult/expensive to get credit from suppliers	29		38

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

²⁸ Please note that in previous SBS/ASBS reports this question was based on all mentioning cash flow as an obstacle. Figures shown are now based on those mentioning cash flow as their main obstacle.

Those reporting that cash flow was an obstacle were most likely to say that this was caused by fluctuating income or outgoings (60 per cent), late payment from individual customers (57 per cent), late payment from other businesses (45 per cent), longer payment terms (44 per cent), timing of tax payments (40 per cent), high levels of investment required (39 per cent) and the difficulty of getting credit from suppliers (29 per cent).

Compared with SBS 2012, there were fewer mentions in 2014 of all issues (where the issue was asked about in both surveys). Mentions of late payment from other businesses particularly decreased, by 14 percentage points.

Late payment from individual customers was particularly a problem in the manufacturing (81 per cent) and business services (80 per cent) sectors. Late payment from businesses was a particular problem in construction (69 per cent). Longer payment terms were most likely to be an issue for medium-sized businesses (62 per cent) and those in construction (65 per cent).

9. Business support

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

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

Awareness of Government organisations offering business support

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

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

	UK	England	Wales	Scotland	Northern Ireland
SBS 2014 (n=)	4355	2927	139	853	436
	%	%	%	%	%
Queen's Award for Enterprise	53	55	44	46	32
UK Trade & Investment (UKTI)	35	37	26	23	34
Tools for Business (.GOV website)	24	25	18	20	21
Manufacturing Advisory Service	17	18	11	10	9
British Business Bank	14	14	12	15	7
MentorSME	10	10	17	13	6
Technology Strategy Board ²⁹	8	8	7	8	10

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

Fifty-three per cent of SME employers had heard of the Queen's Award for Enterprise, 35 per cent had heard of UKTI, 24 per cent of the Tools for Business section of the .GOV website, 17 per cent of the Manufacturing Advisory Service, 14 per cent of the British Business Bank, ten per cent of the MentorSME website, and eight per cent of the Technology Strategy Board.

Compared with SBS 2012, awareness of UKTI increased by 11 percentage points (from 24 per cent). Awareness of MentorSME did not increase (ten per cent in both years). In 2012

²⁹ Now Innovate UK

the Tools for Business section of the .GOV website was not included in the list, with its equivalent being the Business Link website. Awareness of the BusinessLink.gov website was 70 per cent in 2012 (68 per cent in England), much higher than the figure in 2014 for the Tools for Business website. However, the Tools for Business website was only launched in late 2012, so it might be expected that it would take some time for awareness levels to peak.

In general, larger SMEs were much more likely to be aware of all the organisations asked about.

UK Trade & Investment (UKTI)

Forty-nine per cent of mediums and 39 per cent of small businesses were aware of UKTI, compared with 35 per cent of micros. Compared with 2012, awareness of UKTI has increased by 13 percentage points among micros, seven percentage points among small businesses, but only by three percentage points among mediums. The sectors most likely to have heard of UKTI were manufacturing (51 per cent, up 18 percentage points), information and communication (49 per cent, up 12 percentage points) and business services (51 per cent, up 21 percentage points). These were also the sectors most likely to have exports. Thirty-seven per cent of SME employers were aware of UKTI in England, 26 per cent in Wales, 23 per cent in Scotland and 34 per cent in Northern Ireland.

The increased awareness of UKTI was up 12 percentage points in England, and up 11 percentage points in Wales, but it did not change in Scotland or Northern Ireland.

Manufacturing Advisory Service (MAS)

Seventeen per cent were aware of MAS overall, with this figure rising to 27 per cent of medium-sized businesses. Unsurprisingly, awareness was above-average in the manufacturing sector (45 per cent), but it was also above-average in business services (21 per cent). Awareness of MAS was higher in England (18 per cent) than in Scotland (ten per cent) and Northern Ireland (nine per cent).

British Business Bank (BBB)

Fourteen per cent of businesses were aware of the BBB overall, with this figure rising to 20 per cent of medium-sized businesses. Awareness was above-average in the primary sector (20 per cent), and in business services (18 per cent). Awareness did not vary according to whether a business was a start-up or not, but those that had sought finance in the last 12 months had above-average awareness (16 per cent). Awareness of the bank was lower than average in Northern Ireland (seven per cent).

MentorSME

Ten per cent were aware of MentorSME overall, with this figure rising to 14 per cent of medium-sized businesses. Awareness was above-average in the manufacturing sector (14 per cent), and in business services (13 per cent). Levels of awareness were unchanged on 2012. Awareness of MentorSME was higher in Wales (17 per cent) and Scotland (13 per cent) than in England (ten per cent) and Northern Ireland (six per cent).

Technology Strategy Board (TSB, now Innovate UK)

Eight per cent were aware of TSB overall, with this figure rising to 13 per cent of medium-sized businesses. Awareness was above average in the manufacturing (13 per cent), information/communication (17 per cent) and business services (15 per cent) sectors. Awareness levels did not vary by nation.

Tools for Business (.GOV website)

Overall, twenty-four per cent of SME employers were aware of Tools for Business, with this figure rising to 32 per cent of medium-sized businesses. Awareness was above-average in the 'other services' sector (27 per cent), with, apart from this, awareness being at broadly the same level for all other sectors. Awareness levels did not vary according to whether a business was a start-up or had sought finance. Awareness of Tools for Business was below average in Scotland (20 per cent).

Queen's Award for Enterprise

Fifty-three per cent of SME employers were aware of the Queen's Award for Enterprise, with this figure rising to 66 per cent of medium-sized businesses. Awareness was above-average in the manufacturing (64 per cent), information/communications (63 per cent), and business services (61 per cent) sectors. Awareness levels were higher in England than in the rest of the UK.

Business support in England³⁰

Fifty-eight per cent of SME employers in England were aware of Local Enterprise Partnerships, increasing to 68 per cent of medium-sized businesses. Awareness was above-average in the primary sector (69 per cent), business services (65 per cent) and administrative services (65 per cent) sectors.

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

	All SMEs in England	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	2927	1090	1133	704
	%	%	%	%
Tools for Business (.GOV website)	25	24	28	33
Local Enterprise Partnerships	58	58	59	68
GrowthAccelerator	16	15	19	24
Growth Voucher Programme	7	7	8	6

Base = all SME employers in England

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). K1. Multiple answers allowed at this question.

GrowthAccelerator is an intensive coaching package that offers face-to-face assistance for those selected to receive the support. In 2014 16 per cent of SME employers in England

³⁰ Awareness of the four organisations shown in the table was only asked in England. Awareness of organisations that only operate in Scotland and Northern Ireland will be covered in separate reports.

had heard of it, an increase of seven percentage points on SBS 2012. More likely than average to have heard of GrowthAccelerator were those in manufacturing (20 per cent), information/ communication (20 per cent), business services (28 per cent) and administrative services (23 per cent) sectors.

Seven per cent of SME employers in England had heard of the Growth Voucher Programme. This proportion did not vary by size of business. Those in business services were the most likely to have heard of it (12 per cent).

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

This was a new question added in 2014. Responses are shown in the following Figure.

Table 9.3: Where would SMEs go for information on what the Government is doing to support small businesses (spontaneous, main answers) - by nation

	All SME employers		England	Wales	Scotland	North-ern Ireland
(n=)	4355		2927	139	853	436
	%		%	%	%	%
Internet search	43		43	50	38	33
GOV.UK website	20		21	11	14	12
Accountant	15		15	6	12	14
BROs/TAs/Chambers of Commerce	13		13	10	18	7
Other Government websites	9		9	4	11	12
Local Authority	5		5	5	6	6
Business colleagues/peers/networks	4		5	2	3	4
Bank manager/advisor	4		4	4	4	5
Scottish Government/Scottish Enterprise	1		0	0	9	0
Invest Northern Ireland	*		0	0	0	19
Welsh Government	*		0	4	0	0
Nowhere	7		6	14	9	12
Don't know	10		10	5	8	10

Base = all SME employers. Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). K0. Multiple answers allowed at this question.

Forty-three per cent of SME employers would search the internet if they wanted to know what the Government is doing to support small businesses. This proportion did not vary by size or sector, although SME employers in Scotland (38 per cent) and Northern Ireland (33 per cent) were less likely to do this.

Twenty per cent said they would look on the GOV.UK website. This seems a high proportion to mention this spontaneously given that the prompted awareness of Tools for Business was only 24 per cent, but spontaneous mentions here include mentions of the now defunct Business Link website. Again, this proportion did not vary by size, and by sector those in business services (25 per cent) and 'other services' (22 per cent) sectors were more likely than average to consult the website for this purpose.

Business representation organisations etc. were more likely to be consulted by micro and small businesses (13 per cent for each) than by medium businesses (11 per cent). The manufacturing sector was the most likely to consult these sites (20 per cent).

There were only a few mentions (less than half a per cent) of the 'GREAT/BUSINESS IS GREAT' website.

Whether sought external information or advice in the last 12 months

Forty-four per cent of SME employers across the UK had sought external information or advice in the 12 months preceding interview. This was a similar proportion to that seen in SBS 2012.

Table 9.4: Whether sought information or advice in the last 12 months – trends by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	4355	1653	1714	988
	%	%	%	%
Any information or advice	44	43	51	61
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
Any information or advice	45	42	59	68
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
Any information or advice	49	46	59	68

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). K2. Single answer only allowed at this question.

The proportion seeking information or advice varies by employment size band, with 61 per cent of medium-sized businesses and 51 per cent of small businesses having done so in the last year, compared with 43 per cent of micros.

Compared with 2012, there has been a decline in the proportion of small and medium-sized businesses seeking information and advice, down by eight and seven percentage

points respectively. The reason why the overall proportion has not declined was because the proportion of micros seeking information or advice is slightly (but insignificantly) higher than in 2012.

More likely than average to have sought information or advice were those in the primary sector (66 per cent), information/ communication (58 per cent), and administrative services (50 per cent) sectors. Less likely were those in the transport, retail and distribution (37 per cent) sector.

Table 9.5: Whether sought information or advice in the last 12 months – trends by sector (SIC 2007)

	All SME employers	ABDE Primary	C Manufacturing	F Construction	GHI TRAD	J Info-comms	KLM Business service	N Admin.	PQRS Other service
SBS 2014 (n=)	4355	150	570	369	1364	170	637	331	764
	%	%	%	%	%	%	%	%	%
Any information or advice	44	66	46	46	37	58	45	50	43
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
Any information or advice	45	54	45	36	42	52	52	43	49
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
Any information or advice	49	46	47	53	39	58	56	54	52

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). K2. Single answer only allowed at this question.

Compared with the 2012 SBS, the proportion seeking information or advice in the primary sector increased significantly (up 12 percentage points), as it did in the construction sector (up ten percentage points). Decreases in this proportion in business services (down seven percentage points) and transport, retail and distribution (down five percentage points) sectors were also significant.

By nation, information or advice was more likely to have been sought in Wales (54 per cent) than in England, Scotland (both 44 per cent) and Northern Ireland (38 per cent). Compared with 2012, use of this business support has increased in Wales (by 12 percentage points), and decreased in Scotland and Northern Ireland (by seven and 18 percentage points respectively).

Table 9.6: Whether sought external information or advice in the last 12 months - by nation³¹

	UK	England	Wales	Scotland	Northern Ireland
SBS 2014 (n=)	4355	2927	139	853	436
	%	%	%	%	%
Yes - any	44	44	54	44	38
- Information only	n/a	15	22	n/a	n/a
- Strategic advice	n/a	11	12	n/a	n/a
- Both of these	n/a	11	12	n/a	n/a
- Neither/not sure which	n/a	7	8	n/a	n/a
No – none	56	56	46	56	62
SBS 2012 (n=)	4768	2872	630	835	431
	%	%	%	%	%
Yes - any	45	45	42	51	56
- Information only	n/a	18	18	n/a	n/a
- Strategic advice	n/a	12	11	n/a	n/a
- Both of these	n/a	11	11	n/a	n/a
- Neither/not sure which	n/a	3	3	n/a	n/a
No – none	54	55	57	49	44

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). K2/K3. Single answer allowed at this question.

In England, 15 per cent had sought information only, 11 per cent strategic advice only, and 11 per cent both, meaning that 22 per cent had sought any advice and 26 per cent any information. In Wales 24 per cent had sought any advice and 34 per cent any information.

Across England and Wales, **advice** was more likely to be sought by medium (36 per cent) and small (27 per cent) businesses than by micros (21 per cent). By sector, advice was more likely than average to be sought in the primary sector (38 per cent), information/communication (34 per cent) and administrative services (33 per cent) sectors.

Information in England and Wales was more likely to be sought by medium (39 per cent) and small (30 per cent) businesses than by micros (25 per cent). By sector, those in primary industries were more likely than average to have sought information (53 per cent).

³¹ In Scotland and Northern Ireland, information and strategic advice were not asked about separately. Hence it is not possible to give an overall UK figure for the proportions seeking these separately.

Type of information or advice sought (England and Wales)

Advice was mainly sought to support business growth (39 per cent of those that sought advice). Financial advice for the general running of the business was sought by 13 per cent, and eight per cent sought advice to improve business efficiency and productivity.

Compared with 2012 there was a change in the type of advice required. The proportion seeking it for business growth increased by ten percentage points, and there was an eight percentage point increase in the proportion seeking it for efficiency and productivity. There was a corresponding decrease in the proportion seeking financial advice for the running of the business (down ten percentage points). Thus advice was sought more for business growth, and less for business stability.

Information was mainly sought on tax issues (16 per cent), general financial advice for the running of the business (15 per cent), business growth (14 per cent) and improving business efficiency (nine per cent). Again, there was an increase in the demand for information relating to business growth and less demand for information on everyday matters.

Table 9.7: What did they seek information or advice about in the last 12 months (England and Wales) – main reasons only³²

	Advice 2014	Information 2014		Advice 2012	Information 2012
(n=)	830	951		1002	1244
	%	%		%	%
Business growth	39	14		29	9
Financial/general running of business	13	15		23	27
Business efficiency/productivity	8	9		*	*
Marketing	7	3		8	3
Advice/info on where to get finance	8	6		10	8
Employment law/redundancies	5	13		8	14
Tax/national insurance law and payments	6	16		8	11
Management/leadership development	3	1		1	*
Legal issues	3	4		7	11
Innovation	3	1		1	1
E-commerce/technology	3	2		6	2
Exporting	3	1		3	1
Regulations	3	6		2	4
Don't know	5	13		3	13

Base = all SME employers in England and Wales that received advice/information in the last 12 months

* = a figure greater than zero, but less than 0.5%. Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). K4/K5. Multiple answers allowed at this question.

³² Only the most commonly mentioned reasons for seeking information or advice are shown in this table

Where information and advice was sought (England and Wales)

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

In England and Wales, **advice** in the last 12 months was sought from an accountant by 37 per cent of businesses, from consultants/business advisers by 21 per cent, from business networks/trade associations by nine per cent, from banks by eight per cent, and from solicitors/lawyers by seven per cent.

Compared with 2012, consultants were used more frequently for advice (up six percentage points), and banks less frequently (down five percentage points). *GrowthAccelerator* was spontaneously mentioned by five per cent (see next Figure).

Table 9.8: Where did they seek information or advice from in the last 12 months (England and Wales only) – main sources only³³

	Advice 2014	Information 2014		Advice 2012	Information 2012
(n=)	830	951		1002	1244
	%	%		%	%
Accountant	37	39		39	34
Consultant/business adviser	21	9		15	7
Business networks/TAs	9	7		10	8
Bank	8	4		13	10
Solicitor/lawyer	7	7		9	8
GrowthAccelerator	5	1		0	0
Business rep. organisations	3	4		0	1
Specialist financial adviser	3	1		4	1
Chamber of Commerce	3	1		0	1
Local authority	3	2		3	2
Internet search	2	8		3	6
Work colleagues	2	2		3	2
Friend/family member	2	1		3	5
Enterprise agency	2	2		1	*
Local Enterprise Partnership	2	1		0	*
Manufacturing Advisory Service	2	*		0	0
.GOV website (2014)/ BusinessLink.gov.uk (2012)	2	5		2	4

Base = all SME employers in England and Wales that received advice/information in the last 12 months

* = a figure greater than zero, but less than 0.5%. Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). K6/K7. Multiple answers allowed at this question.

³³ Only the most commonly mentioned sources of information or advice are shown in this table

Among those seeking advice, accountants were more commonly used by micros (38 per cent) than by small and medium-sized businesses (both 31 per cent). Those in the transport, retail and distribution sector were more likely than average to use them (48 per cent).

Consultants were more likely to be used by medium-sized businesses (32 per cent) than by micros (20 per cent) and small business (24 per cent). They were most likely to be used in the primary (48 per cent) and business services (30 per cent) sectors.

Sixty-five per cent of those that used advice received this face-to-face, 12 per cent over the phone, nine per cent through a website, and five per cent via email. Medium-sized businesses were less likely than average to receive advice via websites (five per cent) or emails (three per cent). Those in the transport, retail and distribution sector were more likely than average to receive advice over the phone (18 per cent).

Among those that used advice, 59 per cent felt it fully met their needs, 33 per cent that it partially met their needs, and six per cent that it did not meet their needs. Those in construction (11 per cent) and 'other services' (ten per cent) sectors were the most likely to feel it had not met their needs.

Information in the last 12 months was obtained from an accountant by 39 per cent of businesses, from consultants/business advisers by nine per cent, from internet searches by eight per cent, from business networks/trade associations by seven per cent, and from solicitors/lawyers by seven per cent.

Compared with 2012, accountants were used more often to provide information (up five percentage points), and banks less often (down three percentage points).

Among those that used information, accountants were more commonly the source for information for micros (41 per cent) than for small (31 per cent) and medium-sized businesses (22 per cent). Those in the construction (52 per cent) and information/communication (60 per cent) sectors were more likely than average to obtain information from accountants.

For those that used information that was delivered separately from advice, 45 per cent received this face-to-face, 19 per cent through a website, 18 per cent over the phone, and ten per cent via emails. Those in the transport, retail and distribution sector were most likely to receive this information face-to-face (54 per cent), those in manufacturing were more likely to receive the information over the phone (29 per cent), and those in 'other services' were more likely than average to receive the information by email (18 per cent).

Among those that used information, 66 per cent felt it fully met their needs, 26 per cent that it partially met their needs, and seven per cent that it did not meet their needs. Those in transport, retail and distribution were the most likely to feel it had not met their needs (13 per cent).

Prompted reasons for seeking information and advice (England and Wales)

In addition to being asked the reasons for seeking advice and information spontaneously, those that had sought these in England and Wales were prompted to give one main reason for seeking advice/information. The options given were:

- To get a better understanding of how to develop and grow the business, or to exploit a business opportunity
- Concern about the continued operation of the business, or an obstacle encountered
- Because the information/advice was available, and there was no pressing need
- None of these

This question was introduced in SBS 2014.

Table 9.9: Main prompted reason for seeking advice/information - by size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
n =	830	251	314	265
Advice	%	%	%	%
Grow business	59	59	56	64
Concern about business	17	15	25	17
Advice was available	19	20	16	14
None of these	4	5	3	5
n =	951	298	359	294
Information	%	%	%	%
Grow business	33	32	35	39
Concern about business	28	27	34	32
Information was available	27	30	19	20
None of these	10	10	11	9

Base = all SME employers in England and Wales that sought advice/information. Figures in bold were statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). K3a/K3c. Single answer only allowed at this question.

Fifty-nine per cent of SME employers in England and Wales that sought **advice** did so (mainly) because they wanted to better understand how to develop and grow the business (or exploit a business opportunity), 17 per cent were concerned about the continued operation of the business, or an obstacle encountered, and 19 per cent sought advice because it was available, not because there was a pressing need.

So, in other words, 59 per cent wanted advice mainly to help them grow, 17 per cent wanted advice mainly because of a problem or obstacle, and 19 per cent were offered advice which they took up.

Small businesses were more likely than average to take advice because of problems (25 per cent, compared to 15 per cent of micros and 17 per cent of medium businesses). Those that took advice in the business services sector (77 per cent) were more likely than average to want advice for growth, as were businesses aged up to four years (71 per cent).

Eighty-nine per cent of those that took advice in England and Wales found it easy to find (44 per cent very easy, 45 per cent fairly easy). It was not easy for ten per cent. Those in the 'other services' sector were the most likely to find it not easy (18 per cent).

The main reason for seeking **information** in England and Wales was more likely to be a reason related to problems/obstacles, than was the case for advice. Thirty-three per cent sought information to help them grow, with 28 per cent seeking it because of problems, and 27 per cent using it because it was available.

Ninety-one per cent of those that used information in England and Wales found it easily (41 per cent very easy, 50 per cent fairly easy). It was not easy for nine per cent. Those in the transport, retail and distribution sector were the most likely not to find the information easily (15 per cent).

Paying for advice/information

Fifty-four per cent of SME employers in England and Wales that used information paid for it, as did 56 per cent of those that used advice. Neither of these proportions were significantly different from those seen in 2012.

Table 9.10: Whether paid for information or advice (England and Wales only)

	Advice 2014	Information 2014		Advice 2012	Information 2012
(n=)	830	951		1002	1244
	%	%		%	%
Yes – paid	56	54		52	51
No – did not pay	43	46		47	48

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

Medium-sized (76 per cent) and small (63 per cent) businesses were more likely to have paid for **advice** than micros (54 per cent). Those in the information/communication and business services sectors were most likely to have paid (both 74 per cent).

Medium-sized (72 per cent) and small (59 per cent) businesses were more likely to have paid for **information** than micros (51 per cent). Those in manufacturing were most likely to have paid for information (63 per cent).

Un-met information and advice needs (all UK)

Five per cent of SME employers across the UK had opportunities or difficulties or important information or advice needs in the last 12 months in respect of which they did not get external advice or support. This was the same proportion observed in 2012³⁴. This proportion did not vary by business size, but those in the primary sector were more likely than average to report this (nine per cent). It was also more likely to be the case for exporters (seven per cent), and for those that had sought finance in the last 12 months (ten per cent).

Of those who had a need for advice but did not receive it, 60 per cent had actively sought it. The main needs for advice concerned business growth (20 per cent), advice on where to get finance (16 per cent), advice on legal issues (12 per cent), advice on regulations (12 per cent), advice on tax payments (ten per cent), general financial advice for the running of the business (nine per cent), advice on employment law/redundancies (eight per cent), and advice on marketing (eight per cent).

The reasons why these SMEs had not sought advice or had sought it but not found it were because they did not know where to find it (29 per cent), did not believe that the right type of advice existed (20 per cent), lacked time to get the advice (19 per cent), or considered that there was sufficient expertise/resource within the business to deal with the issue (11 per cent). Ten per cent thought it would be too expensive. These reasons were similar to those seen in 2012.

Of those that had this un-met need for advice, 72 per cent agreed that in hindsight they would have benefitted from advice.

³⁴ In 2012 the question did not mention 'opportunities'

Business mentors

Twelve per cent of all SME employers had used a business mentor in the 12 months preceding interview. This proportion was four percentage points higher than in 2012. Small (13 per cent) and medium-sized (16 per cent) businesses were more likely than micros (11 per cent) to have had a mentor, but the increase in the proportion using a mentor has been caused by an increasing number of micros using mentors.

Table 9.10: Whether used a business mentor in the last 12 months – trends by employment size

	All SME employers	Micro (1-9)	Small (10-49)	Medium (50-249)
SBS 2014 (n=)	4355	1653	1714	988
	%	%	%	%
Yes – used mentor	12	11	13	16
SBS 2012 (n=)	4768	1901	1902	965
	%	%	%	%
Yes – used mentor	8	7	13	12
SBS 2010 (n=)	3817	1528	1530	759
	%	%	%	%
Yes – used mentor	11	10	15	15

Base = all SME employers

Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). K15. Single answer only allowed at this question.

Mentors were more likely than average to be used in the primary (18 per cent), information/communications (17 per cent) and business services (16 per cent) sectors. They were more likely to have been used by businesses aged up to ten years (15 per cent) than by businesses aged ten years or over (ten per cent).

Networks

A new question in 2014 asked whether SME employers considered 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.

Seventy-one per cent of SME employers were part of at least one of these types of networks. Medium (86 per cent) and small businesses (76 per cent) were more likely to be part of a network than micros (70 per cent). Those in information/communication (90 per cent), business services (85 per cent) and administrative services (85 per cent) sectors were the most likely to be part of a network, while those in primary (63 per cent), manufacturing (66 per cent), construction (59 per cent) and transport, retail and distribution (73 per cent) sectors were the least likely to be networked.

Forty-nine per cent of SME employers were part of a *social media* network. This was most likely to be the case for medium-sized businesses (60 per cent) and those in the information/communications (83 per cent), business services (64 per cent) and administrative services (70 per cent) sectors.

Thirty-two per cent of SME employers were part of a *formal business* network. This was most likely to be the case for medium-sized businesses (50 per cent) and those in the information/communications (45 per cent), business services (44 per cent) and 'other services' (37 per cent) sectors.

Twenty-seven per cent of SME employers were part of an *informal business* network. This was most likely to be the case for medium-sized businesses (37 per cent) and those in the information/communications (39 per cent) and business services (38 per cent) sectors.

Eighteen per cent of SME employers were members of a local *Chamber of Commerce*. This was most likely to be the case for medium-sized businesses (37 per cent) and those in the manufacturing (25 per cent), business services (24 per cent) and administrative services (25 per cent) sectors.

10. Working for the public sector

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

Whether expressed an interest or bid for public sector advertised contracts

Ten per cent of SME employers had bid for public sector contracts in the 12 months prior to the survey, with a further four per cent having expressed an interest but not actually submitted a bid. The proportion bidding was exactly the same as that seen in 2012.

Larger SMEs were more likely to have made a bid than smaller ones – nine per cent of micros, 14 per cent of small businesses and 23 per cent of medium-sized businesses had bid. By sector, bids were most common in the construction (15 per cent), information/communication (18 per cent), and administrative services (21 per cent) sectors. There were no differences in the proportions bidding for public sector contracts by nation.

Whether actually done business for the public sector in the previous 12 months

Although only ten per cent had submitted a bid for a public sector contract in the previous 12 months, a larger proportion had done business for the public sector in this period. This might be because of existing contracts, work that did not require contracts or because they worked as part of a supply chain.

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

	All SME employers	ABDE Primary	C Manufacturing	F Construction	GHI TRAD	J Info-comm	KLM Business service	N Admin.	PQRS Other service
SBS 2014 (n=)	4355	150	570	369	1364	170	637	331	764
	%	%	%	%	%	%	%	%	%
Any work for public sector	25	14	27	33	18	36	22	38	30
SBS 2012 (n=)	4768	204	671	457	1220	255	724	302	935
	%	%	%	%	%	%	%	%	%
ANY	26	16	34	32	19	32	25	36	31
SBS 2010 (n=)	3817	63	497	322	1115	155	519	202	910
	%	%	%	%	%	%	%	%	%
ANY	30	15	32	45	22	31	25	40	30

Base = all SME employers. Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). L2/L3. Single answer only allowed at this question.

Twenty-five per cent of SME employers had done work for the public sector in the previous 12 months. This was a similar proportion to that seen in 2012, but lower than the proportion in 2010, which was five percentage points higher.

Larger businesses were more likely to have done work for the public sector than smaller ones (41 per cent of medium businesses, 32 per cent of small businesses, 24 per cent of micros). There were no differences according to nation.

By sector, businesses in construction (33 per cent), information/ communications (36 per cent), administrative services (38 per cent) and 'other services' (30 per cent) sectors were the most likely to have worked for the public sector. These proportions were very similar to those seen in 2012. However, the proportion of manufacturers working for the public sector has declined significantly, by seven percentage points.

Fifty-six per cent of those working for the public sector had Local Authorities as their main customer, 17 per cent the Health Service, eight per cent Higher or Further Education Institutions, five per cent Departments of State (including Central Government) and four per cent the Ministry of Defence. These proportions were very similar to those estimated by SBS 2012.

Main type of customer

A new question in 2014 asked SME employers to describe their main type of customer (see next Figure).

Table 10.2: Main type of customer – by sector (SIC 2007) – 2014 only

	All SME employers		ABDE Primary	C Manu fact	F Const -ruct	GHI TRAD	J Info-com ms	KLM Business serv.	N Ad-min.	PQRS Other serv.
(n=)	4355		150	570	369	1364	170	637	331	764
	%		%	%	%	%	%	%	%	%
Private sector businesses	45		73	72	53	26	69	63	65	13
Individual consumers	43		19	16	36	69	4	24	18	68
Charities/3 rd sector	2		0	1	*	*	5	1	*	7
National Government	1		*	1	2	*	6	1	*	*
Local Government	3		2	3	4	1	3	4	5	4
NHS	1		1	1	*	1	*	*	3	3
Other public sector	2		3	2	1	1	7	3	2	3
Other	2		2	1	1	2	6	1	4	1

Base = all SME employers. Figures in bold are statistically significant at the 95% confidence level against the overall finding (minus the sub-group tested). A2c. Single answer only allowed at this question.

Overall, private sector businesses were the main type of customer for 45 per cent of SME employers and individual consumers were the main type of customer for 43 per cent.

As might be expected, there were clear differences by sector, with businesses in primary, manufacturing, information/communications, business services and administrative services sectors being much more likely to have business customers, and retailers and 'other services' businesses being much more likely to have individual consumers as clients. The construction sector had marginally more business customers (53 per cent) than customers who were private individuals (36 per cent).

Those in business and administrative services were more likely than average to have Local Authorities as their main customers, whereas businesses in the information/communications sector had a wider spread of types of clients, and businesses in the 'other services' sector had significantly higher numbers of Third Sector or charity customers.

By employment size, medium businesses were more likely than average to have other businesses as customers (53 per cent). For the micros there was an even split, with 44 per cent mainly having both types of customers.

While those in England were more likely to have other businesses as their main type of customers (46 per cent, compared with 42 per cent having private individuals as their main customer group). In Wales, Scotland and Northern Ireland, private individuals were more likely to be the main type of customer (49 per cent, 50 per cent and 48 per cent respectively).

11. Technical annex

Overview of survey method

BIS commissioned 4,000 CATI³⁵ interviews for the SBS 2014 main stage survey distributed in proportion to the business populations of UK nations. The Scottish Government and Invest Northern Ireland Assembly commissioned additional interviews in their own nations to generate a total achieved sample size of 5,115.

The sample source to target employer interviews (1-249 employees) was the Inter-Departmental Business Register (IIDBR). For businesses with no employees, Dun & Bradstreet's commercial database was used.

Within each of the four UK nations the sample was stratified by sector within employee size band. The target was for approximately one sixth of interviews in each country to 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).

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

Fieldwork was undertaken between July and October 2014. The average interview length was 30 minutes.

Questionnaire development

A review of the 2012 questionnaire was undertaken through consultations with stakeholders before the 2014 survey. Some alterations were made based on these consultations. However, changes necessarily reflected the need to balance a desire to meet stakeholders' emergent needs, and the requirement for consistency with previous SBS surveys. This was followed up by an extensive round of 30 cognitive tests, and a 'live' pilot of 100 interviews of the adjusted 2014 questionnaire.

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

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

Reporting

The main Small Business Survey 2014 report is based on UK **SME employers** only. There is a separate report for businesses with zero employees and reports based on individual nations.

³⁵ Computer Assisted Telephone Interviews

Sampling

Sample source

Following a review by the Office for National Statistics, BIS made the decision to adopt the Inter-Departmental Business Register (IDBR) as the primary sample source for SBS 2014, rather than the Dun & Bradstreet commercial database, which has been the only sample source for previous SBS and ASBS surveys.

The IDBR consists of all UK registered businesses and is compiled from the following sources:

- HMRC traders registered for VAT purposes
- HMRC employers operating a PAYE scheme
- Incorporated businesses registered at Companies House
- Department for Environment, Food and Rural Affairs (Defra) registered farms
- Department of Finance and Personnel, Northern Ireland (DFPNI) registered businesses

In addition, Dun & Bradstreet data is used to supplement the IDBR with Enterprise Group information, so that the IDBR can be used as an enterprise-based sample frame as well as an establishment based one.

The IDBR contains records for approximately 2.27 million UK private and third sector enterprises. However, BIS' Business Population Estimates 2013 (BPE) estimate the total number of UK enterprises at 5.24 million³⁶. The difference is explained by the number of unregistered businesses with no employees whose annual turnover falls below the VAT threshold of £81,000, and the numbers of these are estimated using the Labour Force Survey (LFS).

Dun & Bradstreet's UK Trading File contains 2.8 million businesses. It is not absolutely clear how these are populated (a mix of Companies House data, annual accounts returns, trade directories and other sources), but suffice to say that Dun & Bradstreet does have contact details for unregistered zero employee non-VAT paying businesses that are not included in the IDBR, although it is probable that these are not representative of those business identified in the LFS³⁷.

Because BIS want to cover all SMEs in SBS, the decision was made to use the IDBR as the primary source for employers, and Dun & Bradstreet the primary source for non-employers. Where size band slippage occurred (e.g. an IDBR contact supposed to have 1-4 employees turns out to have none; or a Dun & Bradstreet contact supposed to have no

³⁶ <https://www.gov.uk/government/statistics/business-population-estimates-2014>

³⁷ This is because the unregistered businesses contained in the Dun & Bradstreet database are likely to be mainly those that appear in trade directories, i.e. they advertise themselves. In the Labour Force Survey, the bulk of unregistered businesses are self-employed individuals that do not appear in trade directories.

employees turns out to be an employer), the decision was made to keep the interview rather than discarding it.

Sample stratification

On receipt of the IDBR database³⁸ in mid-June 2014 (the database was up to date to the end of May 2014), BMG conducted a review of the data.

The database was sorted by enterprise postcode, and three extracts of 2,000 records were taken at random. Although each record might have a unique company number, there exist a significant number of businesses with (usually only slightly) different names run by the same people from the same address. These 'duplicate' businesses are of no use for research purposes, as a respondent can only be interviewed once. Through 'eyeballing' lists of businesses the proportion of duplicate enterprises established was around 5 per cent of records overall. This finding informed the sample stratification i.e. that the IDBR should be stratified by postcode, and a '1 in n' sample taken within cells, to avoid the duplicates.

The IDBR contains a certain proportion of named individual contacts and telephone numbers. Examination of the extracts revealed that, overall, this was 13 per cent of records. However, there was great variation by size band, with only 12 per cent of those indicated to have 1-4 employees having telephone numbers, rising to over 60 per cent for medium-sized businesses. This finding informed the sample stratification process.

The overall objective of the sample stratification was firstly to produce sufficient numbers of businesses with contact telephone numbers by UK country, to satisfy the boosts that were commissioned in Scotland and Northern Ireland (overall, the target number of interviews were 1,000 in Scotland, 500 in Northern Ireland, 3446 in England and 161 in Wales – a total of 5,107³⁹).

Previous SBS and ASBS surveys exercised quotas by employment size band (one sixth zero employee, one third micros (1-9), one third small (10-49) and one sixth medium (50-249). It was decided to use this same principle in 2014, but the micro size-band was further split into very small micros (1-4 employees) and larger micros (5-9), with 22 per cent of interviews to come from the former, and 11 per cent from the larger micros. Furthermore, quotas were not to be employed on size, but the sample was to be stratified to obtain interviews in roughly these proportions.

Within size band within country, the sample was further stratified by broad sector groups (ABDE – primary, C – manufacturing, F – construction, G – retail/wholesale, H – transport, I – accommodation/food service, J – information/communication, KL – financial/real estate,

³⁸ The version supplied was an extract with just under 1.5 million contacts, rather than the 2.1-2.2 million reported in IDBR statistics.

³⁹ This figure was arrived at by sampling 4,000 UK businesses in country proportion (after allowing for boosts of enterprises with 5+ employees), and then supplementing these with additional interviews in Scotland and Northern Ireland to get overall sample sizes of 1,000 and 500 respectively.

M – professional services, N – administrative services, P – education, Q – health, R – arts/entertainment, S – other services). As for size, there were no quotas on sector.

The target grid follows below. This includes zero employee interviews, which were targeted through Dun & Bradstreet contacts.

Table 11.1: SBS 2014 - Interview target grid

England	Zero emps	Very small micros (1-4 emps)	Larger micros (5-9 emps)	Small (10-49 emps)	Medium (50-249 emps)	Total
ABDE Primary	14	40	13	27	11	105
C Manufacturing	30	40	32	137	108	347
F Construction	118	101	39	91	31	380
G Wholesale/Retail	40	141	88	213	85	567
H Transport/Storage	37	19	11	42	25	134
I Accommodation/Food	7	65	45	125	45	287
J Information/Comms.	39	47	16	52	29	183
KL Financial/Real Estate	19	38	22	49	25	153
M Professional/Scientific	84	114	43	120	55	416
N Administrative/Support	46	61	28	86	68	289
P Education	38	9	7	22	13	89
Q Health/Social Work	43	23	20	126	60	272
R Arts/Entertainment	28	15	7	22	12	84
S Other Service	31	45	20	37	7	140
Total	574	758	391	1149	574	3446

Wales	Zero emps	Very small micros (1-4 emps)	Larger micros (5-9 emps)	Small (10-49 emps)	Medium (50-249 emps)	Total
ABDE Primary	2	3	1	2	1	9
C Manufacturing	2	2	1	6	7	18
F Construction	5	5	2	5	2	19
G Wholesale/Retail	2	7	4	11	3	27
H Transport/Storage	1	1	1	2	1	6
I Accommodation/Food	0	4	3	8	2	17
J Information/Comms.	1	1	0	1	1	4
KL Financial/Real Estate	1	1	1	1	1	5
M Professional/Scientific	3	3	2	4	1	13
N Administrative/Support	2	3	1	3	2	11
P Education	2	0	0	1	1	4
Q Health/Social Work	2	1	1	8	4	16
R Arts/Entertainment	2	1	0	1	1	5
S Other Service	2	3	1	1	0	7
Total	27	35	18	54	27	161

Scotland	Zero emps	Very small micros (1-4 emps)	Larger micros (5-9 emps)	Small (10-49 emps)	Medium (50-249 emps)	Total
ABDE Primary	10	23	8	15	6	62
C Manufacturing	6	10	7	33	33	89
F Construction	29	30	13	37	15	124
G Wholesale/Retail	12	41	25	56	23	157
H Transport/Storage	14	6	3	14	9	46
I Accommodation/Food	3	23	18	57	20	121
J Information/Comms.	12	8	3	8	4	35
KL Financial/Real Estate	5	8	4	10	6	33
M Professional/Scientific	27	31	11	32	13	114
N Administrative/Support	11	14	6	20	15	66
P Education	9	2	1	4	2	18
Q Health/Social Work	12	5	6	32	14	69
R Arts/Entertainment	9	3	2	7	4	25
S Other Service	7	16	7	9	2	41
Total	166	220	114	334	166	1000

Northern Ireland	Zero emps	Very small micros (1-4 emps)	Larger micros (5-9 emps)	Small (10-49 emps)	Medium (50-249 emps)	Total
ABDE Primary	16	16	4	7	3	46
C Manufacturing	4	7	5	21	17	54
F Construction	17	18	7	16	6	64
G Wholesale/Retail	9	25	15	45	19	113
H Transport/Storage	4	4	2	7	3	20
I Accommodation/Food	2	8	7	23	9	49
J Information/Comms.	4	2	1	3	1	11
KL Financial/Real Estate	3	4	2	3	2	14
M Professional/Scientific	6	9	5	12	4	36
N Administrative/Support	3	4	2	5	6	20
P Education	2	1	0	2	1	6
Q Health/Social Work	9	3	5	16	9	42
R Arts/Entertainment	2	1	1	3	2	9
S Other Service	2	8	2	3	1	16
Total	83	110	58	166	83	500

United Kingdom	Zero emps	Very small micros (1-4 emps)	Larger micros (5-9 emps)	Small (10-49 emps)	Medium (50-249 emps)	Total
ABDE Primary	42	82	26	51	21	222
C Manufacturing	42	59	45	197	165	508
F Construction	169	154	61	149	54	587
G Wholesale/Retail	63	214	132	325	130	864
H Transport/Storage	56	30	17	65	38	206
I Accommodation/Food	12	100	73	213	76	474
J Information/Comms.	56	58	20	64	35	233
KL Financial/Real Estate	28	51	29	63	34	205
M Professional/Scientific	120	157	61	168	73	579
N Administrative/Support	62	82	37	114	91	386
P Education	51	12	8	29	17	117
Q Health/Social Work	66	32	32	182	87	399
R Arts/Entertainment	41	20	10	33	19	123
S Other Service	42	72	30	50	10	204
Total	850	1123	581	1703	850	5107

Overall, the intention was to obtain contacts with telephone numbers in a ratio of 5:1 to target achieved interviews for employers. However, because of predicted different success levels in finding telephone numbers according to size and sector, and because of response rate and screening⁴⁰ differentiation by size and sector (predicted by analysis of SBS 2012 completes), the actual ratio varied by cell, from x 3.7 to x 10, yet with the result that the overall ratio should be 5:1.

Because of the likelihood that some telephone numbers would not be found, IDBR contacts were sampled in a ratio of 7:1 in the first instance.

The process of sample stratification of the IDBR was as follows:

1. IDBR data was grouped into employment size bands⁴¹, sector groups (as above), and Government Office Region.
2. The IDBR was stratified by country (including region within England), size band, sector group and then postcode (i.e. sorted according to these criteria in this order). Postcode was used to reduce the incidence of duplication.
3. Within each cell, a specified number of contacts to be sampled was applied. These were then picked using a '1 in n' approach.

⁴⁰ Screening is carried out on number of employers. In 2012, a significant number of those supposed to be medium sized businesses screened out because they had 250 or more employees.

⁴¹ Note that companies that employ one person are classified as having zero employees.

4. This resulted in 30,099 records being selected overall.

For the zero employees, a total of 3,715 contacts were ordered, representing a ratio of 4.4 to 1 to the number of target interviews. The sample order was stratified by country, and then sector within country, to targets provided in the 2013 BPE⁴².

Tele-matching of IDBR

Overall, only 12 per cent of records in the IDBR extract used contained telephone numbers. However, of the 30,099 IDBR contacts selected, 11,436 already had telephone numbers appended (38 per cent). The reason for this percentage being higher than that across the IDBR generally is because larger SMEs, which are more likely to have telephone numbers, were disproportionately sampled.

A further 5,522 (17 per cent) records were found through automated tele-matching by UK Changes, a specialist data management agency. The reason why this process did not yield a higher proportion of matches was because the registered business name (as listed in the IDBR) commonly differed from the trading name (held in business telephone directories). Even a difference of a few letters in a business's name results in a mis-match.

So far the process identified telephone numbers for 55 per cent of those sampled. To improve this proportion, manual web searches were conducted by BMG interviewers and clerical staff, which supplemented the contacts with numbers found through websites and online trade directories. This resulted in further telephone numbers for 7,736 (26 per cent) contacts.

Overall, therefore, telephone numbers were found for 81 per cent of records sampled.

However, as the table below demonstrates, the success rate varied greatly by both employer size band and sector group.

⁴² The 2014 BPE was not available at this point in time.

Table 11.2: SBS 2014 – Tele-matching success rate

Indicated SizeBand	IDBR With Telephone		Auto-Telematched		website searches		Total numbers Found		No match found	Total sampled
1-4	932	12%	1050	14%	2964	39%	4946	64%	2744	7690
5-9	675	19%	939	26%	1039	29%	2653	75%	905	3558
10-49	4135	43%	2072	21%	2280	24%	8487	88%	1183	9670
50-249	5694	62%	1161	13%	1453	16%	8308	90%	873	9181
Total	11436	38%	5222	17%	7736	26%	24394	81%	5705	30099
Indicated Sector										
ABDE Primary	1331	58%	218	10%	396	17%	1945	85%	347	2292
C Manufacturing	1768	51%	690	20%	732	21%	3190	92%	267	3457
F Construction	956	34%	429	15%	814	29%	2199	79%	602	2801
G Wholesale/ Retail	1842	35%	1170	22%	1401	27%	4413	84%	844	5257
H Transport/ Storage	440	41%	175	16%	263	25%	878	82%	187	1065
I Accommodation/Food	851	29%	483	16%	760	26%	2094	70%	883	2977
J Information/ Communication	354	29%	170	14%	376	30%	900	73%	339	1239
KL Financial/ Real Estate	499	40%	200	16%	255	21%	954	77%	289	1243
M Professional/ Scientific	931	30%	515	17%	869	28%	2315	75%	759	3074
N Admin/ Support	839	36%	369	16%	634	27%	1842	78%	516	2358
P Education	218	47%	72	15%	117	25%	407	87%	61	468
Q Health/Social Work	1023	45%	358	16%	639	28%	2020	88%	272	2292
R Arts/ Entertainment	186	33%	124	22%	149	26%	459	81%	106	565
S Other Service	198	20%	249	25%	331	33%	778	77%	233	1011
Total	11436	38%	5222	17%	7736	26%	24394	81%	5705	30099

Numbers were less likely than average to be found in the 1-4 size band (64 per cent). By sector, numbers were most likely to have been found in manufacturing (92 per cent), and were least likely to be found in accommodation/food (70 per cent).

Of the 24,394 telephone numbers found, 76 were found to have duplicate telephone numbers, resulting in 24,318 contacts being issued for the survey. This represented a ratio of 5.7 to 1 for targeted employer interviews.

All Dun & Bradstreet contacts were issued with telephone numbers. Therefore, the total number of contacts available was 28,033.

Achieved interviews

Achieved interviews by sector within size band within country are as follows:

Table 11.3: SBS 2014 – Achieved interview grid

England	Zero emps	Very small micros (1-4 emps)	Larger micros (5-9 emps)	Small (10-49 emps)	Medium (50-249 emps)	Total	Change on target
ABDE Primary	14	30	12	26	15	97	-8
C Manufacturing	39	74	44	146	105	408	+61
F Construction	81	68	38	89	40	316	-64
G Wholesale/Retail	61	138	93	185	95	572	+5
H Transport/Storage	28	18	11	44	30	131	-3
I Accommodation/Food	10	46	52	108	59	275	-12
J Info/Communication	38	36	18	53	32	177	-6
KL Financial/Real Estate	20	33	24	44	35	156	+3
M Professional/Scientific	106	80	54	101	71	412	-4
N Administrative/Support	31	43	34	103	76	287	-2
P Education	28	10	8	33	34	113	+24
Q Health/Social Work	20	18	30	146	86	300	+28
R Arts/Entertainment	19	11	8	23	19	80	-4
S Other Service	24	39	20	32	7	122	-18
Total	519	644	446	1133	704	3446	0
Change on target	-55	-114	55	-16	130	0	

Wales	Zero emps	Very small micros (1-4 emps)	Larger micros (5-9 emps)	Small (10-49 emps)	Medium (50-249 emps)	Total	Change on target
ABDE Primary	4	1	1	1	1	8	-1
C Manufacturing	2	5	1	7	11	26	+8
F Construction	2	3	3	4	3	15	-4
G Wholesale/Retail	3	4	5	9	2	23	-4
H Transport/Storage	1	2	1	3	1	8	+2
I Accommodation/Food	1	1	2	7	2	13	-4
J Info/Communication	0	1	1	2	1	5	+1
KL Financial/Real Estate	0	3	2	1	2	8	+3
M Professional/Scientific	5	3	3	2	3	16	+3
N Administrative/Support	1	1	1	2	2	7	-4
P Education	0	1	1	1	1	4	0
Q Health/Social Work	1	2	2	6	6	17	+1
R Arts/Entertainment	0	1	1	1	1	4	-1
S Other Service	2	2	1	1	1	7	0
Total	22	30	25	47	37	161	0
Change on target	-5	-5	7	-7	10	0	

Scotland	Zero emps	Very small micros (1-4 emps)	Larger micros (5-9 emps)	Small (10-49 emps)	Medium (50-249 emps)	Total	Change on target
ABDE Primary	23	20	10	11	3	67	+5
C Manufacturing	11	15	11	50	27	114	+25
F Construction	18	17	15	35	11	96	-28
G Wholesale/Retail	21	41	23	50	24	159	+2
H Transport/Storage	4	4	4	7	11	30	-16
I Accommodation/Food	8	23	29	65	18	143	22
J Info/Communication	8	3	3	8	5	27	-8
KL Financial/Real Estate	7	4	4	11	11	37	+4
M Professional/Scientific	28	26	19	26	16	115	+1
N Administrative/Support	6	9	10	18	14	57	-9
P Education	9	4	1	5	5	24	+6
Q Health/Social Work	4	4	9	38	11	66	-3
R Arts/Entertainment	4	2	4	12	5	27	+2
S Other Service	1	19	7	12	4	43	+2
Total	152	191	149	348	165	1005	+5
Change on target	-14	-29	+35	+14	-1	+5	

Northern Ireland	Zero emps	Very small micros (1-4 emps)	Larger micros (5-9 emps)	Small (10-49 emps)	Medium (50-249 emps)	Total	Change on target
ABDE Primary	6	7	1	8	3	25	-21
C Manufacturing	5	9	6	34	25	79	+25
F Construction	11	11	6	21	5	54	-10
G Wholesale/Retail	11	23	19	39	13	105	-8
H Transport/Storage	1	2	3	2	3	11	-9
I Accommodation/Food	4	8	4	22	9	47	-2
J Info/Communication	2	1	1	3	2	9	-2
KL Financial/Real Estate	2	6	4	6	2	20	+6
M Professional/Scientific	12	9	14	14	4	53	+17
N Administrative/Support	1	5	2	4	7	19	-1
P Education	1	3	1	4	1	10	+4
Q Health/Social Work	4	8	4	21	6	43	+1
R Arts/Entertainment	2	1	1	3	1	8	-1
S Other Service	5	7	2	5	1	20	4
Total	67	100	68	186	82	503	+3
Change on target	-16	-10	+10	+20	-1	+3	

United Kingdom	Zero emps	Very small micros (1-4 emps)	Larger micros (5-9 emps)	Small (10-49 emps)	Medium (50-249 emps)	Total	Change on target
ABDE Primary	47	58	24	46	22	197	-25
C Manufacturing	57	103	62	237	168	627	+119
F Construction	112	99	62	149	59	481	-106
G Wholesale/Retail	96	206	140	283	134	859	-5
H Transport/Storage	34	26	19	56	45	180	-26
I Accommodation/Food	23	78	87	202	88	478	+4
J Information/Communication	48	41	23	66	40	218	-15
KL Financial/Real Estate	29	46	34	62	50	221	+16
M Professional/Scientific	151	118	90	143	94	596	+17
N Administrative/Support	39	58	47	127	99	370	-16
P Education	38	18	11	43	41	151	+34
Q Health/Social Work	29	32	45	211	109	426	+27
R Arts/Entertainment	25	15	14	39	26	119	-4
S Other Service	32	67	30	50	13	192	-12
Total	760	965	688	1714	988	5115	+8
Change on target	-90	-158	+107	+11	+138	+8	

At the overall UK level, the main differences between target and achieved interviews concerned the zero employees (-90 on target), very small micros (-158), larger micros (+107), mediums (+138), manufacturing (+119) and construction (-106). There are several reasons for these disparities:

1. **Size band slippage.** The indication of numbers of employees in IDBR and Dun & Bradstreet's database is likely to be based on figures from earlier years (e.g. the previous financial year, which in most cases would be 2012/13). In a period of economic growth, businesses are likely to have more employees than indicated.
2. **Sector reclassification.** In the SBS interview, SMEs were asked whether the description of their business activity was correct. If not, they described their activity, and a new SIC code was created on the basis of the new information. Overall, 21 per cent of those interviewed said that the sector description contained on IDBR/Dun & Bradstreet was incorrect, with this proportion not varying significantly by sample source. For most of these, the recoded SIC remained in the same overall category (e.g. a business with SIC 14 may be recoded to SIC 15, but will nonetheless remain in manufacturing). However, for ten per cent of interviews the overall one digit SIC category changed.
3. **Differential sampling rates.** This refers to the ratio that contacts were originally sampled in for each cell (sector within size within country). These were informed by analysis of SBS 2012 response rates (that survey only using Dun & Bradstreet contacts). In the event, response rates for IDBR contacts differed.

4. **Tele-matching rates for IDBR.** Although tele-matching was piloted, the eventual matching rates differed slightly from the pilot, with more contacts generated through manual web searches than expected, and different matching rates by size band and sector.
5. **Differential response rates.** The construction sector in particular is very difficult to interview, on account of the 'mobile' nature of their occupation.

Size band slippage, and sector reclassification

As mentioned above, there was a considerable level of size band slippage, and sector reclassification. These are summarised in the table that follows, which presents the proportion of each sector and size strata that did not change as a result of information given in the interview.

Table 11.4: SBS 2014 – Percentage of achieved interviews that have remained in their indicated size/sector strata

	Overall	IDBR	Dun & Bradstreet
n=	5115	4627	488
Indicated size band:			
Zero	75%	n/a	75%
1-4 employees	55%	55%	n/a
5-9 employees	49%	49%	n/a
10-49 employees	77%	77%	n/a
50-249 employees	85%	85%	n/a
Total	70%	70%	75%
Indicated sector:			
ABDE Primary	85%	84%	86%
C Manufacturing	94%	95%	79%
F Construction	91%	91%	97%
G Wholesale/Retail	91%	91%	87%
H Transport/Storage	92%	92%	91%
I Accommodation/Food	94%	94%	75%
J Information/Communication	91%	91%	93%
KL Financial/Real Estate	92%	92%	93%
M Professional/Scientific	92%	91%	98%
N Administrative/Support	81%	84%	56%
P Education	93%	94%	90%
Q Health/Social Work	91%	91%	88%
R Arts/Entertainment	92%	93%	88%
S Other Service	83%	85%	76%
Total	90%	91%	88%

Response rates

The following table summarises response rates achieved from the IDBR sample. It shows an overall response rate (i.e. completed interviews) based on the contacted sample of 53 per cent.

Table 11.5: SBS 2014 – Response rates: All businesses (IDBR and Dun & Bradstreet)

	Total (n)	% of contacted sample	% of contacts loaded
Completed interviews	5,115	52.8%	18.2%
Appointments	310	3.2%	1.1%
Quits	182	1.9%	0.6%
Refusal	2,876	29.7%	10.3%
Not available during fieldwork	1,201	12.4%	4.3%
Total contacted	9,684	100.0%	34.5%
Ring backs	13,115		46.8%
More than 249 employees	497		1.8%
Total live contacts	23,296		83.1%
Business no longer trading	381		1.4%
Wrong numbers	1,307		4.7%
Unobtainable number	3,049		10.9%
Total loaded	28,033		100.0%

Table 11.6: SBS 2014 – Response rates: IDBR Sample – all businesses

	Total (n)	% of contacted sample	% of contacts loaded
Completed interviews	4,627	53.0%	19.0%
Appointments	279	3.2%	1.1%
Quits	148	1.7%	0.6%
Refusal	2,599	29.8%	10.7%
Not available during fieldwork	1072	12.3%	4.4%
Total contacted	8,725	100.0%	35.9%
Ring backs	11,312		46.5%
More than 249 employees	443		1.8%
Total live contacts	20,480		84.2%
Business no longer trading	192		0.8%
Wrong numbers	988		4.1%
Unobtainable number	2,658		10.9%
Total loaded	24,318		100.0%

The incidence of wrong numbers in the IDBR sample is largely explained by a proportion of supplied numbers in the IDBR being those of external accountants.

Table 11.7: SBS 2014 – Response rates: Dun & Bradstreet Sample – all businesses

	Total (n)	% of contacted sample	% of contacts loaded
Completed interviews	488	50.9%	13.1%
Appointments	31	3.2%	0.8%
Quits	34	3.5%	0.9%
Refusal	277	28.9%	7.5%
Not available during fieldwork	129	13.5%	3.5%
Total contacted	959	100.0%	25.8%
Ring backs	1,803		48.5%
More than 249 employees	54		1.5%
Total live contacts	2,816		75.8%
Business no longer trading	189		5.1%
Wrong numbers	319		8.6%
Unobtainable number	391		10.5%
Total loaded	3,715		100.0%

Weighting

At the analysis stage data were weighted to make it representative of UK SMEs, according to targets drawn from the 2014 BPE. The main reasons for weighting were the disproportionate over-sampling of SMEs in Scotland and Northern Ireland, and those across the UK with 5-249 employees. The weighting also corrected any disparity by sector.

Employers were weighted separately from those with no employees. The reason for this is that, according to the BPE, zero employee enterprises account for 75.7 per cent of all UK SMEs with 0-249 employees, yet only 14.9 per cent of interviews were with the zero employees. In a combined dataset of employers and zero employee enterprises, the zero employees would need an average weight of x 5.08 before country and sector are taken into account.

Weighting targets were applied by sector within size band within country. The tables below shows the difference between unweighted and weighted figures for employers (in terms of absolutes and percentages based on all). These are shown for the UK overall rather than for individual countries.

Table 11.8: SBS 2014 – Employers only – weighted (W) vs. unweighted (UW) – all UK (absolutes)

United Kingdom	1-4 emps - UW	1-4 emps - W	5-9 emps UW	5-9 emps W	10-49 UW	10-49 W	50-249 UW	50-249 W	Total UW	Total W
ABDE Primary	58	157	24	31	46	17	22	2	150	207
C Manufacturing	103	137	62	64	237	76	168	20	570	297
F Construction	99	370	62	81	149	53	59	6	369	510
G Wholesale/Retail	206	499	140	187	283	123	134	16	763	825
H Transport/Storage	26	70	19	24	56	24	45	5	146	124
I Accommodation/Food	78	230	87	108	202	86	88	9	455	432
J Information/Comms	41	171	23	31	66	28	40	5	170	235
KL Financial/Real Estate	46	126	34	43	62	26	50	4	192	199
M Professional/Scientific	118	425	90	87	143	68	94	10	445	590
N Administration/Support	58	229	47	59	127	48	99	12	331	349
P Education	18	33	11	15	43	13	41	2	113	63
Q Health/Social Work	32	83	45	44	211	73	109	11	397	210
R Arts/Entertainment	15	51	14	15	39	13	26	2	94	82
S Other Services	67	166	30	44	50	20	13	1	160	232
Total	965	2747	688	832	1714	668	988	108	4355	4355

Table 11.9: SBS 2014 – Employers only – weighted (W) vs. unweighted (UW) – all UK (% based on all)

United Kingdom	1-4 emps - UW	1-4 emps - W	5-9 emps UW	5-9 emps W	10-49 UW	10-49 W	50-249 UW	50-249 W	Total UW	Total W
ABDE Primary	1.33%	3.60%	0.55%	0.70%	1.06%	0.39%	0.51%	0.06%	3.44%	4.75%
C Manufacturing	2.37%	3.16%	1.42%	1.47%	5.44%	1.73%	3.86%	0.47%	13.1%	6.83%
F Construction	2.27%	8.50%	1.42%	1.86%	3.42%	1.21%	1.35%	0.14%	8.47%	11.7%
G Wholesale/Retail	4.73%	11.5%	3.21%	4.28%	6.50%	2.83%	3.08%	0.36%	17.5%	18.9%
H Transport/Storage	0.60%	1.62%	0.44%	0.56%	1.29%	0.56%	1.03%	0.11%	3.35%	2.84%
I Accommodation/Food	1.79%	5.27%	2.00%	2.48%	4.64%	1.97%	2.02%	0.21%	10.5%	9.93%
J Information/Comms	0.94%	3.92%	0.53%	0.72%	1.52%	0.64%	0.92%	0.12%	3.90%	5.40%
KL Financial/Real Estate	1.06%	2.90%	0.78%	0.98%	1.42%	0.59%	1.15%	0.10%	4.41%	4.57%
M Professional/Scientific	2.71%	9.75%	2.07%	2.01%	3.28%	1.55%	2.16%	0.23%	10.2%	13.5%
N Administration/Support	1.33%	5.26%	1.08%	1.35%	2.92%	1.11%	2.27%	0.29%	7.60%	8.01%
P Education	0.41%	0.76%	0.25%	0.34%	0.99%	0.29%	0.94%	0.05%	2.59%	1.44%
Q Health/Social Work	0.73%	1.90%	1.03%	1.00%	4.85%	1.68%	2.50%	0.26%	9.12%	4.83%
R Arts/Entertainment	0.34%	1.18%	0.32%	0.35%	0.90%	0.31%	0.60%	0.06%	2.16%	1.89%
S Other Services	1.54%	3.81%	0.69%	1.01%	1.15%	0.46%	0.30%	0.03%	3.67%	5.32%
Total	22.2%	63.1%	15.8%	19.1%	39.4%	15.3%	22.7%	2.48%	100%	100%

For the zero employees, it was found that sole proprietors were under-represented in the raw data. This was due to size slippage from the IDBR (393 of the 760 zero employee interviews had IDBR as their source; these were supposed to be employers but in fact had no employees), and the fact that the rate for telematching sole proprietors in the IDBR was much lower than for companies, partnerships and third sector organisations.

Therefore, zero employees were weighted according to legal status (companies vs. other), within sector (broad bands), within country. The following table shows the weighted and unweighted profiles for the UK as a whole:

Table 11.10: SBS 2014 – No employees – weighted (W) vs. unweighted (UW) – all UK (absolutes, and % based on all)

United Kingdom (absolutes)	Comp-anies UW	Comp-anies W	Other UW	Other W	Total UW	Total W
ABCDE Primary/Manufacturing	34	7	70	58	104	65
F Construction	40	15	72	130	112	145
GHI Wholesale/Retail/Transport/Food	50	19	103	97	153	115
JKLMN Business services	144	74	123	176	267	250
PQRS Other services	42	10	82	175	124	185
TOTAL	310	125	450	635	760	760
United Kingdom (% of all)	Comp-anies UW	Comp-anies W	Other UW	Other W	Total UW	Total W
ABCDE Primary/Manufacturing	4.47%	0.92%	9.21%	7.63%	13.68%	8.55%
F Construction	5.26%	1.97%	9.47%	17.11%	14.74%	19.08%
GHI Wholesale/Retail/Transport/Food	6.58%	2.50%	13.55%	12.76%	20.13%	15.13%
JKLMN Business services	18.95%	9.74%	16.18%	23.16%	35.13%	32.89%
PQRS Other services	5.53%	1.32%	10.79%	23.03%	16.32%	24.34%
TOTAL	40.79%	16.45%	59.21%	83.55%	1000%	100%

As stated earlier, we recommend that datasets for SME employers and those with no employees are analysed separately. However, a combined dataset has been produced.

It is standard practice to weight datasets to the number of interviews actually obtained, in this case 5,115. Rather than re-weighting a combined dataset for all SMEs, which would be problematic given the way that zero employees have been weighted compared to employers, the following occurred:

1. Using the existing weight value for each zero employee record, these were multiplied by a factor of x 17.885
2. The employer and zero employee dataset were combined. Using the new weights for zero employees and retaining the existing weights for employers, zero employees appeared in their correct proportion (75.7 per cent of all SMEs). However, the new weighted total was 17,948
3. To reduce the weighted total to the actual sample size, the weights for each record were then divided by 3.5088. This produced a new total of 5,115

Appendix: Questionnaire

PRIVATE & CONFIDENTIAL

Small
Business Survey 2014
Questionnaire (V1 Post-Pilot)

Pro_9394
9th July 2014

SCREENER

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

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

(ADD IF SCOTLAND)and the **Scottish Government**
(ADD IF NORTHERN IRELAND)and **Invest Northern Ireland**

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

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

ADD IF NECESSARY:

- **Your co-operation will ensure that the views expressed are representative of all small businesses**
- **Whether or not you like the government's actions this is your chance to influence them – everyone's views will be taken into account**
- **The results will be available next Summer and will be posted on the Department for Business, Innovation and Skills website www.bis.gov.uk [ADD IF SCOTLAND: and the Scottish Government website] ADD IF NORTHERN IRELAND: and www.investni.com]**
- **All information collected will be treated in the strictest confidence. Responses will not be attributed to any individual or company. Results will be reported in the form of aggregated statistics.**
- **We work strictly within the Market Research Society Code of Conduct**
- **Enterprises have been randomly chosen from the Government's Inter-Departmental Business Register**

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

ASK ALL

S3) **Can I just check, are you one of the most senior person in day-to-day control of [NAME OF BUSINESS]?**

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

SOME SECTIONS WILL ONLY BE ASKED OF HALF THE SAMPLE, SELECT AS FOLLOWS

	Sections to ask – England, Wales and Northern Ireland			
Interview number	J	N	O	H0
1	Y	Y		
2		Y	Y	
3			Y	Y
4	Y			Y

	Sections to ask – Scotland			
Interview number	J	N	O	L5+
1	Y	Y		
2		Y	Y	
3			Y	Y
4	Y			Y

SECTIONS TO ASK		
Finance	H	Applies to H0 only in England, Wales and NI
Innovation	J	J0-J4
Public sector	L	Applies to L5, L5i and subsequent questions in Scotland only
Training	N	N1-N5
Technology	O	O1-O6

SECTION A: ABOUT THE BUSINESS

ASK ALL

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

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

Don't know / Uncertain ...X

Refused ... Y

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

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

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

IF MORE THAN 249 EMPLOYEES, THANK AND CLOSE

A2ADUM CATI TO CODE AUTOMATICALLY TO FOLLOWING BANDS FOR QUOTAS:

MONITORING QUOTAS	
None (no employees)	1
1-4 employees (Very small micro)	2
5-9 employees (Larger micro)	3
10-49 employees (Small)	4
50-250 employees (Medium)	5

A2a) **And including yourself, how many working owners and partners are there [ADD IF 1+ EMPLOYEE AT A2: in addition to the {NUMBER AT A2} employees you have just mentioned?] NB: IF ONLY OWNED BY TRUSTEES OR MEMBERS, CODE ZERO**

ASK IF SUM AT A2/A2a IS 1+. OTHERS GO TO A2c

A2b) **How many of the [SUM OF A2 AND A2a] are temporary or casual staff?**

ASK ALL

A2c) **And how many, if any, contractor or agency staff or self employed do you have working for you right now that are not on the payroll?**

	Enter number	DK	REF
A2a (owner/partners)		X	Y
A2b (temporary/casual)		X	Y
A2c (not on the payroll)		X	Y

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

Yes	1
No	2

ASK IF NO AT A3. OTHERS GO TO A5:

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

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

PROBE FULLY. RECORD DETAILS AND CODE BELOW

ASK ALL

A5) What is the legal status of your organisation? DO NOT READ OUT, BUT PROMPT IF NECESSARY. ALLOW MULTICODE ONLY IF 'OTHER' MENTIONED
 INTERVIEWER NOTE: IF BUSINESS NAME CONTAINS 'LTD' OR 'LIMITED' THEY ARE USUALLY A LTD. COMPANY (CODE 2). IF 'PRIVATE LIMITED COMPANY' MENTIONED, CHECK WHETHER LIMITED BY SHARES OR BY GUARANTEE. FOR OTHERS RECORD ALL INFORMATION VERBATIM TO ESTABLISH OWNERSHIP. N.B. "CHARITY" IS NOT A LEGAL STATUS)

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

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

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

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

Yes	1
No	2
Don't know	3

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

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

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

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

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

IF NONE OF THESE (CODE 5), CLOSE

DUMA9 USE INFO FROM A9 '1-4' OR, IF A9 '1 OR DK', USE INFO FROM SAMPLE

England	1
Scotland	2
Wales	3
Northern Ireland	4

ASK ALL

- A10) **Does your business have separate business premises to your or someone else's home address ? i.e. your business is mainly based somewhere else other than at your or someone else's home. IF NO: Just to clarify, your business operates from or is based at your or someone else's home**

Yes	1
No	2
Refused	3

SECTION B: EMPLOYMENT

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

- B1) **You said earlier that your business currently has [INSERT A2 RESPONSE] paid employees, excluding owners and partners. How many paid employees did the business have 12 months ago across all sites (still excluding owners and partners)?**

INCLUDE FULL AND PART TIME

INCLUDE TEMPORARIES/CASUALS, BUT NOT AGENCY STAFF

EXCLUDE SELF-EMPLOYED

EXCLUDE OWNERS/PARTNERS, BUT OTHER DIRECTORS COUNT AS EMPLOYEES

Enter Number (RANGE 0-9,999)

Don't know / Uncertain ...X

Refused ... Y

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

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

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

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

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

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

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

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

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

ASK ALL

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

INCLUDE FULL AND PART TIME

INCLUDE TEMPORARIES/CASUALS, BUT NOT AGENCY STAFF

EXCLUDE SELF-EMPLOYED

EXCLUDE OWNERS/PARTNERS, BUT OTHER DIRECTORS COUNT AS EMPLOYEES

Enter Number (RANGE 0-9,999)

Don't know / Uncertain ...X
Refused ... Y

ASK IF UNCERTAIN HOW MANY PEOPLE EXPECT TO EMPLOY IN 12 MONTH'S TIME (B5/X), OTHERS GO TO C1

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

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

SECTION C: EXPORTS

ASK ALL

- C1) **I'd now like to ask you a few questions about the nature of your trading activity. So, first of all, does your business sell goods or services or licence your product outside the UK?**
(ADD IF IN NORTHERN IRELAND: This includes sales to the Republic of Ireland)

Yes	1
No	2
Uncertain	3

ASK ALL IN SCOTLAND. OTHERS GO TO FILTER BEFORE C2

- C1a) **And do you sell goods or services or licence your product to the rest of the UK, i.e. England, Wales or Northern Ireland?**

Yes	1
No	2
Uncertain	3

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

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

Enter Proportion (RANGE 0-100%)

Uncertain / DK ...X

Refused / Unwilling to answer ... Y

ASK IF UNCERTAIN/DK AT C2. OTHERS GO TO C4

- C2a) **Would you say it is....?** READ OUT. SINGLE-CODE

Up to 5% of turnover	1
Up to 10%	2
Up to 25%	3
Up to 50%	4
Up to 75%	5
Up to 90%	6
More than 90%	7
Don't know	8

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

- C3) **Do you have plans to start exporting or licensing your products or services outside the UK? IF YES: Do you think this will be in the next 12 months or further in the future?**
SINGLE-CODE

Yes - next 12 months	1
Yes – further in the future	2
No	3

C3a) ASK IF PLAN TO EXPORT (C3 '1-2'). OTHERS GO TO C7
Do you know how to begin exporting? SINGLE CODE

Yes	1
No	2
Don't know	3

C4) ASK IF CURRENTLY SELL OUTSIDE UK (C1/1), OTHERS GO TO FILTER BEFORE C6
How many years has your business been selling goods and services or licensing its products overseas? SINGLE-CODE. PROMPT IF NECESSARY.

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

C4a) **Do you plan to increase your levels of exports over the next few years?** SINGLE CODE.

Yes	1
No	2
Don't know	3

C5) ASK IF HAVE BEEN SELLING OUTSIDE UK FOR MORE THAN TWO YEARS (C4/4-10 OR (C4/1 AND A6/2+)), OTHERS GO TO D1
During the time you have been selling or licensing products overseas, have you had overseas sales every year or have there been some years where you haven't made any sales at all to overseas customers?
 SINGLE-CODE

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

C5a) ASK IF SOME YEARS WITH NO OVERSEAS SALES (C5 '2'). OTHERS GO TO D1
Why have there have been some years with no overseas sales? DO NOT PROMPT. MULTI-CODE OK

Don't have the time to pursue exporting	1
Lack knowledge of how best to export	2
Exporting is too risky	3
Exporting is not profitable	4
Prefer to concentrate on UK markets	5
Only have occasional 'one-off' orders from overseas	6
Other (SPECIFY)	7
Don't know	8
Refused	9

C6) ASK IF NOT EXPORTING AND NO PLANS TO DO SO (C3 '3'). OTHERS GO TO FILTER BEFORE C7
What are the barriers that prevent your business exporting? DO NOT PROMPT. MULTICODE OK

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

C6a) ASK IF NOT EXPORTING AND NO PLANS TO DO SO (C3 '3'), EXCEPT IF DO NOT HAVE A PRODUCT/SERVICE SUITABLE (C6 '1'). OTHERS GO TO FILTER BEFORE C7
Have you ever considered or tried exporting in the past? SINGLE-CODE

Yes	1
No	2
Don't know	3

C7) ASK IF DO NOT CURRENTLY SELL OUTSIDE UK (C1/2-3). OTHERS GO TO D1
Within the past 3 years, has your business received any unsolicited enquiries or orders from potential overseas buyers? SINGLE-CODE

Yes	1
No	2
Don't know	3

C8) ASK IF HAVE RECEIVED UNSOLICITED ENQUIRIES OR ORDERS AND IF PLANNING TO EXPORT (C7/1 AND C3/1-2), OTHERS TO FILTER BEFORE C9
Were these enquiries a factor in your decision to begin exporting? SINGLE-CODE

Yes	1
No	2
Don't know	3

C9) ASK IF HAVE RECEIVED UNSOLICITED ENQUIRIES OR ORDERS AND IF NOT PLANNING TO EXPORT (C7/1 AND C3/3), OTHERS GO TO D1
Looking ahead over the next 3 years, how likely is your business to make any export sales as a result of any of these enquiries? SINGLE-CODE

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

SECTION D: SOCIAL ENTERPRISE

ASK ALL

- D1) **Approximately what proportion of your turnover is income generated from trading? ADD IF NECESSARY: i.e. not from grants or donations**
 INTERVIEWER NOTE: IF NECESSARY, ADD "IN A TYPICAL YEAR" SINGLE-CODE.

Enter Number (RANGE 0-100%)

Uncertain / DKX

Refused / Unwilling to answer ... Y

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

- D2) **Which of the following bands best represents the proportion of your turnover generated from trading? READ OUT**

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

ASK ALL

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

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

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

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

ASK IF DO NOT PAY MORE THAN 50% PROFIT OR SURPLUS TO OWNERS OR SHAREHOLDERS / HAVE NEVER GENERATED A TRADING PROFIT OR SURPLUS / DON'T KNOW / UNWILLING TO ANSWER (D4/2-5), OTHERS GO TO F1

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

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

D6) **How well do you think your business fits the following definition of a social enterprise: “A business with primarily social/environmental objectives, whose surpluses are principally reinvested for that purpose in the business or community rather than mainly being paid to shareholders and owners”?** IF RESPONDENT SAYS “GOOD FIT”, PROBE FOR WHETHER “VERY” OR “QUITE”. SINGLE-CODE.

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

NO SECTION E

SECTION F: GROWTH

- F1) ASK ALL
I'd now like to turn to the future that you foresee for your business. Over the next two to three years, do you aim to grow your business? SINGLE-CODE

Yes	1
No	2

- F2) ASK IF LOOKING TO GROW BUSINESS OVER NEXT 2 TO 3 YEARS (F1/1); OTHERS GO TO F3
How likely is it that you will approach external finance providers to help fund this growth?
 PROBE FOR VERY/FAIRLY/NOT VERY LIKELY/NOT AT ALL LIKELY

Very likely	1
Fairly likely	2
Not very likely	3
Not at all likely	4
Don't know	5

- F3) ASK ALL
Does your business plan to do any of the following over the next two to three years?
 READ OUT. MULTICODE

Increase turnover by exploiting new markets	1
Increase the skills of the workforce	2
Increase the leadership capability of managers	3
Capital investment (in premises, machinery etc.)	4
Develop and launch new products/services	5
None of these	6
Don't know	7

F4) I'd now like to turn to the range of tasks that you need to do when running a business, and for you to tell me how capable you think your business is at doing them. I'm going to read out a list of business activities and I'd like you to rate your business from 1 to 5, where 1 is rated as very poor and 5 as very strong. You can include in your assessment any external expertise you use to achieve the task.

How capable would you say your business is at. READ OUT. ROTATE START POINT. REMIND RESPONDENT AS NECESSARY. On a scale of 1 to 5 where 1 is very poor for doing these, and 5 is very strong, how capable is your business..

	V Poor	Poor	Average	Strong	V	DK	N/A
People management	1	2	3	4	5	6	7
Developing and implementing a business plan and strategy	1	2	3	4	5	6	7
Entering new markets	1	2	3	4	5	6	7
Developing and introducing new products or services	1	2	3	4	5	6	7
Accessing external finance	1	2	3	4	5	6	7
Operational improvement, e.g. adopting industry best practice	1	2	3	4	5	6	7
Taking decisions on regulation and tax issues	1	2	3	4	5	6	7

F5) Do you have a formal written business plan? IF YES: Is this kept up to date? SINGLE-CODE

Yes – kept up to date	1
Yes – but not kept up to date	2
No	3
Don't know	4
Refused	5

SECTION G: OBSTACLES

ASK ALL

- G1) **I am going to read you a list of issues and for each I would like you to tell me which, if any, represent obstacles to the success of your business?** READ OUT. RANDOMISE CODES 1-11. MULTICODE OK 1-12

ASK IF MORE THAN 1 OBSTACLE MENTIONED AT G1, OTHERS GO TO FILTER BEFORE G3
G2) **So currently which represents the biggest obstacle to the success of your business?**
READ OUT THOSE MENTIONED AT G1. SINGLE-CODE.

	G1	G2
	ANY OBSTACLE (Prompted)	MAIN CURRENTLY
The economy	1	1
Obtaining finance	2	2
Cash flow	3	3
Taxation, VAT, PAYE, National Insurance, business rates	4	4
Recruiting staff	5	5
Regulations	6	6
Availability/cost of suitable premises	7	7
Competition in the market	8	8
Shortage of managerial skills/expertise	9	9
Shortage of skills generally	10	10
Pensions	11	11
Late payment	12	12
Not being able to increase prices/fees	13	13
Red tape	14	14
Any other obstacles (SPECIFY)	15	15
No obstacles	16	16
No opinion	17	17
Unwilling to answer	18	18

ASK IF MENTION ECONOMY AS MAIN OBSTACLE (G2/1 OR G1/1 AND SINGLE CODE), OTHERS GO TO FILTER BEFORE G4.

- G3) **Which of these, if any, are specific issues that affect your business that relate to the economy?** READ OUT 1-10. RANDOMISE 1-9. MULTI-CODE

Reduction in demand for products or services	1
Pressure to reduce prices	2
Increased costs	3
Local economic conditions	4
Other (SPECIFY)	5
Uncertain / Don't know	6

ASK IF MENTION CASH FLOW AS MAIN OBSTACLE (G2/3 OR G1/3 AND SINGLE CODE), OTHERS GO TO FILTER BEFORE G5.

G4)

You mentioned earlier that cash flow is an obstacle to the success of your business. Which, if any, of the following do you consider to be causes of this cash flow difficulty?
READ OUT. MULTI-CODE 1-11. RANDOMISE 1-10

Difficult/expensive to get credit from your suppliers	1
Longer payment terms	2
High levels of investment required by business	3
Fluctuating income or outgoings	4
Late payment from individual customers to whom you sell	5
Late payment from other businesses to whom you sell	6
Timing of tax payments	7
Other (SPECIFY)	8
Uncertain / Don't know	9

ASK IF MENTION REGULATIONS AS MAIN OBSTACLE (G2/6 OR G1/6 AND SINGLE CODE), OTHERS GO TO FILTER BEFORE G6

G5)

Which regulations do you consider to be obstacles to the success of your business? DO NOT READ OUT. MULTICODE OK

Anti-discrimination	1
Building and construction regulations	2
Company law	3
Employment regulations	4
Environmental regulations	5
Export regulations/paperwork	6
Fire regulations	7
Food regulations	8
Freight/transport regulations	9
Health and safety	10
Minimum wage regulations	11
Pensions	12
Planning applications	13
Providing information/record-keeping	14
Sector specific regulations	15
Tax-related	16
Trading Standards	17
Waste disposal	18
Working time directive	19
No specific regulations/all regulations	20
Other (SPECIFY)	21
Don't know	22
None in particular	23
Refused	24

ASK IF MENTION TAX AS MAIN OBSTACLE (G2/4 OR G1/4 AND SINGLE CODE), OTHERS GO TO G7

G6) **Which types of taxation, VAT, PAYE, national insurance, business rates etc. do you consider to be obstacles to the success of your business?**
DO NOT READ OUT. MULTICODE OK 1-8

Business rates	1
Corporation tax	2
Employer contributions	3
Income tax	4
National insurance	5
PAYE	6
VAT	7
Vehicle tax/fuel duty	8
Other (SPECIFY)	9
Don't know	10
None of them	11
Refused	12

SECTION H: FINANCE

ASK HALF SAMPLE (AT RANDOM) ONLY IN ENGLAND, WALES AND NORTHERN IRELAND. IN SCOTLAND, ASK ALL. OTHERS GO TO H1

H0) **Is the main bank or building society account you use for business purposes a.....**READ OUT

Current account in the name of the business	1
Or a personal current account	2
Other (SPECIFY)	3
No dealings with banks/building societies	4
Don't know	5

ASK ALL IN SCOTLAND. OTHERS GO TO H1

H0i) **Which is the main bank or financial institution used by your business?** DO NOT READ OUT. SINGLE CODE ONLY. NB: NOTE DIFFERENCE BETWEEN BANK OF SCOTLAND AND ROYAL BANK OF SCOTLAND

Alliance & Leicester	1
Bank of Scotland (HBOS)	2
Barclays	3
Clydesdale Bank	4
Co-operative Bank	5
Halifax	6
HSBC	7
Lloyds Bank	8
NatWest	9
Royal Bank of Scotland (RBS)	10
Santander	11
TSB	12
Other (SPECIFY)	13
Don't know	14
Refused	15

ASK ALL

H1) **How would you describe your business's relationship with its bank? Please answer on a scale of 1 to 5, where one signifies the relationship is very poor and 5 that it is very good.**

ADD IF NECESSARY: IF HAVE MORE THAN ONE BUSINESS BANK, PLEASE THINK ABOUT THE MAIN ONE YOU BANK WITH

1 – Very poor	1
2 – Fairly poor	2
3 – Neither poor nor good	3
4 – Fairly good	4
5 – Very good	5
Don't know	6
Refused	7

H4) ASK ALL
Now I'd like to ask you some questions about financing your business. Have you tried to obtain external finance for your business in the past 12 months? NB: THIS CAN INCLUDE LOANS FROM FRIENDS AND FAMILY, AND ACTIVE RE-ARRANGEMENT OF OVERDRAFT FACILITY
 SINGLE-CODE. IF YES, PROBE FOR NUMBER OF TIMES TRIED TO OBTAIN FINANCE

Yes, once only	1
Yes, more than once	2
No	3
Don't know	4
Unwilling to answer	5

H4i) ASK ALL IN SCOTLAND WHO HAVE NOT APPLIED FOR FINANCE IN THE LAST 12 MONTHS (H4 '3-5') ONLY. OTHERS GO TO FILTER BEFORE H4a
And have you tried to obtain external finance in the last 3 years? SINGLE-CODE.

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

H4a) ASK IF TRIED TO OBTAIN FINANCE IN THE PAST 12 MONTHS IN ENGLAND, WALES OR NI (H4/1-2), OR LAST 3 YEARS IN SCOTLAND (H4/1-2 OR H4i/1), OTHERS GO TO H19
 IF ONCE (H4/1) OR IF H4i/1: **On this last occasion, how many potential providers did you approach for finance?**

IF MORE THAN ONCE (H4/2): **I'd like to ask you about the most important of these occasions in the last 12 months. On this last occasion, how many potential providers did you approach for finance?** SINGLE-CODE

	H4a
None	1
One	2
Two	3
Three to five	4
Six to ten	5
More than ten	6
Don't know	7
Refused	8

H5) IF ONCE (H4/1) OR IF H4i/1: **What did you try to obtain finance for? IF MORE THAN ONCE (H4/2): On the most important of these occasions in the last 12 months, what did you try to obtain finance for? DO NOT READ OUT. MULTI-CODE**

Working capital, cashflow	1
Buying land or buildings/building premises	2
Improving buildings	3
Acquiring capital equipment or vehicles	4
Research & Development	5
Acquiring intellectual property	6
Protecting intellectual property	7
Training/staff development	8
Buying another business	9
Marketing	10
Debt consolidation	11
Moving premises	12
Other [PLEASE SPECIFY]	13
Don't know	14
Unwilling to answer	15

H6) **What type of finance did you seek? Please include all types of finance including where you failed to obtain it. DO NOT READ OUT. MULTI-CODE. IF 'EQUITY INVESTMENT' PROBE FOR BUSINESS ANGEL, VENTURE CAPITAL OR OTHER SHAREHOLDERS**

Bank loan	1
Bank overdraft	2
Credit card finance	3
Crowd funding (P2P equity)	4
Equity investment from business angel	5
Equity investment from venture capitalist (VC/private equity)	6
Equity investment from other shareholders	7
Factoring/invoice discounting (asset based finance)	8
Grant	9
Leasing or hire purchase	10
Loan from a Community Development Finance Institution (CDFI)	11
Loan from family/business partner/directors	12
Loan from peer to peer lending network/crowd funding	13
Mezzanine finance	14
Mortgage for property purchase or improvement	15
(SCOTLAND ONLY) Scottish Investment Bank/Scottish Enterprise	16
(WALES ONLY) Welsh Government	17
(WALES ONLY) Finance Wales	18
Other (SPECIFY)	19
Don't know	20

H7)

How much finance did you seek?

RECORD EXACT FIGURE BELOW, IF NOT SURE, ASK FOR AN APPROXIMATE FIGURE.
ALLOWED RANGE £0-£99,999,999

£									
---	--	--	--	--	--	--	--	--	--

Don't know X
Refused Y

H7A)

TO COMPLETE IF FIGURE GIVEN AT H7. OTHERS GO TO FILTER BEFORE H8
INTERVIEWERS TO RE-ENTER TURNOVER INTO RANGE. DO NOT ASK. SINGLE CODE
ONLY

£0-£9	1
£10-£99	2
£100-£999	3
£1,000-£9,999	4
£10,000-£99,999	5
£100,000-£999,999	6
£1,000,000-£9,999,999	7
£10,000,000-£99,999,999	

H8)

ASK IF DK OR REF AT H7. OTHERS GO TO H9

Which of these ranges does the amount of finance that you sought fall into? READ OUT
UNTIL ANSWER GIVEN. SINGLE CODE ONLY

Less than £1,000	1
£1,000 to £4,999	2
£5,000 to £9,999	3
£10,000 to £24,999	4
£25,000 to £49,999	5
£50,000 to £99,999	6
£100,000 to £249,999	7
£250,000 to £499,999	8
£500,000 to £999,999	9
£1 million to £1,999,999	10
£2 million to £3,999,999	11
£4 million to £9,999,999	12
£10 million to £19,999,999	13
£20 million or more	14
Don't know	15
Unwilling to answer	16

H9)

ASK ALL THAT SOUGHT FINANCE

Did you have any difficulties in obtaining this finance from the first source you approached? DO NOT READ OUT. SINGLE-CODE. IF YES, PROBE FOR EXTENT OF DIFFICULTIES

Yes, was unable to obtain any finance	1
Yes, obtained some but not all of the finance required	2
Yes, obtained all the finance required but with some problems	3
No, had no difficulties in obtaining finance	4
Don't know	5
Unwilling to answer	6

H10)

ASK IF HAD ANY DIFFICULTIES OBTAINING FINANCE FROM THE FIRST SOURCE (H9/1-3 AND H6 MULTICODED AT 1-19), OTHERS GO TO FILTER BEFORE H11

Which type of finance did you have problems obtaining?

SHOW ONLY THOSE THAT WERE MENTIONED PREVIOUSLY AT H6. MULTI-CODE.

Bank loan	1
Bank overdraft	2
Credit card finance	3
Crowd funding	4
Equity investment from business angel	5
Equity investment from venture capitalist (VC/private equity)	6
Equity investment from other shareholders	7
Factoring/invoice discounting (asset based finance)	8
Grant	9
Leasing or hire purchase	10
Loan from a Community Development Finance Institution (CDFI)	11
Loan from family/business partner/directors	12
Loan from peer to peer lending network/crowd funding	13
Mezzanine finance	14
Mortgage for property purchase or improvement	15
(SCOTLAND ONLY) Scottish Investment Bank/Scottish Enterprise	16
Other (SPECIFY)	17
Don't know	18
Unwilling to answer	19

ASK IF HAD ANY DIFFICULTIES OBTAINING FINANCE FROM THE FIRST SOURCE (H9/1-3). ASK IN SCOTLAND ONLY. OTHERS GO TO FILTER BEFORE H13

- H11) **What reasons were given by the financial institution (IF H9 '1') for your application for finance being turned down (IF H9 '2') for receiving less finance than you sought (IF H9 '3') for the problems raising all the finance?**
DO NOT READ OUT. MULTI-CODE1-13.

Applied for too much	1
Did not meet financial institution's criteria for lending (e.g. bank credit score/business sector too risky)	2
Inadequate business plan	3
Poor business or personal credit history	4
No credit history/not in business long enough	5
No/insufficient security	6
Too many outstanding loans/mortgages	7
No reason given	8
Poor quality application	9
Recession/credit crunch	10
Respondent rejected terms and conditions of offer	11
Still pending	12
Other (SPECIFY)	13
Don't know	14
Refused	15

ASK IF DID NOT OBTAIN ALL THE FINANCE NEEDED AT H9 (CODE '1' & '2'). OTHERS GO TO H16

- H13) **Did you eventually go on to obtain finance you needed for your business, for example, from another external source?** DO NOT READ OUT. SINGLE CODE. IF YES, PROBE FOR EXTENT OF DIFFICULTIES

No, was unable to obtain any finance	1
Obtained some but not all of the finance required	2
Obtained all the finance required but with some problems	3
Yes, had no difficulties in obtaining finance from other source	4
Don't know	5
Unwilling to answer	6

ASK IF DID NOT OBTAIN ANY FINANCE AT H13 (CODE '1'). OTHERS GO TO H16

- H14) **Were you unable to obtain any finance because...?** READ OUT. SINGLE CODE ONLY

Your applications were turned down?	1
Or because you rejected the terms and conditions (including fees or interest rates) that were offered to you?	2
Other (SPECIFY)	3
Don't know	4
Refused	5

H14a)

ASK IF REJECTED TERMS AT H14 (H14/2) IN SCOTLAND ONLY. OTHERS GO TO H16
What were the reasons for rejecting the terms of the offer? DO NOT PROMPT.
 MULTICODE ONLY

Too much security was asked for	1
Fees/charges were too high	2
The interest rate was too high	3
The amount the bank was prepared to lend was not enough	4
We were not sure we could make the repayments	5
Felt could have got a better deal elsewhere	6
They offered an alternative product	7
We were simply assessing options	8
No reason given	9
Other (SPECIFY)	10
Don't know	11
Refused	12

H16)

ASK ALL
 (IF APPLIED FOR FINANCE IN LAST 12M H4 '1-2') **Apart from the finance you applied for, did you have a need for more finance in the last 12 months that you did not apply for?**

(IF DID NOT APPLY FOR FINANCE IN LAST 12M H4 NOT '1-2') **Although you did not apply for it, have you had a need for finance in the last 12 months?**

Yes	1
No	2
Don't know	3

ASK IF HAD A NEED FOR FINANCE BUT DID NOT APPLY (H16 CODE 1). OTHERS GO TO H18b

H17) **Which of these, if any, are reasons why you did not apply for this [ADD IF H4 '1-2': additional] finance in the last 12 months?** READ OUT. MULTICODE OK

ASK IF MORE THAN ONE ANSWER AT H18. OTHERS GO TO H18a

H18) **And which of these is the main reason for not applying for finance?** READ OUT IF NECESSARY. SINGLE CODE ONLY

	H17	H18
You thought you would be rejected	1	1
You thought it would be too expensive	2	2
You don't want to take on additional risk	3	3
Now is not the right time because of economic conditions	4	4
You didn't know where to find the appropriate finance you needed	5	5
Poor credit history	6	6
The decision would have taken too long/too much hassle	7	7
Other (SPECIFY)	8	8
Don't know	9	9
Refused	10	10

ASK IF HAD A NEED FOR FINANCE BUT DID NOT APPLY (H16 CODE 1).

H18a) **Did you speak to a bank before deciding not to apply for (ADD IF H4 '1-2': additional] finance?**

Yes	1
No	2
Don't know	3

ASK ALL

H18b) **Have you had a formal application for finance for your business rejected in the past ten years?**

Yes	1
No	2
Don't know	3

H19) **Do you have a problem with customers paying you later than you require them to in your normal terms of business?** PROMPT AS NECESSARY.

Big problem	1
Small problem	2
No problem	3
Not relevant, as don't provide them with credit	4
Don't know	5
Unwilling to answer	6

NO SECTION I

SECTION J: INNOVATION

ASK ALL SELECTED FOR SECTION J, OTHERS GO TO FILTER BEFORE K1

J0) **Have you applied for or received R&D tax credits in the last 3 years?** SINGLE-CODE.

Applied for, not received	1
Received	2
Neither applied for nor received	3
Don't know	4
Unwilling to answer	5

J1) **I'd now like you to think about innovation within your business i.e. new products and processes. Have you introduced new or significantly improved products or services in the past twelve months?**

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

ASK IF INTRODUCED NEW OR SIGNIFICANTLY IMPROVED PRODUCTS (J1/1), OTHERS GO TO J3

J2) **Are these new to your business, or completely new (i.e. not introduced by anybody before you?)** SINGLE-CODE.

New to the business	1
Completely new	2
Don't know	3
Unwilling to answer	4

ASK ALL SELECTED FOR SECTION J

J3) **Have you introduced new or significantly improved processes in the last twelve months?**

Yes	1
No	2
Don't know	3

ASK IF INTRODUCED NEW OR SIGNIFICANTLY IMPROVED PROCESSES (J3/1), OTHERS GO TO J5

J4) **Are these new to your business, or completely new (i.e. not introduced by anybody before you?)** SINGLE-CODE.

New to the business	1
Completely new	2
Don't know	3
Unwilling to answer	4

SECTION K: BUSINESS SUPPORT

ASK ALL

K0) **If you wanted information on what the Government is doing to support small businesses, where would you look, or who would you ask? DO NOT PROMPT. MULTICODE OK**

Accountant	1
Bank manager/advisor	2
Business colleagues/peer groups/networks	3
Business representation organisation/trade association/Chamber of Commerce	4
Consultant	5
Google/internet search	6
GOV.UK/Business Link website	7
Other Government websites (e.g. BIS, Defra, HMRC)	8
GREAT/BUSINESS IS GREAT website	9
(NI ONLY) Invest Northern Ireland	10
Local Authority	11
Magazines	12
Manufacturing Advisory Service (MAS)	13
Mentor	14
Newspapers	15
Radio	16
(SCOTLAND ONLY) Scottish Government/Scottish Enterprise	17
Television	18
UK Trade & Investment (UKTI)	19
(WALES ONLY) Welsh Government	20
Other (SPECIFY)	21
Nowhere – would not want this information	22
Don't know	23

K1) ASK ALL
Which of the following are you aware of? READ OUT. MULTICODE OK.
 RANDOMISE ORDER

UK Trade and Investment (UKTI)	1
The Tools for Business section on the .GOV website	2
The British Business Bank	3
The Technology Strategy Board	4
MentorSME	5
The Queen's Awards for Enterprise	6
(ENGLAND ONLY) Growth Voucher Programme	7
(ENGLAND ONLY) GrowthAccelerator	8
(ENGLAND ONLY) Local Enterprise Partnerships	9
(SCOTLAND ONLY) Business Gateway	10
(SCOTLAND ONLY) Scottish Enterprise or Highland and Islands Enterprise	11
(SCOTLAND ONLY) Scottish Development International	12
(SCOTLAND ONLY) Skills Development Scotland	13
(SCOTLAND ONLY) Business Mentoring Scotland	14
(SCOTLAND ONLY) Just Enterprise	15
(SCOTLAND ONLY) Interface	16
(SCOTLAND ONLY) Co-operative Development Scotland	17
(SCOTLAND ONLY) The Business Portal – business.scotland.gov.uk	18
Manufacturing Advisory Service (IN SCOTLAND: Scottish Manufacturing Advice Survey)	19
(SCOTLAND ONLY) Energy Savings Trust	20
(NORTHERN IRELAND) NI Business Info.co.uk	21
(NORTHERN IRELAND) Invest Northern Ireland	22
(NORTHERN IRELAND) The Prince's Trust	23
(NORTHERN IRELAND) Enterprise Northern Ireland	24
(NORTHERN IRELAND) Department for Enterprise, Trade and Investment	25
(NORTHERN IRELAND) Department for Employment and Learning	26
(NORTHERN IRELAND) InterTrade Ireland	27
None of the above	28

K2) **Now I would like to move on to discuss the sources of advice and information you use when running your business. In the last 12 months have you sought external advice or information on matters affecting your business? We are only interested when this has been more than a casual conversation.**

Yes	1
No	2
Don't know	3

ASK IF YES (K2/1), DO NOT ASK IN SCOTLAND OR NORTHERN IRELAND. OTHERS GO TO FILTER BEFORE K3a

K3) **Was the assistance or support that you used READ OUT 1-3. SINGLE CODE ONLY**

Information relating to the day to day running of your business?	1
Strategic advice to help introduce a stepped change to grow your business in terms of profitability or numbers employed, or to increase productivity?	2
Both of these?	3
Neither of these	4
Don't know	5

ASK ALL WHO HAVE RECEIVED STRATEGIC ADVICE (K3 '2-3'). DO NOT ASK IN SCOTLAND OR NORTHERN IRELAND. OTHERS GO TO FILTER BEFORE K3c

K3a) **Which of these best describes your reasons for seeking strategic advice? READ OUT 1-3. SINGLE CODE ONLY**

You were concerned about the continued operation of the business, or an obstacle encountered	1
You wanted to better understand how to develop and grow the business, or exploit a business opportunity	2
Because the information or advice was available, there was no pressing need	3
Neither of these	4
Don't know	5

K3b) **How easy was it to find the strategic advice that you needed? READ OUT. SINGLE CODE ONLY**

Very easy	1
Fairly easy	2
Not very easy	3
Not at all easy	4
Don't know	5

ASK ALL WHO HAVE RECEIVED INFORMATION (K3 '1 OR 3'), OR INFORMATION/ADVICE IN SCOTLAND OR NORTHERN IRELAND (SCOTLAND OR NI AND K2 '1'). OTHERS GO TO FILTER BEFORE K4

K3c) **Which of these best describes your reasons for seeking information (ADD IF SCOTLAND OR NORTHERN IRELAND or advice)? READ OUT 1-3. SINGLE CODE ONLY**

You were concerned about the continued operation of the business, or an obstacle encountered	1
You wanted to better understand how to develop and grow the business, or exploit a business opportunity	2
Because the information or advice was available, there was no pressing need	3
Neither of these	4
Don't know	5

K3d) **How easy was it to find the information (ADD IF SCOTLAND OR NORTHERN IRELAND or advice) that you needed? READ OUT. SINGLE CODE ONLY**

Very easy	1
Fairly easy	2
Not very easy	3
Not at all easy	4
Don't know	5

ASK ALL WHO HAVE RECEIVED STRATEGIC ADVICE (K3 '2-3'). DO NOT ASK IN SCOTLAND OR NORTHERN IRELAND. OTHERS GO TO FILTER BEFORE K5

K4) **What did you seek strategic advice about in the last year? DO NOT READ OUT. MULTICODE 1-16**

ASK ALL WHO HAVE RECEIVED INFORMATION (K3 '1 OR 3'), OR INFORMATION/ADVICE IN SCOTLAND OR NORTHERN IRELAND (SCOTLAND OR NI AND K2 '1').

K5) (IF K3 '1' OR IF SCOT/NI) **What did you seek information (ADD IF SCOTLAND OR NORTHERN IRELAND or advice) about in the last year? (IF K3 '3') And what else, if anything, did you seek information about in the last year? DO NOT READ OUT. MULTICODE 1-20**

ASK ALL IN SCOTLAND WHO RECEIVED MORE THAN ONE TYPE OF ADVICE I.E. K5 MULTICODED. OTHERS GO TO FILTER BEFORE K6

K5a) **Of those you mention, which was the main reason for seeking information or advice in the last year? READ OUT THOSE MENTIONED AT K5 AGAIN IF NECESSARY. S/C ONLY**

	K4	K5	K5a
Business growth	1	1	1
(SCOTLAND ONLY) Commonwealth Games/Other 2014 opportunities	2	2	2
E-commerce/technology	3	3	3
Employment law/redundancies	4	4	4
Environmental advice (e.g. energy efficiency, renewable energy)	5	5	5
Equal opportunities/discrimination	6	6	6
Exporting	7	7	7
Financial advice e.g. how and where to get finance	8	8	8
Financial advice e.g. accounting, for general running of business	9	9	9
Health and Safety	10	10	10
Improving business efficiency/productivity	11	11	11
Innovation	12	12	12
Legal issues	13	13	13
Management/leadership development	14	14	14
Marketing	15	15	15
Regulations	16	1'6	16
Relocation	17	17	17
Starting a business	18	18	18
Tax/national insurance law and payments	19	19	19
Training/skills needs	20	20	20
Other (SPECIFY)	21	21	21

ASK ALL WHO HAVE RECEIVED STRATEGIC ADVICE (K3 '2-3'). DO NOT ASK IN SCOTLAND OR NORTHERN IRELAND. OTHERS GO TO FILTER BEFORE K7

K6) **Where have you been for strategic advice during the last 12 months?** DO NOT READ OUT. MULTICODE 1-29 OK

ASK ALL WHO HAVE RECEIVED INFORMATION (K3 '1 OR 3'). OR INFORMATION/ADVICE IN SCOTLAND OR NORTHERN IRELAND (SCOTLAND OR NI AND K2 '1'). OTHERS GO TO FILTER BEFORE K8

K7) IF K3 '1' OR IF SCOT/NI) **Where have you been for information (ADD IF SCOTLAND OR NI or advice) on the running of your business in the last 12 months? (IF K3 '3') And where else, if anywhere, have you been for information on the running of your business in the last year?** DO NOT READ OUT. MULTICODE 1-29 OK

ASK ALL IN SCOTLAND IF MORE THAN ONE MENTIONED AT K7 AND IF [K5a '1-20' OR K5 '1-20 AND SINGLE PUNCHED]. OTHERS GO TO FILTER BEFORE K8

K7a) **And of those you mentioned, who was the main source of information or advice on [ANSWER AT K5a IF CODED 1-20. IF NOT, USE SINGLE CODE AT K5 1-20]? READ OUT THOSE MENTIONED AT K7 AGAIN IF NECESSARY. SINGLE CODE ONLY**

	K6	K7	K7a
Accountant	1	1	1
Bank	2	2	2
(SCOTLAND ONLY) Business Gateway		3	3
Business networks/trade associations	3	4	4
Consultant/general business adviser	4	5	5
Chamber of Commerce	5	6	6
(SCOTLAND ONLY) Co-operative Development Scotland		7	7
Customers	6	8	8
Department for Business, Innovation and Skills (BIS)	7	9	9
(NORTHERN IRELAND) Department for Employment and Learning		10	
(NORTHERN IRELAND) Department for Enterprise, Trade and Investment		11	
(SCOTLAND ONLY) Energy Savings Trust		12	10
Enterprise Agency	8	13	11
(NORTHERN IRELAND) Enterprise Northern Ireland		14	
Environment Agency	9	15	12
(Specialist) financial adviser	10	16	13
Friend or family member	11	17	14
.GOV website	12	18	15
(ENGLAND ONLY) GrowthAccelerator	13	19	
Health and Safety Executive (HSE)	14	20	16
Intellectual Property Office	15	21	17
(SCOTLAND ONLY) Innovators Counselling and Advisory Service for Scotland (ICASS)		22	18
Internet search/Google/other websites	16	23	19
(NORTHERN IRELAND) InterTrade Ireland		24	
(NORTHERN IRELAND) Invest NI		25	
HMRC	17	26	20

(SCOTLAND ONLY) Just Enterprise		27	
Local Authority	18	28	21
(ENGLAND ONLY) Local Enterprise Partnerships	19	29	
Manufacturing Advisory Service (IN SCOTLAND: Scottish Manufacturing Advice Survey)	20	30	22
Mentor/mentoring organisation	21	31	23
(NORTHERN IRELAND) NI Business Info.co.uk		32	
(NORTHERN IRELAND) The Prince's Trust		33	
(SCOTLAND ONLY) The Prince's Scottish Youth Business Trust		34	24
Research and development	22	35	25
Solicitor/lawyer	23	36	26
(SCOTLAND ONLY) Scottish Development International		37	27
(SCOTLAND ONLY) Scottish Enterprise/Highlands and Islands Enterprise		38	28
(SCOTLAND ONLY) Scottish Funding Council		39	29
(SCOTLAND ONLY) Scottish Government		40	30
Suppliers	24	41	31
(ALL UK) Technology Strategy Board	25	42	32
UK Trade & Investment (UKTI)		43	33
(SCOTLAND ONLY) University or College		44	34
(WALES ONLY) Welsh Government	26	45	35
Work colleagues	27	46	36
Other (SPECIFY)	28	47	37
A S None/have not sought information or advice/will not seek it	29	48	38
Don't know	30	49	39

A

SK ALL WHO HAVE RECEIVED STRATEGIC ADVICE (K3 '2-3'). DO NOT ASK IN SCOTLAND OR NORTHERN IRELAND. OTHERS GO TO FILTER BEFORE K9c

K9) **How did you find the main source of strategic advice that you used?** READ OUT. SINGLE CODE ONLY

K9a) **And how was the strategic advice mainly delivered?** READ OUT. SINGLE CODE ONLY

	K9	K9a
Face to face	1	1
Through a website	2	2
By email	3	3
On the phone	4	4
Social media	5	5
Other (SPECIFY)	6	6
Don't know	7	7

ASK IF SOUGHT INFORMATION AND ADVICE IN ENGLAND AND WALES (K3 '3'). OTHERS GO TO FILTER ABOVE Q9c

K9b)

Did you find the information that you used from the same sources where you found the advice?

Yes	1
No	2
Don't know	3

ASK ALL WHO HAVE INFORMATION (K3 '1') OR IF ADVICE DELIVERED SEPARATELY FROM INFORMATION (K9b '1'). DO NOT ASK IN SCOTLAND OR NORTHERN IRELAND. OTHERS GO TO FILTER BEFORE K10

K9c)

How did you find the main source of information that you used? READ OUT. SINGLE CODE ONLY

K9d)

And how was the information mainly delivered? READ OUT. SINGLE CODE ONLY

	K9	K9a
Face to face	1	1
Through a website	2	2
By email	3	3
On the phone	4	4
Social media	5	5
Other (SPECIFY)	6	6
Don't know	7	7

ASK ALL WHO HAVE RECEIVED INFORMATION (K3 '1 OR 3') OR INFORMATION/ADVICE IN NI (NI AND K2 '1'). DO NOT ASK IN SCOTLAND OTHERS GO TO FILTER BEFORE K10a

K10)

Has the information (ADD IF NI or advice) you received met your needs? IF YES, PROBE FOR FULLY OR PARTIALLY

ASK ALL WHO HAVE RECEIVED ADVICE (K3 '2 OR 3'). DO NOT ASK IN SCOTLAND OR NORTHERN IRELAND OTHERS GO TO FILTER BEFORE K10b

K10a)

Has the strategic advice you received met your needs? IF YES, PROBE FOR FULLY OR PARTIALLY

	K10	K10a
Yes - fully	1	1
Yes – partially	2	2
Not met	3	3
Don't know	4	4

K10b) ASK IF INFORMATION/ADVICE USED IN SCOTLAND (SCOTLAND AND K2 '1) OTHERS GO TO FILTER BEFORE K12
How beneficial has the advice or information provided been to your business? READ OUT

Of significant benefit	1
Of some benefit	2
Of little benefit	3
Of no benefit at all	4
Or is it too early to say	5
Don't know	6

K10c) ASK IF INFORMATION/ADVICE USED IN SCOTLAND (SCOTLAND AND K2 '1).
Overall how satisfied or dissatisfied are you with the advice or information you received? PROBE FOR VERY/FAIRLY (DIS) SATISFIED

Very satisfied	1
Fairly satisfied	2
Neither satisfied nor dissatisfied	3
Fairly dissatisfied	4
Very dissatisfied	5
Don't know	6

K10d) ASK IF AWARE OF NI INVEST, BUT NOT USED (NORTHERN IRELAND, AND K1 '22' AND NOT K7 '25'). OTHERS GO TO FILTER ABOVE K12.
Have you ever approached Invest NI for any form of assistance, including information or guidance, to help develop your business?

Yes	1
No	2
Don't know	3

K10e) ASK IF NO AT K10d. OTHERS GO TO FILTER ABOVE K12
Is there any particular reason why you have not approached Invest NI?

No particular reason	1
Other (SPECIFY)	2
Don't know	3

ASK ALL WHO HAVE RECEIVED INFORMATION (K3 '1' OR '3') OR INFORMATION/ADVICE IN NI (NI AND K2 '1'). DO NOT ASK IN SCOTLAND OTHERS GO TO FILTER BEFORE K12a

K12) **Did you pay for the external information (ADD IF NI or advice) you received? ADD IF NECESSARY If you received funding or a grant which fully or partially paid for the information or advice this counts as paying for it...**

ASK ALL WHO HAVE RECEIVED ADVICE (K3 '2-3'). DO NOT ASK IN SCOTLAND OR NORTHERN IRELAND. OTHERS GO TO K13

K12a) **Did you pay for the external advice you received? ADD IF NECESSARY If you received funding or a grant which fully or partially paid for the information or advice this counts as paying for it... SINGLE CODE ONLY**

	K12	K12a
Yes	1	1
No	2	2
Can't recall	3	3

ASK ALL

K13) **Have you had any opportunities or difficulties, or important information or advice needs that you did not get external advice or support for in the last 12 months?**

Yes	1
No	2
Don't know	3

ASK ALL THAT HAD ADVICE NEEDS (K13 '1'). OTHERS GO TO K15

K13i) **Did you actively seek advice for these issues?**

Yes	1
No	2
Don't know	3

K13a)

ASK ALL WHO HAD ANY ADVICE NEEDS (K13 '1').

What sort of advice did you require? DO NOT READ OUT. MULTICODE 1-20

Business growth	1
(SCOTLAND ONLY) Commonwealth Games/Other 2014 opportunities	2
E-commerce/technology	3
Employment law/redundancies	4
Environmental advice (e.g. energy efficiency, renewable energy)	5
Equal opportunities/discrimination	6
Exporting	7
Financial advice e.g. how and where to get finance	8
Financial advice e.g. accounting, for general running of business	9
Health and Safety	10
Improving business efficiency/productivity	11
Innovation	12
Legal issues	13
Management/leadership development	14
Marketing	15
Regulations	16
Relocation	17
Starting a business	18
Tax/national insurance law and payments	19
Training/skills needs	20
Other (SPECIFY)	21
Don't know	22

K14)

ASK ALL WHO HAVE HAD ANY ADVICE NEEDS (K13 '1').

Why did you not seek or find adequate information or assistance for these difficulties or opportunities? DO NOT READ OUT. MULTICODE OK CODES 1-8.

Concerns over whether advice could be trusted	1
Did not know where to find it	2
Doubt benefit of advice	3
Lack of time	4
Right type of advice does not exist	5
Sufficient expertise/resource within own business	6
Too expensive	7
Other (SPECIFY)	8
None	9
Don't know	10

K14a) ASK ALL WHO HAD ANY ADVICE NEEDS (K13 '1').
In hindsight, do you now think you would have benefitted from this advice?

Yes	1
No	2
Don't know	3

K15) ASK ALL
In the last 12 months have you used a business mentor – that is somebody with business expertise who supports you through the development and running of your business on a continuous basis?

Yes	1
No	2
Don't know	3

K16) ASK IF NOT USED A BUSINESS MENTOR (K15 '2-3'), OTHERS GO TO K17
Would you be interested in using a business mentor in the future?

Yes	1
No	2
Don't know	3

K20) ASK ALL
Which of these forms of business networks, if any, do you consider yourself part of? That might be you individually or your business

A social media business network such as LinkedIn?	1
A local Chamber of Commerce?	2
A formal business network e.g. one that meets regularly	3
An informal business network that meets socially to discuss mutual business interests?	4
Other form of network (SPECIFY)	5
Not part of a network	6
Don't know	7

SECTION L: PUBLIC SECTOR

ASK ALL

- L1) **In the past 12 months, have you expressed an interest in, or bid for, any contract advertised by the public sector?**

SINGLE-CODE

Have expressed an interest but not bid	1
Have bid	2
Neither expressed interest nor bid	3
Don't know	4
Refused	5

- L2) **In the past 12 months, have you actually done any business for the public sector?**

SINGLE-CODE

Yes	1
No	2
Don't know	3
Refused	4

ASK IF HAVE DONE BUSINESS FOR PUBLIC SECTOR (L2/1), OTHERS GO TO FILTER BEFORE L5

- L4) **What part of the public sector was your main customer?**

READ OUT. SINGLE-CODE

Ministry of Defence	1
UK Departments of State (but not Ministry of Defence), including Central Government	2
(WALES ONLY) National Assembly for Wales/Welsh Government	3
(SCOTLAND ONLY) Scottish Government	4
(NI ONLY) Northern Ireland Government Departments	5
Local authorities e.g. local council	6
Health Service, including Primary, secondary trusts etc.	7
Higher/further education institutions	8
Other [PLEASE SPECIFY]	9
Don't know	10
Refused	11

ASK ALL IN SCOTLAND ONLY (SEE A8/A9). ASK HALF SAMPLE ONLY. OTHERS GO TO FILTER BEFORE L5b

- L5) **Are you aware of the Public Contracts Scotland website, which is used to advertise public sector tender opportunities?**
SINGLE-CODE

Yes	1
No	2
Don't know	3

- L5i) **Are you aware of the Glasgow Business Portal website, which is used to advertise Commonwealth Games tender opportunities?**
SINGLE-CODE

Yes	1
No	2
Don't know	3

ASK ALL IN NORTHERN IRELAND ONLY. OTHERS GO TO FILTER BEFORE L6

- L5b) **Are you aware of the e-Sourcing NI website, which is used to advertise tender opportunities?**
SINGLE-CODE

Yes	1
No	2
Don't know	3

ASK IF YES IN NORTHERN IRELAND (L5b/1). OTHERS GO TO FILTER BEFORE L7

- L6) **Have you used the website in the last 12 months?**
SINGLE-CODE

Yes	1
No	2
Don't know	3

ASK IF YES IN SCOTLAND TO (L5 OR L5i). OTHERS GO TO FILTER BEFORE L7f

- L7) **Have you used the website in the last 12 months?** IF BOTH PUBLIC CONTRACTS SCOTLAND AND GLASGOW BUSINESS PORTAL SHOWN, PROBE FOR WHICH WERE USED
SINGLE-CODE

(SHOW IF L5/1) Yes – Public Contracts Scotland	1
(SHOW IF L5i/1) Yes – Glasgow Business Portal	2
No	3
Don't know	4

ASK IF USED THE GLASGOW BUSINESS PORTAL IN LAST 12 MONTHS (L7 '1'). OTHERS GO TO FILTER BEFORE L7f

L7a) **Have you registered with the Glasgow Business Portal?** SINGLE CODE ONLY

Yes	1
No	2
Don't know	3

ASK IF REGISTERED FOR THE GLASGOW BUSINESS PORTAL (L7a '1'). OTHERS GO TO FILTER BEFORE L7f

L7b) **Have you made a bid for any contracts yet?** SINGLE CODE ONLY

Yes	1
No	2
Don't know	3

ASK IF BID FOR ANY CONTRACTS (L7b '1'). OTHERS GO TO FILTER BEFORE L7f

L7c) **Approximately how many contracts have you bid for on the Glasgow Business Portal**

Enter Number (RANGE 0-999)

Don't know / Uncertain ...X
Refused ... Y

L7d) **Have you won any of these contracts?** SINGLE CODE ONLY

Yes	1
No	2
Don't know	3

ASK IF WON ANY CONTRACTS (L7d '1'). OTHERS GO TO FILTER BEFORE L7f

L7e) **Approximately how many contracts have you bid for on the Glasgow Business Portal**

Enter Number (RANGE 0-999)

Don't know / Uncertain ...X
Refused ... Y

ASK ALL IN SCOTLAND ONLY (SEE A8/A9). OTHERS GO TO FILTER BEFORE L5b

L7f) **Has your business won any contracts related to the 2014 Glasgow Commonwealth Games (ADD IF L7d/1: other than those you won through the Glasgow Business Portal)?** SINGLE-CODE

Yes	1
No	2
Don't know	3

- L8) ASK ALL
Which of these would you describe as your main type of customer?
 READ OUT. SINGLE CODE ONLY

Private sector businesses	1
Individual consumers	2
Charities or third sector organisations	3
National Government	4
Local Government	5
The National Health Service (NHS)	6
Other public sector	7
(DO NOT READ OUT) Other (SPECIFY)	8
None of these	9
Don't know	10

- L9) ~~ASK ALL THAT CONSIDER THEMSELVES SOCIAL ENTERPRISES (D5 '1'). OTHERS GO TO FILTER BEFORE M4~~
Would you say that you mainly trade.....? READ OUT. SINGLE CODE ONLY

With local customers?	1
With customers across your region?	2
Nationally?	3
Or internationally?	4
None of these	5
Don't know	6

- L10) ASK ALL IN SCOTLAND. OTHERS GO TO FILTER BEFORE M4
Thinking about your supply train, would you say that you mainly bought goods or services? READ OUT. SINGLE CODE ONLY

From local suppliers only?	1
From suppliers across Scotland?	2
From suppliers across the UK?	3
Or from international suppliers?	4
Not applicable – do not have suppliers	5
None of these	6
Don't know	7

NO SECTION M

SECTION N: TRAINING

ASK ALL SELECTED FOR SECTION N, OTHERS GO TO FILTER BEFORE O1

- N1) ASK ALL SELECTED THAT EMPLOY STAFF (A2>0), OTHERS GO TO FILTER BEFORE O1
Over the past 12 months have you arranged or funded any off-the-job, or informal on-the-job, training or development for employees? By off-the-job training we mean training away from the individual's immediate work position, whether on your premises or elsewhere. IF YES: PROBE FOR WHETHER FORMAL OFF THE JOB, INFORMAL ON THE JOB, OR BOTH. SINGLE CODE ONLY

Yes – off the job	1
Yes – informal on the job	2
Yes - Both	3
No	4
Don't know	5

- N2) ASK IF YES (CODES 1-3) AT N1. OTHERS GO TO N8
Did any of the managers in the business receive this off-the-job or informal on-the-job training or development during the last 12 months? IF YES: PROBE FOR WHETHER FORMAL OFF THE JOB, INFORMAL ON THE JOB, OR BOTH. SINGLE CODE ONLY

Yes – off the job	1
Yes – informal on the job	2
Yes - Both	3
No	4
Don't know	5

- N3) **And was any of this training and development designed to lead to a formal qualification, regardless of whether this has been achieved or not?** SINGLE CODE ONLY

Yes, most	1
Yes, some	2
No	3
Don't know	4
Unwilling to answer	5

- N4) ASK IF TRAINING LED TO QUALIFICATIONS (N3 '1-2') AND MANAGERS ARE TRAINED (N2 '1-3'). OTHERS GO TO FILTER BEFORE N5
Was this the case for managers, for other staff, or for both of these? SINGLE CODE ONLY

Yes, managers only	1
Yes, other staff only	2
Both managers and other staff	3
No	4
Don't know	5
Unwilling to answer	6

ASK WHERE MANAGERS HAVE RECEIVED ON OR OFF-THE-JOB TRAINING (N2 '1-3')
OTHERS GO TO FILTER BEFORE N9:

N5) **Thinking now about the training or development that managers in the business have received in the last 12 months, what subjects or disciplines did that training or development cover?** READ OUT. MULTICODE OK 1-6. RANDOMISE 1-5

Leadership and management skills	1
IT skills	2
Health and Safety	3
Technical, practical or job-specific skills	4
Team working skills	5
Other (SPECIFY)	6
Don't know	7

SECTION O: TECHNOLOGY

O1) ASK ALL SELECTED FOR SECTION O. OTHERS GO TO P1
Does your business have its own website? SINGLE-CODE.

Yes	1
No	2
Don't know	3

O1b) ASK ALL SELECTED FOR SECTION
Does your business use the Internet for the following? READ OUT 1-5. MULTICODE OK.
 NB: IT IS POSSIBLE THAT BUSINESSES MAY SELL AND PROMOTE GOODS VIA WEBSITES, EVEN IF THEY ARE NOT THEIR OWN

Emails to customers	1
Social media, e.g. facebook, LinkedIn, twitter	2
Paying taxes online	3
Seeking general business advice	4
Selling goods and services through a website	5
Other online transactions, e.g. taking bookings, online banking, BACS payments, purchasing	6
Promoting your goods and services through a website	7
Advice on regulation	8
None of these	9
Don't know	10
Refused	11

O2) ASK IF NONE OF THESE AT O1b. OTHERS GO TO O4
Does your business use the internet for any other purpose?

Yes (SPECIFY)	1
No	2
Don't know	3

O4) ASK ALL SELECTED FOR SECTION
Where do you have internet access?
 READ OUT 1-4. .

At work?	1
At home?	2
Via a smart phone (e.g. Blackberry/Iphone/Android)?	3
Somewhere else?	4
Do not have internet access	5
Don't know	6

O5) ASK IF DO NOT USE INTERNET FOR WORK (O2 '2'). OTHERS GO TO O6
Why do you not use the internet for business purposes? DO NOT PROMPT. MULTICODE
 OK

Don't need it/want it	1
Not available in my area/poor connectivity	2
Too expensive/not worth the investment	3
Don't have the skills/knowledge	4
Concerns about security/fraud	5
Other (SPECIFY)	6
Don't know	7

O6) ASK ALL SELECTED FOR SECTION O.
How important is the security of your computer system and the information held on it to the running of your business? Is it... READ OUT. SINGLE-CODE.

Essential	1
Very important	2
Fairly important	3
Not very important	4
Not at all important	5
Not relevant – do not have a computer system	6
Don't know	7

SECTION P: TURNOVER

ASK ALL

- P1) **Can you please tell me the approximate turnover of your business in the past 12 months?**
 RECORD EXACT FIGURE BELOW, IF NOT SURE, ASK FOR AN APPROXIMATE FIGURE.
 ALLOWED RANGE £0-£99,999,999

£									
---	--	--	--	--	--	--	--	--	--

Don't know X
 Refused Y

- P1a TO COMPLETE IF FIGURE GIVEN AT P1. OTHERS GO TO FILTER BEFORE P1b
 INTERVIEWERS TO RE-ENTER TURNOVER INTO RANGE. DO NOT ASK. SINGLE CODE ONLY

£0-£9	1
£10-£99	2
£100-£999	3
£1,000-£9,999	4
£10,000-£99,999	5
£100,000-£999,999	6
£1,000,000-£9,999,999	7
£10,000,000-£99,999,999	

- P1b) ASK IF DK OR REF AT P1. OTHERS GO TO P2
Which of these ranges does your turnover fall into? READ OUT UNTIL ANSWER GIVEN.
 SINGLE CODE ONLY

Less than £81,000	1
£81,000 - £99,999	2
£100,000 - £249,999	3
£250,000 - £499,999	4
£500,000 - £999,999	5
£1m – £1.99m	6
£2m - £2.8m	7
£2.81m - £4.99m	8
£5m - £9.99m	8
£10m - £14.99m	10
£15m - £24.99m	11
£25m or more	12
Don't know	13
Unwilling to answer	14

P2) ASK ALL TRADING FOR AT LEAST ONE YEAR (A6/NOT '1'). OTHERS GO TO B5
Compared with the previous 12 months, has your turnover in the past 12 months increased, decreased or stayed roughly the same? SINGLE-CODE

Increased	1
Decreased	2
Stayed the same	3
Don't know	4
Unwilling to answer	5

P3) ASK IF TURNOVER HAS INCREASED / DECREASED (P2/1-2), OTHERS GO TO FILTER ABOVE P4
By approximately what percentage did your turnover (IF P2/1) increase (IF P2/2) decrease in the past 12 months, compared with the previous 12 months?

Enter percentage (IF DECREASED P2 '2', RANGE = 0-100%; IF INCREASED P2 '1', RANGE = 0-999%)

Uncertain / DKX
 Refused /Unwilling to answer ... Y

P4) ASK IF DECREASED BY MORE THAN 50% (P2 '2' AND P3 '51-100'). OTHERS GO TO FILTER AT P5
You said that your turnover decreased by (ANSWER AT P3)%. That means your turnover decreased by more than half compared with the previous 12 months. Is that correct?

Yes	1
No	2
Not sure	3
Refused	4

IF NO AT P4, REASK P3. OTHERS GO TO P7

P5) ASK IF INCREASED BY MORE THAN 100% (P2 '1' AND P3 '101-999'). OTHERS GO TO FILTER AT P6
You said that your turnover increased by (ANSWER AT P3)%. That means your turnover has more than doubled compared with the previous 12 months. Is that correct?

Yes	1
No	2
Not sure	3
Refused	4

IF NO AT P5, REASK P3. OTHERS GO TO P7

ASK IF DON'T KNOW HOW MUCH TURNOVER INCREASED/DECREASED AT P3 (P3 'x').
OTHERS GO TO P7

P6) **Would you say it [TEXT SUBSTITUTION: (IF P2/1) increased (IF P2/2) decreased] by up to 10%, up to 20% or by more than 20%?**

Up to 10%	1
Up to 20%	2
More than 20%	3
Don't know	4

ASK ALL

P7) **In the next 12 months do you expect your turnover to increase, decrease, stay roughly the same? SINGLE-CODE**

Increase	1
Decrease	2
Stay the same	3
Don't know	4
Unwilling to answer	5

ASK IF EXPECT TURNOVER TO INCREASE / DECREASE (P7/1-2), OTHERS GO TO Q1

P8) **By approximately what percentage do you expect your turnover (IF P7/1) increase (IF P7/2) decrease in the next 12 months? SINGLE-CODE**

INTERVIEWER NOTE: IF DON'T KNOW, PROMPT WITH BANDS

Enter percentage (IF DECREASE P7 '2', RANGE = 0-100%; IF INCREASE P7 '1', RANGE = 0-999%)

Uncertain / DKX

Refused / Unwilling to answer ... Y

ASK IF EXPECT TO DECREASE BY MORE THAN 50% (P7 '2' AND P8 '51-100'). OTHERS GO TO FILTER AT P10

P9) **You said that you expect your turnover to decrease by (ANSWER AT P8). That means you expect your turnover to decrease by more than half what it is now. Is that correct?**

Yes	1
No	2
Not sure	3
Refused	4

IF NO AT P9, REASK P8. OTHERS GO TO Q1

ASK IF EXPECT TO INCREASE BY MORE THAN 100% (P7 '1' AND P8 '101-999'). OTHERS GO TO FILTER AT P11

P10)

You said that you expect your turnover to increased by (ANSWER AT P3. That means you expect your turnover to more than doubled compared with what it was in the last 12 months. Is that correct?

Yes	1
No	2
Not sure	3
Refused	4

IF NO AT P10, REASK P8. OTHERS GO TO Q1

ASK IF DON'T KNOW HOW MUCH TURNOVER WILL INCREASE/DECREASE AT P8 (P8 'X'). OTHERS GO TO Q1

P11)

Would you say it will [TEXT SUBSTITUTION: (IF P7/1) increase (IF QP7/2) decreased] by up to 10%, up to 20% or by more than 20%?

Up to 10%	1
Up to 20%	2
More than 20%	3
Don't know	4

SECTION Q: VAT AND LEGAL FORM

ASK ALL

Q1) **Is your business VAT registered?** SINGLE-CODE

Yes	1
No	2
Unwilling to answer	3

ASK IF BUSINESS IS VAT REGISTERED (Q1/1), OTHERS GO TO FILTER BEFORE R1

Q2) **How long after start up was the business registered for VAT?** SINGLE-CODE

Prior to start up	1
At the time of start up/when VAT was introduced	2
Within 6 months of start up	3
7 – 12 months	4
After 1 year but no more than 2 years	5
After 2 years but no more than 4 years	6
After 4 years	7
Don't know	8
Unwilling to answer	9

SECTION R: OWNERSHIP

- R1) ASK IF MORE THAN ONE OWNER/PARTNER (A2a NOT '1'). OTHERS GO TO R2
Is your business a family owned business, that is one which is majority owned by members of the same family?

Yes	1
No	2
Unwilling to answer	3

ASK IF FAMILY-OWNED BUSINESS (R1/1), OR IF ONE OWNER ONLY (A2a '1'). OTHERS GO TO R2a

- R2) **For how many generations has the business been in the control the same family?**
 SINGLE-CODE

1	1
2	2
3	3
4	4
Other [PLEASE SPECIFY]	5
Don't know	6
Unwilling to answer	7

- R2a) ASK ALL EXCEPT IF A PLC (A5 '3') OR IF A FAMILY BUSINESS (R1 '1'). OTHERS GO TO R2b
Which of these best describe the ownership of your business? READ OUT. SINGLE-CODE

It is owned by a founder (s) who work in the business	1
It is owned by directors/partners	2
It is owned by private shareholders who do not work in the business	3
It is owned/part-owned by another company	4
It is owned by the employees, not all of whom are Directors/partners	5
It is a charitable trust	6
Other (SPECIFY)	7
Don't know	8
Refused	9

- R2b) ASK ALL
Can I just check, how would you best describe your own position in the business. Are you.....? READ OUT. SINGLE CODE ONLY

The owner, or one of the owners?	1
A director, but not an owner?	2
A senior manager?	3
Other (SPECIFY)	4
Refused	5

R3) ASK ALL
Do you anticipate the closure, or a full transfer of the ownership of your business in the next 5 years? SINGLE-CODE, PROMPT AS NECESSARY

Yes, I anticipate the closure of the business	1
Yes, I anticipate a full transfer of the ownership of my business	2
No	3
Don't know	4

R3a) ASK BUSINESSES THAT WILL TRANSFER (R3/2). OTHERS GO TO FILTER ABOVE R4
Will the ownership of your business transfer partly or wholly to somebody within your own family, or to somebody else? SINGLE-CODE, PROMPT AS NECESSARY

Own family	1
Somebody else	2
Don't know	3
Refused	4

R4) ASK IF SOLE PROPRIETORSHIP (A5=1), OTHERS GO TO FILTER ABOVE R5
You said earlier that your business is a sole proprietorship. Can I just confirm that there are no other managers involved in running the business except yourself? SINGLE-CODE

There are no others involved	1
There are others involved	2

R5) ASK ALL EXCEPT SOLE PROPRIETORSHIP WITH NO OTHER MANAGERS (R4/NOT1), OTHERS GO TO R14
How many partners or directors are there in day-to-day control of the business now, including yourself?

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

Don't know / Uncertain ...X
 Refused ... Y

IF MULTI-MANAGEMENT (R4/NOT1 AND R5 = 2+) AND NUMBER OF DIRECTORS / PARTNERS GIVEN (R5 NOT X or Y), OTHERS GO TO R11

- R6) **Of your** [TEXT SUBSTITUTION: NO OF DIRECTORS AT R5] **partners or directors, how many work full time in running the business?** ENTER NUMBER (RANGE = ZERO UP TO VALUE AT R5)
- R7) **How many, if any, are women?** ENTER NUMBER (RANGE = ZERO UP TO VALUE AT R5)
- R8) **How many, if any, are members of the same family?** ENTER NUMBER (RANGE = ZERO UP TO VALUE AT R5)
- R9) **How many, if any, have any longstanding illness, disability or infirmity? By 'long-standing' I mean anything that has troubled you/them over a period of time or that is likely to affect you/them over a period of time.** NUMBER (RANGE = ZERO UP TO VALUE AT R5)
- R10) **How many, if any, are from ethnic minority groups?** ENTER NUMBER (RANGE = ZERO UP TO VALUE AT R5)
- R11) **How many, if any, were born outside of the UK?** ENTER NUMBER (RANGE = ZERO UP TO VALUE AT R5)

	Enter number	DK	REF
R6 (full time)		X	Y
R7 (women)		X	Y
R8 (family)		X	Y
R9 (disability)		X	Y
R10 (ethnic minority)		X	Y
R11 (born outside of UK)		X	Y

ASK IF ANY BELONG TO ETHNIC MINORITY GROUPS (R10>0), OTHERS GO TO R13

- R12) **Which ethnic groups do the owners, partners or directors belong to?**
READ OUT UNTIL ANSWER GIVEN. MULTI-CODE.OK

Mixed White and Black Caribbean	1
Mixed White and Black African	2
Mixed White and Asian	3
Any other mixed background [PLEASE SPECIFY]	4
Indian	5
Pakistani	6
Bangladeshi	7
Any other Asian background [PLEASE SPECIFY]	8
Black Caribbean	9
Black African	10
Any other Black background [PLEASE SPECIFY]	11
Chinese	12
Arab	13
Gypsy or Irish Traveller	14
Any other ethnic group [PLEASE SPECIFY]	15
Don't know	16
Unwilling to answer	17

R13) ASK ALL WITH MULTI-MANAGEMENT (R4/NOT1 AND R5 = 2+)
Is more than 50% of the business owned by women? SINGLE-CODE

Yes	1
No	2
Don't know	3

R14) ASK IF SOLE PROPRIETORSHIP WITH NO OTHER MANAGERS (R4/1 or R5/1), OTHERS GO TO T1
Can I ask, do you work full time or part time in running the business?

Full-time	1
Part-time	2
Refused	3

R15) **Which ethnic group do you consider you belong to?**
 READ OUT UNTIL ANSWER GIVEN. SINGLE-CODE.

White British (including white English, Scottish, Welsh or Northern Irish)	1
White Irish	2
Any other white background (PLEASE SPECIFY)	3
Mixed White and Black Caribbean	4
Mixed White and Black African	5
Mixed White and Asian	6
Any other mixed background [PLEASE SPECIFY]	7
Indian	8
Pakistani	9
Bangladeshi	10
Any other Asian background [PLEASE SPECIFY]	11
Black Caribbean	12
Black African	13
Any other Black background [PLEASE SPECIFY]	14
Chinese	15
Arab	16
Gypsy or Irish Traveller	17
Any other ethnic group [PLEASE SPECIFY]	18
Don't know	19
Unwilling to answer	20

R16) **Were you born outside the UK?**

Yes	1
No	2
Don't know	3
Refused	4

R17) **Do you have any longstanding illness, disability or infirmity? By 'long-standing' I mean anything that has troubled you/them over a period of time or that is likely to affect you/them over a period of time.**

Yes	1
No	2
Refused	3

NO SECTION S

SECTION T: PERSONAL DEMOGRAPHICS

ASK ALL

T1) **Can I ask do you currently hold any qualifications? SINGLE-CODE**

Yes	1
No	2
Unwilling to answer	3

ASK IF HAVE QUALIFICATIONS (T1/1), OTHERS GO TO T3

T2) **From the following list I am going to read out, can you tell me when we come to a qualification that you hold? READ OUT. SINGLE-CODE**

A postgraduate degree or doctorate, NVQ / SVQ Level 5 or equivalent	1
A degree or higher degree, HND, HNC, NVQ / SVQ Level 4 or equivalent	2
An apprenticeship	3
2 or more A levels, SCE higher, NVQ / SVQ Level 3 or equivalent	4
1 A level, SCE higher, NVQ / SVQ Level 3 or equivalent	5
5 or more GCSE, O Levels, SCE standard, NVQ / SVQ Level 2 or equivalent, at grades A* to C	6
Less than 5 GCSE, O Levels, SCE standard, NVQ / SVQ Level 2 or equivalent, at grades A* to C	7
Other [PLEASE SPECIFY]	8
No formal qualifications	9
Unwilling to answer	10

ASK ALL

T2a) **Immediately before you set up or joined this business, were you.... READ OUT. SINGLE CODE**

Self employed	1
Running another business	2
Working for another business that you did not run	3
Made redundant or lost job	4
Or not working	5
Other (SPECIFY)	6
Don't know	7
Refused	8

T2b) ASK IF WORKING FOR ANOTHER BUSINESS (T2a '3'). OTHERS GO TO T3
Which of these describe the previous business that you worked for. Were you.... READ OUT. SINGLE CODE

An executive in a large UK Corporate	1
An executive in a large multi-national	2
Working in a different field to now for a business with less than 250 employees	3
Working in a similar field to now for a business with less than 250 employees	4
Other (SPECIFY)	5
Don't know	6
Refused	7

T3) ASK ALL
Please could you tell me your age?

ENTER NUMBER)

Don't know / Uncertain ...X
 Refused ... Y

T4) ASK IF DK or REFUSED AT T3 (T5 =X or Y), OTHERS GO TO U1
Would you be able to tell me if you are ...?

Under 25	1
Between 25 and 34	2
Between 35 and 44	3
Between 45 and 49	4
Between 50 and 54	5
Between 55 and 64	6
Over 64	7
Refused	8

T5) ASK ALL
Which of these come closest to your own way of thinking.... READ OUT. SINGLE CODE

A good work/life balance is the priority for me	1
The business is important, but I don't let it dominate my life	2
I am very drive, the business dominates my life	3
None of these	4
Don't know	5
Refused	6

SECTION U: END

- U1) ASK IF ALL
(IF ENGLAND OR WALES) **The Department for Business Innovation and Skills (BIS)...**
(ADD IF SCOTLAND)and the Scottish Government
(ADD IF NORTHERN IRELAND)and Invest Northern Ireland
.....may want to carry out further research in the future. Would you be willing to help with that research? SINGLE-CODE

Yes	1
No	2

- U2) ASK ALL
Would it be possible for BIS.....
(ADD IF SCOTLAND)and the Scottish Government
(ADD IF NORTHERN IRELAND)and Invest Northern Ireland
.....to link your responses to other information that you have provided previously to the Government? By this data linkage, we can reduce the burden of our surveys on your business and can improve the evidence that we use.
ADD IF NECESSARY
Data will only be used to inform research on businesses in aggregate - we will never release information that identifies any individual business - and your survey responses remain strictly confidential. Do you give your consent for us to do this?

Yes	1
No	2

- U3) ASK ALL
RECORD RESPONDENT'S NAME

- U4) RECORD RESPONDENT'S JOB TITLE

- U5) ASK ALL
INTERVIEWER TO RECORD WHETHER THE RESPONDENT IS A MAN OR A WOMAN
SINGLE-CODE

Man	1
Woman	2



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BIS/15/151