

**IFF Research** 

### BIS Small Business Survey 2010 Women-led businesses boost

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# 1 Summary

#### **Profile of businesses**

- 1.1 Fourteen per cent of all SME employers in the SBS 2010 were women-led, defined as being led by a woman or a management team with more than half of its members being women. This proportion was very similar to that seen in previous ASBS surveys.
- 1.2 Over eight in ten (86 per cent) women-led SME employers in the SBS 2010 were micro businesses (those employing one to nine staff members), just over one in ten (13 per cent) were small businesses (10 49 staff), and two per cent were medium businesses (50-249 employees). The size of these businesses is not significantly different from SME employers in general.
- 1.3 Women-led SME employers were more likely than SME employers in general to be involved in 'other services' (public administration, education, health and social work, other community, social and personal activities). Twenty-nine per cent of women-led SME employers fell into this sector, compared to 12 per cent of all SME employers.
- 1.4 Women-led SME employers were also more likely than SME employers to be in the hotel and restaurant sector (nine per cent compared to five per cent of all SME employers). Women-led businesses were less likely to be found in the construction and production sectors.
- 1.5 Almost half of women-led SME employers (45 per cent) ran private limited companies, with sole proprietorships being the next most common type of business (29 per cent). Women-led SME employers are more likely to be sole proprietors and are less likely to be limited companies than SME employers as a whole.
- 1.6 Almost one in five (18 per cent) of women-led SME employers had an annual turnover of less than the VAT threshold of £67,000, compared to 12 per cent of all SMEs. The mean average turnover of women-led SME employers was much less (just below £500,000) than for SME employers generally (£1,168,000).
- 1.7 Women-led SME employers tended to have fewer directors or partners than SME employers generally. Forty-nine per cent of women—led SME employers were led by just one person, compared to 41 per cent of all SME employers.
- 1.8 Women-led SME employers were less likely to be family businesses than SME employers overall (55 per cent compared to 63 per cent).
- 1.9 Despite 44 per cent of women-led SME employers perceiving their businesses to be a social enterprise, only nine per cent fell into the BIS definition of this.

#### **Business performance**

- 1.10 Eighteen per cent of women-led SME employers in the SBS 2010 employed more people when surveyed than one year previously, with 17 per cent employing fewer. Compared to SME employers in general, women-led businesses were less likely to have employed fewer staff than 12 months previous (all SME employers = 21 per cent). Women-led businesses in the business service sector were the most likely to have had a net gain in employment levels.
- 1.11 Fifty-nine per cent of women-led SME employers predicted their staffing levels would remain the same over the next 12 months (25 per cent predicted staffing levels would increase in 12 months time and 15 per cent predicted they would decrease). These expectations were very similar to the levels seen for all SME employers.
- 1.12 Twenty-nine per cent of women-led SME employers in the SBS 2010 had increased turnover compared to the previous year. Turnover remained the same for 32 per cent, and decreased for 36 per cent). These figures were very similar to those for SME employers generally.
- 1.13 Looking ahead to the next 12 months, 38 per cent of women-led SME employers predicted their turnover would be at a higher level than at the time of interview, 40 per cent predicted turnover would be at about the same level and 18 per cent predicted it would be at a lower level. This proportion predicting lower turnover was higher than it was for SME employers generally.

#### Growth

- 1.14 Two-thirds (66 per cent) of women-led SME employers were aiming to grow their business over the next two to three years a proportion that is lower than for SME employers as a whole (74 per cent).
- 1.15 Seventy-one per cent of women-led SME employers were aiming to increase the skills of their workforce over the next two to three years, 64 per cent were aiming to reduce costs by increasing the productivity of the workforce, 61 per cent were aiming to increase turnover by exploiting new markets and 60 per cent were aiming to increase the leadership capability of their managers. Women-led SME employers were more likely to want to invest in training than SME employers as a whole.
- 1.16 Only 16 per cent of women-led SME employers exported goods or services outside the UK, a lower figure than the 23 per cent of SME employers overall. The reason for this is likely to be the lower proportion of women-led businesses in the production sector than for SME employers generally.

#### **Business capability**

1.17 Women-led SME employers were asked how capable their management team was at a number of aspects of business management. In line with SME employers as a whole, areas where performance was rated most highly were; taking decisions on regulation and tax issues (62 per cent rated their business as strong in this area) and people management, such as recruitment and delegation (rated as strong by 61 per cent). Women-led SME employers were less likely to rate their business as being strong at entering new markets (22 per cent) and accessing external finance (24 per cent). In all of these measures, women-led businesses rated their management team similarly to SME employers generally.

1.18 Women-led SME employers were asked what would encourage more women to set up a business. Although a range of suggestions were given, the two most frequently mentioned were financial assistance or funding (14 per cent) and help with childcare (13 per cent).

#### Access to finance

- 1.19 A quarter (26 per cent) of women-led SME employers sought finance in the last 12 months, the same proportion as for SME employers as a whole.
- 1.20 Women-led SME employers that sought finance were as confident as SME employers generally that they would succeed in getting it. However, they were more likely than SME employers to have taken steps to ensure success, such as having an up to date business plan, and having this looked over by a professional adviser.
- 1.21 In line with SME employers as a whole, 54 per cent of women-led SME employers who sought finance did so to gain working capital or cashflow. Eleven per cent of women-led SME employers sought finance to acquire capital for equipment or vehicles, lower than the 21 per cent of SME employers who had sought finance for this reason, a reflection of the fact that fewer women-led SME employers were found in the production or construction sectors.
- 1.22 Women-led SME employers were most likely to have sought a bank loan (43 per cent of those that had applied for finance). Compared to all SME employers that had sought finance, women-led SME employers were less likely to have applied for an overdraft (23 per cent compared to 35 per cent for all SME employers), and were more likely to have applied for a grant (21 per cent, compared to nine per cent of all SME employers).
- 1.23 The average amount of finance applied for by women-led SME employers was less than for SME employers in general (mean average for women-led SME employers was £125,000 compared to just over £240,000 for all SME employers).
- 1.24 Over half of women-led SME employers that sought finance (55 per cent) experienced some difficulties in obtaining this finance from the first source they approached: 38 per cent did not obtain any of the finance they sought, nine per cent obtained some but not all of the finance sought and seven per cent obtained all the finance but with some difficulty. These proportions were very similar to those seen for all SME employers. Compared to previous years, obtaining finance became more difficult for both women-led SME employers, and SME employers generally.
- 1.25 Overall, 62 per cent of women-led SME employers that sought finance managed to gain all the finance they needed, with 51 per cent obtaining it from the first source they approached. A further 10 per cent obtained some but not all they needed, and 24 per cent were unable to obtain any finance. These proportions were similar to those for all SME employers.

#### Obstacles to the success of the business

1.26 When asked to name the main obstacle to the success of their business, as with SME employers overall, women-led SME employers were most likely to mention the economy (31 per cent). Women-led SME employers were more likely than all SME employers to have mentioned taxation, VAT, PAYE, NI and business rates (13 per cent compared with eight per cent).

#### Usage of business support and Government services

- 1.27 Over the course of the 12 months prior to the SBS 2010, 55 per cent of women-led SME employers had sought external advice or information on matters affecting their business. Among those seeking advice, accountants were the most frequently consulted source (mentioned by 33 per cent of those who had sought advice), followed by consultants (17 per cent), Business Link local services (12 per cent), trade/ business associations (10 per cent) and local authorities (10 per cent).
- 1.28 Fifteen per cent of women-led SME employers had used a business mentor, and 42 per cent did some networking activities by making time to speak to or meet with other businesses or entrepreneurs.

Survey conducted and report written by IFF Research.

June 2011

Steve Lomax, Director Lydia Reynolds, Research Manager

# 2 Background and aims

#### Aims of the survey

- 2.1 This report sets out the key findings from the 2010 Small Business Survey (SBS) womenled businesses boost.
- 2.2 The SBS was a large scale telephone survey, comprising 4580 interviews, commissioned by the Department for Business, Innovation and Skills (BIS) as a follow up to the 2007/8 Annual Survey of Small Businesses (ASBS). The mainstage for this was conducted between 2<sup>nd</sup> July and 7<sup>th</sup> September 2010 by IFF Research Ltd. The findings, representative of all SME employers in the UK, can be found in a separate report<sup>1</sup>.
- 2.3 The main aims of the SBS were:
  - To monitor key enterprise indicators and how these have changed in comparison to previous surveys. In particular the survey measures characteristics of Small and Medium-sized Enterprises (SMEs<sup>2</sup>) such as the proportions which are women and MEG (minority-ethnic) led, and the proportions applying for and obtaining external finance
  - To gauge SME intentions, needs, concerns and the obstacles to fulfilling their potential
  - To act as a sounding board for possible Government interventions to assist SMEs
  - To create a database which can be used for follow-up studies among the general SME population, or sub-groups within it

#### Survey method

- 2.4 In addition to the main SBS, BIS commissioned an additional 1,726 interviews with boosts of women and MEG businesses. These interviews resulted in a 1,012 sample size for women-led SMEs. This report is concerned with the women-led businesses.
- 2.5 Women-led businesses were found in three separate ways:
  - (a) Women-led SMEs that had taken part in the 07/08 and 06/07 ASBS's were recalled and asked a full questionnaire. Three hundred and ninety-seven interviews were gained from this source (365 with employees).

<sup>&</sup>lt;sup>1</sup> <u>http://www.bis.gov.uk/assets/biscore/enterprise/docs/b/11-p74-bis-small-business-survey-2010</u>

<sup>&</sup>lt;sup>2</sup> SMEs are defined as having less than 250 employees. Only those with employees are included in this analysis

- (b) Women-led SMEs were free-found via screening from Dun & Bradstreet sourced sample. This sample was structured by size in a similar model to the mainstage SBS (1/6 no employees, 1/3 micro businesses, 1/3 small businesses, 1/6 medium-sized businesses), but skewed towards sectors known to have higher than average proportions of women-led businesses. Five hundred interviews were gained from this source (426 with employees).
- (c) Women-led SMEs that had taken part in the SBS 2010 were recalled and asked a short questionnaire consisting of new questions, not asked in the mainstage SBS. The data from this interview was then merged with the answers they had given in the mainstage SBS. One hundred and fifteen interviews were gained from this source (87 with employees)
- 2.6 Because of the various skews occurring through the sampling methods, a number of weighting criteria were applied to correct these and make the dataset representative of all Women-led SME employers, according to the profile achieved in the (weighted) SBS mainstage. The SBS mainstage has itself been weighted to correct size and regional imbalances, using targets derived from the SME Statistics for the UK and Regions 2009<sup>3</sup> published by BIS. The weighting targets applied to the Women-led dataset were based upon size, broad sector and region.

#### Note on the report

- 2.7 Please note that the findings presented in this report relate to <u>SME employers only</u>. That is to say, those with no employees have been excluded within the dataset reported on. This is consistent with the SBS 2010 reporting and reduces the overall sample size of the women-led dataset to 878.
- 2.8 Also note that the first few tables reported upon in Section 3 of this report (size, sector and region) are based upon the women-led SME employers found in the mainstage SBS 2010 (599 businesses in total), and not the full women-led boost. This is because the women-led dataset is weighted according to these strata, and therefore the data are findings from the mainstage and not the boost. Figures for age of business are also based on the mainstage women-led SME employers, as the sampling method for the boosts is skewed against newer businesses.
- 2.9 Comparisons are shown against all SME employers interviewed in the SBS mainstage, and against women-led businesses identified in the 07/08 and 06/07 ASBS surveys.

<sup>&</sup>lt;sup>3</sup> <u>http://stats.bis.gov.uk/ed/sme</u>. The figures are drawn from a combination of the Inter Departmental Business Register which contains all businesses operating VAT or PAYE schemes, and the survey-based Labour Force Survey (LFS) which is the main source for estimating the number of the self-employed. LFS data is based on the last quarter of 2008 and the first quarter of 2009.

#### Statistical confidence

2.10 The overall sample size is sufficiently large to mean that overall findings for all women-led SME employers in the UK can be reported upon with a relatively high degree of statistical reliability. At the overall level, the statistical error for a finding of 50 per cent (the most statistically sensitive or unreliable level of finding) is +/- 3.3 per cent. Sample sizes and standard errors for sub-groups are shown below. Unless stated otherwise, all findings reported are statistically significant.

Table 2.1: Statistical confidence in survey findings⁴					
Base = all women-led SME employers in SBS 2010 boost	Sample Size	Standard Error			
All UK	878	+/- 3.3%			
Micro (1-9 employees)	506	+/- 4.4%			
Small (10-49 employees)	305	+/- 5.6%			
Medium (50-249 employees)	67	+/- 12.0%			
Primary/production/construction (ABCDEF)	85	+/- 10.6%			
Transport, retail and distribution (GHI)	383	+/- 5.0%			
Business services (JK)	109	+/- 9.4%			
Other services (LMNO)	301	+/- 5.6%			
All SME employers in mainstage SBS 2010	3817	+/- 1.6%			
Women-led SME employers in mainstage SBS 2010	599	+/- 4.0%			
Women-led SME employers in ASBS 07/08	932	+/- 3.2%			
Women-led SME employers in ASBS 06/07	1021	+/- 3.1%			

<sup>&</sup>lt;sup>4</sup> The table presents the standard error, at the 95% confidence level, associated with findings of 50 per cent.

# 3 Profile of businesses

#### Size⁵

- 3.1 Based on the SME Statistics for the UK and Regions 2009<sup>6</sup> published by BIS there are 4.8 million enterprises in the UK. Of these, 25 per cent (1.2 million are employers).
- 3.2 Fourteen per cent of SME employers in the SBS 2010 were women-led, defined as being led by a woman or a management team with more than half of its members being women. This proportion of women-led SME employers is exactly the same as that seen in ASBS 06/07 and ASBS 07/08.
- 3.3 In addition to these, a further 25 per cent of all SME employers were equally led by men and women. A further nine per cent had women directors as a minority, and 52 per cent were entirely male-led. Again, these proportions have not changed significantly compared to the two ASBS surveys.

Table 3.1: Size					
Base = all women-led SME employers/all SME employers (SBS mainstage)	Women- led SME Employers SBS 10	Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10	
Un-weighted (n) =	599	932	1021	3817	
	%	%	%	%	
Micro (1-9 employees)	86	90	89	84	
Small (10-49 employees)	13	9	10	14	
Medium (50-249 employees)	2	1	1	2	
Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME					

Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010

<sup>&</sup>lt;sup>5</sup> Please note that Tables 3.1-3.3 are based on data from the mainstage 2010 SBS for reasons discussed in the previous chapter.

<sup>&</sup>lt;sup>6</sup> <u>http://stats.bis.gov.uk/ed/sme</u>. The figures are drawn from a combination of the Inter Departmental Business Register which contains all businesses operating VAT or PAYE schemes, and the survey-based Labour Force Survey (LFS) which is the main source for estimating the number of the self-employed. LFS data is based on the last quarter of 2008 and the first quarter of 2009.

3.4 Eighty-six per cent of women-led SME employers were micro businesses with 1-9 employees, 13 per cent had between 10-49 employees (small businesses), and two per cent had between 50 and 249 employees (medium sized businesses). The size profile of women-led SME employers was found to be similar to that of all SME employers. Compared to the ASBS 07/08 there were fewer women-led SME employers in the micro category, and more in the small category.

#### Sector<sup>7</sup>

3.5 The table below provides a more detailed breakdown of women-led SME employers in the 2010 SBS by sector.

Table 3.2: Sector				
Base = all women-led SME employers/all SME employers (SBS mainstage)	Women- led SME Employers SBS 10	Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10
Un-weighted (n) =	599	932	1021	3817
	%	%	%	%
Primary (AB)	3	2	2	3
Production (CDE)	5	8	10	11
Construction (F)	3	4	5	12
Wholesale and retail trade, repair of motor vehicles and motorcycles (G)	21	27	33	23
Hotels and restaurants (H)	9	14	14	5
Transport, storage and communication (I)	3	5	6	4
Financial intermediation (J)	3	1	1	2
Real estate, renting and business service activities (K)	24	18	16	25
Public administration and defence, compulsory social security/Education (LM)	3	1	2	1
Health and social work (N)	13	5	2	4
Other community, social and personal activities (O)	13	17	10	7
Figures in bold are statistically significant at the 95% co employers in SBS 2010	onfidence level bet	ween women-led	SME employers	and all SME

\* = a figure of less than 0.5% but higher than zero

<sup>&</sup>lt;sup>7</sup> The dataset is weighted according to size, broad sector and region.

- 3.6 Women-led SME employers were more likely than SME employers generally to be found in the health/social work sector (13 per cent of women-led SME employers compared with four per cent of all SME employers), the other community, social and personal activities sector (13 per cent compared to seven per cent of all SME employers), and in the hotel/restaurant sector (nine per cent, compared to five per cent of all SME employers). Women-led SME employers were less likely than SME employers overall to be found in the production and construction sectors.
- 3.7 Compared to ASBS 07/08 there were fewer women-led SME employers in the production (CDE), wholesale and retail (G), hotels and restaurant (H) and other community (O) sectors. In contrast there were significantly more in business services (K) and health/social work (N).

#### Age of business

3.8 Three per cent of women-led SME employers had started their business less than one year before being interviewed, a higher proportion than for all SME employers. Other than this finding, women-led SME employers tended to be the same age as SME employers overall.

Table 3.3: Age of business <sup>i</sup>					
Base = all women-led SME employers/all SME employers (SBS mainstage)	Women- led SME Employers SBS 10	Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10	
Un-weighted (n) =	599	932	1021	3817	
	%	%	%	%	
Less than one	3	2	2	1	
1 year	1	2	1	1	
2 years	3	1	5	2	
3 years	1	4	5	3	
4 years	4	2	4	4	
5 years	5	6	4	4	
6-10 years	20	19	18	18	
11-20 years	24	24	26	26	
More than 20 years	38	38	32	40	
Don't know	1	1	1	*	

- \* = a figure of less than 0.5% but higher than zero
- 3.9 The survey defines start-ups as those trading for less than four years or those which have changed ownership in the last three years. Based on this definition, 19 per cent of womenled SME employers were defined as start-ups in the SBS 2010, which was higher than the 14 per cent figure for all SME employers, but an insignificant decrease on the 21 per cent of women-led SME employers identified in the ASBS 2007/08.

#### Legal status<sup>8</sup>

3.10 Forty-five per cent of women-led SME employers in the SBS 2010 were private limited companies, limited by shares. The next most common legal status was sole proprietorship, with 29 per cent of women-led SME employers falling into this category. Compared to all SME employers there were fewer limited companies and more sole proprietorships. However, compared to previous ASBS surveys there has been a increase in private limited companies and a decrease in sole proprietorships among women-led SME employers, the same being true for all SME employers generally.

Table 3.4: Legal status <sup>ii</sup>				
Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10		
932	1021	3817		
%	%	%		
34	36	59		
52	49	19		
9	10	10		
3	1	3		
0	0	1		
1	*	2		
1	*	2		
1	2	3		
	n women-led	2 n women-led SME employers a		

\* = a figure of less than 0.5% but higher than zero

<sup>&</sup>lt;sup>8</sup> From this point onwards, all 2010 data is based upon the Small Business Survey women-led boost 12

#### Turnover

3.11 In the SBS 2010 women-led SME employers were more likely than SME employers as a whole to have a turnover under £500,000 (63 per cent compared with 52 per cent respectively). The mean and median average turnovers for women-led businesses were much lower than those for all SME employers. Turnover levels among women-led SME employers in the SBS 2010 were in line with levels seen in previous ASBS surveys.

Table 3.5: Turnover <sup>iii</sup>				
Base = all women-led SME employers/all SME employers	Women- led SME Employers SBS 10	Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10
Un-weighted (n) =	878	932	1021	3817
	%	%	%	%
Less than £67,000 <sup>9</sup>	18	20	17	12
£67,000-£99,999	9	10	9	6
£100,000-£249,999	23	18	20	17
£250,000-£499,999	13	10	11	17
£500,000-£999,999	9	9	7	13
£1,000,000-£1,499,999	5	3	5	7
£1,500.000-£2,800,000	4	2	2	5
£2,800,001-£4,999,999 <sup>10</sup>	1			4
£5,000,000 or more	*	- 2	2	3
Don't know	11	15	17	7
Refused	9	11	10	10
Mean average <sup>11</sup>	£498,000	£425,000	£453,000	£1,168,000
Median average	£158,000	£122,000	£150,000	£345,000
Figures in bold are statistically significant at the 95% employers in SBS 2010	confidence level be	ween women-led	SME employers	and all SME

 <sup>&</sup>lt;sup>9</sup> In the 07/08 ASBS this was £64,000, in 06/07 it was £61,000
 <sup>10</sup> In the 07/08 and 06/07 ASBS's the code here was 'over £2.8 million'
 <sup>11</sup> Because of the changes to the precodes the mean and median averages for 07/08 and 06/07 are based on slightly different assumptions from 2010

#### Number of partners/directors

- 3.12 Forty-one per cent of all SME employers in the SBS 2010 had only one partner/director, which compares with 49 per cent of women-led SME employers.
- 3.13 Compared with the ASBS 07/08 there were fewer women-led SME employers with two partners/directors in charge.

Table 3.6: Number of partners/directors <sup>iv</sup>					
Base = all women-led SME employers/all SME employers	Women-led SME Employers SBS 10	Women-led SME Employers ASBS 07/08	All SME Employers SBS 10		
Un-weighted (n) =	878	932	3817		
	%	%	%		
1	49	45	41		
2	32	38	39		
3	8	9	11		
4	3	4	4		
5 to 8	4	2	4		
9 to 12	3	1	1		
13+	1	*	1		
Figures in bold are statistically significant at the 95 employers in SBS 2010	% confidence level bet	ween women-led SME e	employers and all SME		

\* = a figure of less than 0.5% but higher than zero

#### **Family businesses**

3.14 Fifty-five per cent of women-led SME employers were family owned businesses (a business which is majority owned by members of the same family). This is less than it was for all SME employers (63 per cent).

Table 3.7: Family businesses <sup>v</sup>						
Base = all women-led SME employers/all SME employers	Women-led SME Employers SBS 10	Women-led SME Employers ASBS 07/08	Women-led SME Employers ASBS 06/07	All SME Employers SBS 10		
Un-weighted (n) =	878	932	1021	3817		
	%	%	%	%		
Family owned business	55	61	62	63		
Not family owned	45	39	38	37		
Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME						

Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010

3.15 Women-led SME employers in the SBS 2010 were less likely to be family owned than in the ASBS 2007/08 and the ASBS 2006/07, a trend which was also seen among SME employers generally.

#### VAT registration

- 3.16 Sixty-nine per cent of women-led SME employers in the SBS 2010 were VAT registered, which was significantly less than the proportion for all SME employers (83 per cent).
- 3.17 A greater number of women-led SME employers were VAT registered in the ASBS 2007/08 and the ASBS 2006/07, a trend which was also seen for all SME employers.

Table 3.8: VAT registration <sup>vi</sup>					
Base = all women-led SME employers/all SME employers	Women- led SME Employers SBS 10	Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10	
Un-weighted (n) =	878	932	1021	3817	
	%	%	%	%	
Business is VAT registered	69	73	78	83	
Business is not VAT registered	31	27	21	17	
Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010					

#### **Social enterprises**

3.18 Forty-four per cent of all women-led SME employers in the SBS 2010 thought of their business as a social enterprise: a business that has mainly social or environmental aims. This was a much higher proportion than for all SME employers (26 per cent).

Table 3.9: Social enterprises <sup>vii</sup>					
Base = all women-led SME employers/all SME employers	Women- led SME Employers SBS 10	Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10	
Un-weighted (n) =	878	932	1021	3817	
	%	%	%	%	
Perceive themselves as a social enterprise	44	42	37	26	
Conform to BIS definition of a social enterprise	9	6	7	7	
Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010					

- 3.19 BIS has a further definition of a social enterprise. This requires the enterprise to consider itself a social enterprise as above, but not pay more than 50% of profit or surplus to owners or shareholders, generate more than 25% of income from trading, and therefore have less than 75% of turnover from grants or donation. In addition, the business has to think of themselves as a very good fit with the statement 'a business with primarily social or environmental objectives, whose surpluses are principally reinvested for that purpose in the business or community, rather than mainly being paid to shareholders and owners.'
- 3.20 Under this definition nine per cent of women-led SME employers were considered to be social enterprises in the SBS 2010. This was three percentage points higher than in the ASBS 07/08, and two percentage points more than seen in the ASBS 06/07.
- 3.21 Under this definition 15 per cent of small women-led businesses were classed as social enterprises. There were no significant differences by sector.

# 4 Business performance

#### Numbers employed compared to 12 months ago

4.1 Eighteen per cent of women-led SME employers in the SBS 2010 employed more people when interviewed than was the case 12 months ago. Seventeen per cent employed fewer than before, and 65 per cent employed approximately the same number. Compared to all SME employers, women-led SME employers were less likely to be employing fewer and were more likely to be employing the same number of staff.

Table 4.1: Numbers Employed Compared to 12 Months Ago <sup>viii</sup>					
Base = all women-led SME employers/all SME employers trading for at least one year	Women- led SME Employers SBS 10	Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10	
Un-weighted (n) =	876	920	1001	3779	
	%	%	%	%	
More than 12m Ago	18	16	20	17	
Same as 12m Ago	65	64	66	61	
Fewer than 12m Ago	17	19	13	21	
Don't know	*	1	1	*	
Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010					

\* = a figure of less than 0.5% but higher than zero

4.2 Most likely to say they employed more staff than the previous year were women-led SME employers in the business service sector (27 per cent).

#### Number of people women-led SME employers expect to employ in 12 months time

4.3 Twenty-five per cent of women-led SME employers in the SBS 2010 expected to be employing more staff in 12 months time. Fifty-nine per cent expected to employ roughly the same number, and 15 per cent expected to employ fewer. These figures were very similar to those for all SME employers.

Table 4.2: Number of people expecting to employ in 12 months time <sup>ix</sup>				
Base = all women-led SME employers/all SME employers	Women- led SME Employers SBS 10	Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10
Un-weighted (n) =	878	932	1021	3817
	%	%	%	%
More in 12m Time	25	22	24	23
Same in 12m Time	59	60	62	62
Fewer in 12m Time	15	16	12	14
Don't know	1	1	2	1
Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010 and its boost				

4.4 Women-led SME employers in the business service sector were most likely to have thought (32 per cent) they would employ more in 12 months time.

#### Turnover now compared to 12 months previously

4.5 Twenty-nine per cent of women-led SME employers in the SBS 2010 said that turnover was greater when surveyed than it was a year ago. Thirty-two per cent said it was about the same, and 36 per cent said it was lower. These figures are very similar to those for all SME employers. Compared to the previous ASBS surveys a greater proportion of women-led SME employers said their turnover had decreased, a finding also seen for all SME employers.

Table 4.3: Turnover Now Compared to 12 Months Previously <sup>x</sup>					
Base = all women-led SME employers/all SME employers trading for at least one year	Women- led SME Employers SBS 10	Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10	
Un-weighted (n) =	876	920	1001	3779	
	%	%	%	%	
Turnover Greater Now	29	33	40	28	
Same as 12m Ago	32	38	32	34	
Turnover Lower Now	36	22	21	34	
Don't know	3	6	6	4	
Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010 and its boost					

#### Expectations of turnover in 12 months time

4.6 Thirty-eight per cent of women-led SME employers expected to have higher turnover in 12 months time, 40 per cent thought it would be the same and 18 per cent thought it would be lower. The proportion that expected to have lower turnover was higher than for all SME employers. It was also much higher than the proportions seen in the previous ASBS surveys, although this trend has also seen for all SME employers.

Table 4.4: Expectations of Turnover in 12 Months Time <sup>xi</sup>				
Women- led SME Employers SBS 10	Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10	
878	932	1021	3817	
%	%	%	%	
38	51	54	41	
40	34	34	40	
18	11	5	14	
4	4	5	4	
	<ul> <li>Women-led SME Employers SBS 10</li> <li>878</li> <li>878</li> <li>38</li> <li>40</li> <li>18</li> </ul>	Women- led SME Employers SBS 10Women- led SME Employers ASBS 07/08878932%%385140341811	Women- led SME Employers SBS 10Women- led SME Employers ASBS 07/08Women- led SME Employers ASBS 06/078789321021%%%38515440343418115	

#### Profit

4.7 Sixty-eight per cent of women-led SME employers generated a profit or surplus in their last financial year, with those working in the business services sector being more likely to have generated a profit (77 per cent).

Table 4.5: Whether generated a profit or surplus in the last financial year <sup>xii</sup>				
Base = all women-led SME employers/all SME employers	Women- led SME Employers SBS 10	Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10
Un-weighted (n) =	878	932	1021	3817
	%	%	%	%
Yes	68	69	71	71
No	27	22	23	24
Don't know	4	7	5	1
Unwilling to answer	1	1	2	4
Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010				

4.8 Seventeen per cent of women-led SME employers paid more than 50 per cent of profit or surplus to owners or shareholders, which is a similar proportion to that for all SME employers. In comparison to the ASBS surveys this proportion has increased.

Table 4.6: Whether pay more than 50% of profit or surplus to owners or shareholders <sup>xiii</sup>				
Base = all women-led SME employers/all SME employers	Women- led SME Employers SBS 10	Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10
Un-weighted (n) =	878	932	1021	3817
	%	%	%	%
Yes	17	13	11	19
No	75	76	81	72
Have never generated a profit or surplus	2	2	1	2
Don't know	6	7	5	7
Unwilling to answer	*	1	1	1
Figures in bold are statistically significant at the 95% confidence level between Women-led SME employers and all SME employers in SBS 2010				

\* = a figure of less than 0.5% but higher than zero

## 5 Growth

#### Plans for growth

5.1 Sixty-six per cent of women-led SME employers said they were aiming to grow their business over the next two to three years. This was lower than the proportion seen for all SME employers (74 per cent), but a similar proportion to that seen amongst women-led SME employers in the previous ASBS surveys.

Table 5.1: Whether aim to grow business over the next two or three years <sup>xiv</sup>				
Base = all women-led SME employers/all SME employers	Women- led SME Employers SBS 10	Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10
Un-weighted (n) =	878	932	1021	3817
	%	%	%	%
Yes	66	65	63	74
No	34	35	37	26
Figures in bold are statistically significant at the 95%	confidence level bet	ween Women-lee	d SME employers	and all SME

Figures in bold are statistically significant at the 95% confidence level between Women-led SME employers and all SME employers in SBS 2010 and its boost

5.2 Women-led SME employers in the business services sector were the most likely to be aiming to grow over the next two to three years (74 per cent).

#### Extent of plans for achieving future business growth

5.3 Seventy-one per cent of all women-led SME employers intended to increase the skills of their workforce in the next two to three years, 64 per cent intended to reduce costs by increasing the productivity of their workers, and 61 per cent intended to increase their turnover by exploiting new markets. Sixty per cent of women-led SME employers intended to increase the leadership capability of their managers and 46 per cent intended to develop new products.

Table 5.2: Extent of plans for achieving future growth <sup>xv</sup>					
Base = all women-led SME employers/all SME employers	Women-led SME Employers SBS 10	All SME Employers SBS 10			
Un-weighted (n) =	878	3817			
	%	%			
Increase the skills of the workforce	71	66			
Reduce costs by increasing the productivity of workers	64	61			
Increase turnover by exploiting new markets	61	63			
Increase the leadership capability of managers	60	51			
Employ more staff	49	50			
Develop new products	46	44			
None of these	10	8			
Figures in bold are statistically significant at the 95% confidence level between Women-led SME employers and all SME employers in SBS 2010					

- 5.4 Women-led SME employers were more likely than SME employers as a whole to want to increase the skills of their workforce and increase the leadership capability of management.
- 5.5 Of women-led SME employers, those most likely to want to increase skills and improve management capability were found in the other services sector (78 and 66 per cent respectively). Those in the production sector were the most likely to want to exploit new markets (73 per cent), reduce costs (84 per cent), develop new products (77 per cent) and employ more staff (68 per cent).

# 6 Business capability

#### Perceptions of business capability

6.1 Respondents were asked how capable their management team was at a number of aspects of business management which have been linked to running a successful business. Respondents answered on a five point numeric scale, with a score of one to two indicating they were poor at the task, and a score of four to five indicating they thought they were strong.

Base = all women-led SME employers/all SME en	Women-led SME Employers SBS 10	All SME Employers SBS 10	
Un-weighted (n) =	878	878	3817
	%	%	%
Taking decisions on regulation and tax	Strong	62	63
issues	Poor	11	9
People management, such as	Strong	61	59
recruitment and delegation	Poor	9	10
Developing and implementing a	Strong	56	56
business plan and strategy	Poor	13	14
	Strong	53	53
Operational improvement	Poor	13	11
Developing and introducing new	Strong	43	42
products or services	Poor	17	21
Using formalised business systems	Strong	43	41
such as customer information records	Poor	25	26
Free in a second second	Strong	22	26
Entering new markets	Poor	30	34
Accessing outernal finance	Strong	24	25
Accessing external finance	Poor	35	38

Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010

6.2 Overall, women-led SME employers were most likely to consider themselves capable at taking decisions on regulation and tax issues. Sixty-two per cent considered themselves strong at this, and only 11 per cent thought they were poor. There were no areas where women-led SME employers considered themselves to be poorer than for all SME employers.

#### **Business capability: Innovation**

- 6.3 Fifty-four per cent of women-led SME employers had introduced new or significantly improved products or services in the previous twelve months a proportion that was significantly higher than for SME employers overall. Fifty-one per cent of women-led SME employers had introduced significantly new processes over the last 12 months; again this proportion was significantly higher than SME employers as a whole.
- 6.4 Compared to the previous ASBS surveys women-led employers are more likely to have had significantly improved processes in SBS 2010.
- 6.5 Those in the business services sector were more likely to have introduced new or significantly improved processes in the last 12 months (67 per cent).

Table 6.2: Whether SMEs have introduced new or significantly improved products, services or processes in the past twelve months<sup>xvii</sup>

• • • • • • • • • • • • • • • • • • • •					
Base = all women-led SME employers/all SME employers	Women- led SME Employers SBS 10	Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10	
Un-weighted (n) =	456 <sup>12</sup>	932	1021	1904	
	%	%	%	%	
Significantly improved products or services	54	50	47	47	
Significantly improved processes	51	29	30	33	
Neither	46	43	43	44	
Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010					

<sup>&</sup>lt;sup>12</sup> Please note that this question was only asked of half the sample, chosen at random

#### **Business capability: Exporting**

6.6 Sixteen per cent of women-led SME employers sold goods or services or licenced products outside of the UK in the SBS 2010. This was lower than the proportion of businesses exporting among SME employers as a whole (23 per cent). This is a result of there being fewer women-led businesses in the production sector, which is the sector most likely to export.

Table 6.3: Whether sell goods or services or licence products outside the UK <sup>xviii</sup>				
Base = all women-led SME employers/all SME employers	Women- led SME Employers SBS 10	Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10
Un-weighted (n) =	878	932	1021	3817
	%	%	%	%
Yes	16	15	23	23
No	83	85	77	77
Figures in hold are statistically significant at the 95%	confidence level het	ween women-led		and all SME

Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010

#### **Business capability: Training**

- 6.7 Sixty-four per cent of women-led SME employers had arranged or funded training or development for staff in the past 12 months, a proportion that was similar to that for all SME employers.
- 6.8 Those in the transport, retail and distribution sector were less likely than average to have arranged or funded training (53 per cent), those in other services the most likely to have done so (72 per cent).

 Table 6.4: Whether businesses have arranged or funded training or development for staff in

 the past 12 months<sup>xix</sup>

	led SME Employers SBS 10	led SME Employers ASBS 07/08	led SME Employers ASBS 06/07	All SME Employers SBS 10
Un-weighted (n) =	432 <sup>13</sup>	932	1021	1937
	%	%	%	%
Yes	64	53	58	60
No	36	47	41	40
Yes	% 64 36	% 53 47	% 58 41	

Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME

<sup>&</sup>lt;sup>13</sup> Please note that this question was only asked of half the sample, chosen at random

#### **Business capability: Technology**

6.9 SME employers were asked whether they used the internet for a range of business purposes.

Table 6.5: Uses for the internet <sup>xx</sup>					
Base = all women-led SME employers/all SME employers	Women-led SME Employers SBS 10	All SME Employers SBS 10			
Un-weighted (n) =	451 <sup>14</sup>	1901			
	%	%			
Paying taxes online	66	70			
Promoting your goods and services through a website	62	67			
Advice on regulation	62	57			
Seeking general business advice	52	51			
Selling goods and services through a website	36	39			
None of these	8	8			
Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010					

6.10 Women-led SME employers were as likely as SME employers overall to use the internet to pay taxes online, get advice on regulation, seek general business advice and sell goods and services through a website. However, they were less likely to promote goods and services through a website. For women-led SME employers, using the internet to promote goods and services was most common in the business service sector (79 per cent), and least likely in the transport, retail and distribution sector (52 per cent).

<sup>&</sup>lt;sup>14</sup> Please note that this question was only asked of half the sample, chosen at random

#### Encouragement to set up a new business

6.11 Women-led SME employers were asked what would encourage more women to set up a business. A wide range of answers were given. The answer most frequently mentioned spontaneously was financial assistance or funding to start a business (14 per cent), followed closely by help with childcare (13 per cent).

Table 6.6: What would encourage more women to set up in business <sup>xxi</sup>				
Base = all women-led SME employers	Women-led SME Employers SBS 10			
Un-weighted (n) =	610 <sup>15</sup>			
	%			
Financial assistance/funding to start a business	14			
Help with childcare	13			
Increased confidence	10			
Better education/training	9			
More information and advice on how to start a business	8			
More Government help (generally)	7			
More support generally	7			
Better business networks	6			
More lending from banks	4			
More awareness of female businesswomen (role models)	5			
Tax breaks/lower taxes	3			
Less red tape/regulations	3			
Improved advice on employment law	1			
Other	8			
Nothing	3			
Don't know/can't think of anything	22			

<sup>&</sup>lt;sup>15</sup> Reduced sample size because respondents who had businesses which were both women-led and MEG-led were only asked the similar question on what would encourage more people from ethnic minority backgrounds to set up in business. This was an open-ended question and respondents may have given a response that fits into more than one category.

#### Attitudes to risk

- 6.12 Women-led SME employers were read a number of statements about the risk element of running a business and asked how far they agreed or disagreed that the statements reflected their views.
- 6.13 When asked whether they fear failure in business women-led SME employers were split evenly between the 44 per cent who agreed they do fear failure and the 42 per cent who disagreed.
- 6.14 Although 71 per cent of women-led SME employers agreed that they were scared of being in debt, the majority did identify with statements relating to the risk element of running a business: 73 per cent agreed that they enjoy the challenge of situations that many consider risky, 72 per cent agreed that they would rather work for a small business than a large one and 86 per cent agreed that people who start and fail at business deserve a second chance (except in the cases of fraud or malpractice).

Table 6.7: Attitudes to risk xxii         Base = all women-led SME employers		All Women-led SME Employers SBS 2010	
	%	%	
l enjoy the challenge of situations that many consider risky	Agree	73	
	Disagree	18	
I am scared of being in debt	Agree	71	
	Disagree	22	
l fear failure in business	Agree	44	
	Disagree	42	
I would rather work for a small than a large business	Agree	72	
	Disagree	12	
	Agroo	06	
People who start and fail at business deserve a second chance (except in the cases of fraud or	Agree	86	
malpractice)	Disagree	5	

### 7 Access to finance

#### Whether sought finance in the last 12 months

employers in SBS 2010

7.1 Twenty-six per cent of women-led SME employers had tried to obtain finance for their business in the 12 months preceding interview. This was the same proportion seen for all SME employers, and a small but statistically significant rise on the 22 per cent who sought finance in the ASBS 07/08 and 20 per cent who sought it in the ASBS 06/07.

Table 7.1: Whether Sought Finance in the Last 12 Months <sup>xxiii</sup>					
Base = all women-led SME employers/all SME employers	Women-led SME Employers SBS 10	Women-led SME Employers ASBS 07/08	Women-led SME Employers ASBS 06/07	All SME Employers SBS 10	
Un-weighted (n) =	878	932	1021	3817	
	%	%	%	%	
YES – ANY	26	22	20	26	
- Once	17	14	13	17	
- More	9	8	7	9	
NO	72	76	77	72	
Don't know	2	2	2	2	
Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME					

7.2 Finance was sought by 24 per cent of women-led micro businesses (1-9 employees), 34 per cent of small ones (10-49 employees) and 32 per cent of medium sized businesses (50-249 employees). There were no sectoral differences.

#### Preparations when applying for finance

7.3 Seventy-three per cent of women-led SME employers that had tried to obtain finance were confident of success before applying for finance (32 per cent were very confident and 41 per cent were fairly confident). This was a similar finding to that seen for all SME employers<sup>16</sup>.

Table 7.2: Confidence in success before applying for finance <sup>xxiv</sup>				
Base = all Women-led SME employers/all SME employers who applied for finance in the last 12 months	Women-led SME Employers SBS 10	All SME Employers (Feb 2011 Business Barometer)		
Un-weighted (n) =	251	128		
	%	%		
Very confident	32	40		
Fairly confident	41	40		
Not very confident	14	9		
Not at all confident	9	8		
Don't know	4	3		
Figures in bold are statistically significant at the 95% confidence level between women-led SME employers in the SBS 2010				

7.4 Women-led SME employers were asked whether they had taken a number of steps to ensure success in obtaining finance prior to application. Women-led SME employers were more likely than SME employers generally to have had an up to date business plan before application (67 per cent), to have had business plans looked over by a professional adviser (39 per cent), to have read business websites (34 per cent) and to have taken a course in business finance (14 per cent).

boost and all SME employers in the February Business Barometer; \* = a figure of less than 0.5% but higher than zero

Table 7.3: Steps taken in order to ensure success in obtaining finance***				
Base = all women-led SME employers/all SME employers who	Women-led SME	All SME Employers		
applied for finance in the last 12 months	Employers	(Feb 2011 Business		
	SBS 10	Barometer)		
Un-weighted (n) =	251	128		
	%	%		
Up to date business plan	67	44		
Received advice from bank	42	49		
Business plan looked over by a professional adviser	39	26		
Read business websites	34	20		
Spoke to other businesses to get their advice	33	17		
Took a course in business finance	14	6		
None of these	16	33		
Figures in bold are statistically significant at the 95% confidence lev	vel between women-led SME	employers in the SBS 2010		

<sup>&</sup>lt;sup>16</sup> Comparative data is from the Feb. 2011 Business Barometer as this question was not asked in SBS 2010 mainstage 32

boost and all SME employers in the February Business Barometer; \* = a figure of less than 0.5% but higher than zero

#### Reasons for applying/not applying for finance

- 7.5 Fifty-four per cent of women-led SME employers that applied for finance did so to gain working capital or to alleviate cashflow difficulties. Eleven per cent wanted to invest in capital equipment or vehicles, 11 per cent wanted to improve buildings and eight per cent wanted to buy land or buildings.
- 7.6 Women-led SME employers were less likely than SME employers as a whole to apply for finance to acquire capital equipment or vehicles. This is related to the fact that there are fewer women-led businesses in the production sector than in the general SME employer population.

Base = all Women-led SME employers/ all SME employers who applied for finance in the last 12 months	Women-led SME Employers SBS 10	Women-led SME Employers ASBS 07/08	Women-led SME Employers ASBS 06/07	All SME Employers SBS 10
Un-weighted (n) =	251	220	248	1193
	%	%	%	%
Working capital, cashflow	54	54	40	56
Capital equipment or vehicles	11	13	20	21
Improving buildings	11	9	9	9
Buying land or buildings	8	6	9	10
Business expansion/growth	6	5	5	1
Training/Staff Development	6	3	3	1
Buying another business	3	2	3	2
Research & Development	3	5	4	2
Marketing	1	2	*	2
Management buy out	*	0	0	1
Other	4	*	2	2
Don't know/refused	1	*	1	*

7.7 Of those women-led SME employers that did not seek finance, the predominant reason was that the finance was not needed, although women-led SME employers were less likely to give this as a reason than SME employers overall

Table 7.5: Reasons For Not Applying for Finance in the Last 12 Months <sup>xxvii</sup>				
Base = all women-led SME employers/ all SME employers who did not apply for finance in the last 12 months	Women-led SME Employers SBS 10	All SME Employers SBS 10		
Un-weighted (n) =	627	2624		
	%	%		
Not needed it	76	82		
Did not want to take on additional risk	7	5		
Thought would be rejected	6	4		
Thought it would be too expensive	3	4		
Other reason	5	3		
Don't know	5	2		
Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010				

#### Type of finance sought

7.8 Of those that applied for finance, 43 per cent of women-led SME employers applied for a bank loan and 23 per cent a bank overdraft.

Table 7.6: Type of Finance Soughtxxviii					
Base = all Women-led SME employers/ all SME employers who applied for finance in the last 12 months	Women-led SME Employers SBS 10	Women-led SME Employers ASBS 07/08	Women-led SME Employers ASBS 06/07	All SME Employers SBS 10	
Un-weighted (n) =	251	220	248	1193	
	%	%	%	%	
Bank loan	43	39	37	40	
Bank overdraft	23	29	28	35	
Grant	21	11	13	9	
Leasing or hire purchase	4	8	10	9	
Mortgage	4	5	10	6	
Equity finance	1	1	1	1	
Government guaranteed loan	1	*	1	2	
Factoring/invoice discounting	*	*	*	2	
Loan from family/business	*	2	2	3	
Other	4	6	1	10	
Don't know/refused	1	1	2	2	
Figures in bold are statistically significal employers in SBS 2010 ; * = a figure of			omen-led SME emplo	yers and all SME	

- 7.9 The proportion of women-led SME employers that sought finance that applied for a grant was much higher (21 per cent) than for SME employers (nine per cent) generally. This was particularly likely to happen among women-led SME employers in the other service sector seeking finance (42 per cent).
- 7.10 The proportion seeking grants rose significantly compared to the previous ASBS surveys.
- 7.11 The proportion of women-led SME employers seeking overdrafts was lower than for all SME employers. However, this proportion has not decreased significantly on the ASBS surveys.

#### Amount of finance sought

7.12 Twenty-two per cent of women-led SME employers seeking finance sought less than £10,000, with only one per cent seeking more than £1 million. The mean average amount of finance sought was £125,000, with the median £11,000. In general, women-led SME employers sought less finance than all SME employers.

Women-led SME Employers SBS 10 251 %	All SME Employers SBS 10
%	0/
	%
22	18
22	23
17	14
10	11
10	11
7	6
1	4
1	5
12	9
£125,000	£240,450
£11,000	£41,000
	22 17 10 10 7 1 1 1 12 <b>£125,000</b>

Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010; \* = a figure of less than 0.5% but higher than zero

#### **Difficulties obtaining finance**

7.13 Thirty-eight per cent of women-led SME employers that tried to obtain finance were unable to obtain any from the first source they approached. Nine per cent obtained some from the first source but not all of the money they required, whilst seven per cent obtained all they needed but with some problems. Of those women-led SME employers that sought finance over the past 12 months, 55 per cent had difficulties obtaining finance from the first source approached.

Table 7.8: Any Difficulty Obtaining Finance from First Source Approached***						
Base = all Women-led SME employers/ all SME employers who applied for finance in the last 12 months	Women- led SME Employers SBS 10	Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10		
Un-weighted (n) =	251	220	248	1193		
	%	%	%	%		
ANY DIFFICULTY	55	36	32	51		
- Unable to obtain any finance	38	22	15	35		
- Obtained some but not all the finance required	9	8	9	7		
- Obtained all the finance required but with some problems	7	6	8	9		
NO DIFFICULTY	44	64	66	47		
Don't know/refused 2 1 2 2						
Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010; * = a figure of less than 0.5% but higher than zero						

- 7.14 These proportions were similar to those seen for all SME employers. The proportion of women-led SME employers that encountered difficulties has risen significantly compared to the previous ASBS surveys, but the same is also true of SME employers generally.
- 7.15 For women-led SME employers, 47 per cent of those that sought overdrafts were unable to obtain finance from the first source approached. This was not significantly higher than the rejection rate for bank loans (38 per cent) or grants (32 per cent), but those that sought grants were more likely than average to not receive all the money they required (34 per cent).

- 7.16 Of those that did not obtain any finance from the first source they approached, or who only got some of the money they needed, about a quarter (23 per cent) went on to get all the finance they needed from another source. Overall therefore, the proportions of women-led SME employers that sought finance and the eventual outcomes are as follows:
  - 62 per cent (16 per cent of all women-led SME employers) obtained all the finance they required
  - 10 per cent (3 per cent of all women-led SME employers) obtained some but not all of the finance they required
  - 24 per cent (6 per cent of all women-led SME employers) did not obtain any of the finance sought they required from any source

Table 7.9: Eventual outcome of application for finance <sup>xxxi</sup>				
Base = all women-led SME employers/ all SME employers who applied for finance in the last 12 months	Women- led SME Employers SBS 10	Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10
Un-weighted (n) =	251	220	248	1193
	%	%	%	%
OBTAINED ALL THEY NEEDED	62	85	82	68
- From first source	51	69	74	56
- From another source	11	16	7	11
OBTAINED SOME, BUT NOT ALL	10	4	4	6
OBTAINED NONE	24	11	12	21
Don't know/refused	4	1	2	5
Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010 ; * = a figure of less than 0.5% but higher than zero				

7.17 These proportions were not significantly different from those for all SME employers. The proportion that obtained no finance from any source is significantly higher than that seen in previous ASBS surveys, however, this is also the case for all SME employers.

- 7.18 The table below shows the reasons given for the difficulties in obtaining finance *from the first source approached*. Insufficient security was the reason given most often (12 per cent), with a similar proportion stating that no reason had been given to them. Women-led SME employers that had difficulty obtaining finance were less likely to mention these reasons than SME employers as a whole.
- 7.19 The women-led questionnaire contained precodes for this question that had not appeared on the mainstage SBS questionnaire (indicated by a N/A sign in the table below). Thus eight per cent mentioned that there had been too many applicants for the grant they sought, six per cent that banks tend to prefer to lend to other types of businesses, three per cent that their business (not the sector necessarily) was considered to be too risky, and two per cent that they lacked confidence in the meeting.
- 7.20 Women-led SME employers were also more likely than SME employers as a whole to state their application had been rejected for reasons other than insufficient security; for instance they were more likely to cite lack of credit history, lack of any security and, poor personal credit history as reasons for their application being rejected.

Table 7.10: Reasons for Difficulties Arranging Finance	ce <sup>xxxii</sup>	
Base = all women-led SME employers /all SME employers who had difficulties arranging finance in the last 12 months	Women-led SME Employers SBS 10	All SME Employers SBS 10
Un-weighted (n) =	134	531
	%	%
Insufficient security	12	20
No reason given	11	24
Business sector too risky	9	9
Too many applicants for grant	8	N/A
Poor business credit history	7	6
No credit history/not been in business long enough	6	2
No security	6	2
Banks prefer to lend to other types of businesses	6	N/A
Applied for too much	5	2
Poor personal credit history	5	1
Decision still pending	5	2
Recession/current credit climate	4	6
Business considered too risky	3	N/A
Lacked confidence in the meeting	2	N/A
Too many outstanding loans/mortgages	2	1
Inadequate business plan	1	1
Rejected terms of finance offered	*	5
Other	10	10
Don't know/refused	7	10

Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SM employers in SBS 2010; \* = a figure of less than 0.5% but higher than zero

# 8 Obstacles to the success of the business

#### Biggest obstacle to the success of the business

- 8.1 When prompted, a third (31 per cent) of women-led SME employers said that the state of the economy was the *main* obstacle to the success of their business, marking a significant rise on the 2007/08 and 2006/2007 ASBS surveys (18 per cent and 11 per cent respectively). This trend was also evident among all SME employers.
- 8.2 A greater proportion of women-led SME employers than SME employers as a whole mentioned taxation, VAT, PAYE, NI and business rates as being obstacles (13 per cent compared with eight per cent respectively).
- 8.3 A greater proportion of medium sized women-led SME employers cited obtaining finance as the main obstacle than the other two size bands (29 per cent of mediums compared with nine per cent of micros and 14 per cent of small businesses cited this as their main obstacle).
- 8.4 Cashflow was a bigger problem for micro women-led SME employers than for the other two sizebands (10 per cent of micros cited this as their main obstacle compared to seven per cent of small businesses and one per cent of mediums).

Table 8.1: Main Obstacle to the Success of the Business <sup>xxxiii</sup>				
Base = all women-led SME employers/all SME employers	Women- led SME Employers SBS 10	Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10
Un-weighted (n) =	878	932	1021	3817
	%	%	%	%
The Economy	31	18	11	33
Taxation, VAT, PAYE, NI, rates	13	13	13	8
Obtaining finance	10	4	3	8
Cashflow	9	10	10	11
Competition	9	15	17	10
Regulations	6	9	10	7
Recruiting staff	4	4	7	2
Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010 and its boost				

#### Overall incidence of obstacles to success of business

- 8.5 Many women-led SME employers reported additional obstacles to success (either spontaneously or on a prompted basis). When results for all obstacles are combined, the most frequently mentioned obstacles in the SBS 2010 were:
  - the economy (80 per cent of women-led SME employers, compared to 81 per cent of all SME employers)
  - competition (50 per cent, compared to 58 per cent of all SME employers)
  - taxation, VAT, PAYE, NI, business rates (53 per cent, compared to 50 per cent of all SME employers)
  - cash flow (54 per cent, compared to 49 per cent of all SME employers)
  - regulations (52 per cent, compared to 47 per cent of all SME employers)
  - obtaining finance (48 per cent, compared to 39 per cent of all SME employers).

#### Regulations as an obstacle to success of business

8.6 Where women-led SME employers reported regulations as an obstacle to business success, they were asked which regulations specifically they considered to be obstacles, and in what ways.

Table 8.2: Regulations considered to be obstacles to business success <sup>xxxiv</sup>					
Base = all women-led SME employers/ all SME employers considering regulations an obstacle to business success	Women-led SME Employers SBS 10	Women-led SME Employers ASBS 07/08	Women-led SME Employers ASBS 06/07	All SME Employers SBS 10	
Un-weighted (n) =	471	247	308	1917	
	%	%	%	%	
Health and safety	31	27	37	35	
Employment	19	21	13	14	
No specific/all regulations	17	14	N/A	11	
Tax-related	16	16	15	20	
Sector specific	15	6	11	16	
Environmental	6	7	11	7	
Planning, development, etc.	4	2	7	7	
Einen in belef and statistically signific					

Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010; \* = a figure of less than 0.5% but higher than zero

- 8.7 Health and safety regulations were the most commonly cited obstacles, reported by one in three (31 per cent) of all those citing regulations as a barrier to success.
- 8.8 These were followed by employment related regulations (19 per cent), tax and sectorspecific regulations (mentioned by 16 per cent and 15 per cent respectively). Despite women-led SME employers being more likely to mention tax, NI etc. as an obstacle to their business than all SME employers, they were less likely to mention regulations relating to tax (16 per cent compared to 20 per cent).

## 9 Usage of business support and Government services

#### Sources of business advice sought

- 9.1 Over the year prior to the survey, over half (55 per cent) of all women-led SME employers had sought external advice or information on matters affecting their business.
- 9.2 The most commonly used sources of advice were accountants (consulted by 33 per cent of those seeking advice), and consultants (17 per cent). Twelve per cent had sought advice through Business Link local services and six per cent sought advice via the Businesslink.gov.uk website. Ten per cent had sought help from a trade/business association and a further 10 per cent consulted their local authority.

Table 9.1: Sources of external advice of		
Base = all women-led SME employers / all SME employers who have sought advice	Women-led SME Employers SBS 10	All SME Employers SBS 2010
Un-weighted (n) =	458	2129
	%	%
Accountant	33	37
Consultant	17	20
Business Link local services	12	12
Trade/business association	10	7
Local Authority	10	3
Solicitor/lawyer	8	10
A friend/family member	7	3
Bank	7	6
Businesslink.gov.uk website	6	6
Business networks	4	2
Federation of Small Businesses	4	1
Other businesses in industry	4	4
Other specialists, e.g. HR/Marketing	3	4
Websites (general)	3	3
Figures in bold are statistically significant at the 959	% confidence level between wom	en-led SME employers and all SME

<sup>&</sup>lt;sup>17</sup> This question differs from that used in the ASBS surveys, hence comparisons are not possible.

employers in SBS 2010; \* = a figure of less than 0.5% but higher than zero

9.3 Compared to all SME employers that sought advice, women-led SME employers were more likely to have consulted trade associations, local authorities, friends and family, business networks and the Federation of Small Business.

#### **Business Mentors**

9.4 During the course of the 12 months prior to the survey, 15 per cent of women-led SME employers had used a business mentor (i.e. someone with business expertise who provides ongoing support with the development and running of their business). This was a greater proportion than SME employers as whole (11 per cent of whom had used a business mentor).

Table 9.2: Whether used business mentor in last 12 months			
Base = all Women-led SME employers / all SME employers	Women-led SME Employers SBS 10	All SME Employers SBS 2010	
Un-weighted (n) =	878	3817	
	%	%	
Yes	15	11	
No/don't know	84	89	
Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010			

9.5 Forty-two per cent of women-led SME employers did some networking in the past 12 months by making time to speak or meet with other businesses or entrepreneurs.

Table 9.3: Whether make time to speak or meet with other businesses/entrepreneurs			
Base = all women-led SME employers / all SME employers	Women-led SME Employers SBS 10	All SME Employers (Feb 2011 Business Barometer) <sup>18</sup>	
Un-weighted (n) =	878	500	
	%	%	
Yes	42	41	
No	58	59	
Figure is ball as statistically significant at the OFM	· · · · · · · · · · · · · · · · · · ·		

Figures in bold are statistically significant at the 95% confidence level between women-led SME employers and all SME employers in SBS 2010

<sup>&</sup>lt;sup>18</sup> This question was not asked in the mainstage SBS 2010, so the comparison is with the February 2011 Business Barometer.

#### Working for the public sector

9.6 The majority of women-led SMEs (83 per cent) had not bid for a public sector contract or expressed an interest in bidding in the last 12 months. Larger women-led SME employers were more likely to have done so.

Base = all women-led SME employers	All Women- led SME Employers SBS 10	Micro (1-9 employees)	Small (10- 49 employees)	Medium (50-249 employees)
Un-weighted (n) =	878	506	305	67
	%	%	%	%
Bid in the last 12 months	12	11	17	26
Expressed an interest in the last 12 months but not bid	4	3	8	4
Neither of these	83	85	75	69
Don't know	1	1	*	2

9.7 Twenty-nine per cent of women-led SME employers had done some work for the public sector in the previous 12 months. Sixteen per cent of women-led SME employers worked for the public sector as the prime contractor (compared with 12 per cent of SME employers as a whole) and 10 per cent did so as part of a supply chain (compared with 19 per cent of SME employers as a whole).

Table 9.5: Work for the public sector xxxix				
Base = all Women-led SME employers/all SME employers	Women- led SME Employers SBS 10	Women- led SME Employers ASBS 07/08	Women- led SME Employers ASBS 06/07	All SME Employers SBS 10
Un-weighted (n) =	878	932	1021	3817
	%	%	%	%
YES ANY	29	21	21	30
- As prime contractor	16	N/A	N/A	12
- Part of the supply chain only	10			19
<ul> <li>Don't know if prime contractor or supply chain</li> </ul>	2			2
NONE	70	78	78	69
Don't know/refused	2	1	*	1
Figures in bold are statistically significant at the 95% confidence level between women-led employers and all SME				

employers in SBS 2010; \* = a figure of less than 0.5% but more than zero

9.8 Among women-led SME employers that did not bid for public sector contracts (but for whom such contracts would be relevant to their business) 14 per cent said they did not bid because of a lack of knowledge of the process. Thirteen per cent said they did not bid due to the size of their business, and 12 per cent said they were deterred because the process would have taken too much time.

Table 9.6: Barriers to bidding for public sector contracts as part of the supply chain <sup>xi</sup>		
Base = all women-led SME employers for whom public sector business is relevant, but who have not bid for contracts, either as lead or part of the supply chain	Women-led SME Employers SBS 10	
Un-weighted (n) =	144	
	%	
Lack of knowledge of the process	14	
Size of the business	13	
Takes too much time	12	
Bureaucracy/red-tape	6	
No relevant opportunity has arisen	6	
Lack of funding	4	
Other	9	
No barriers	8	
Don't know/can't think of a reason	31	

9.9 Women-led SME employers for whom public sector work was relevant were asked what barriers prevented them from selling more to the public sector. Two-thirds of women-led SME employers asked about barriers (66 per cent) said that the effort involved in bidding or pre-qualifying for public sector contracts prevented them from selling more to the public sector. Fifty-five per cent cited exclusion from framework agreements or approved supplier lists as a barrier and 51 per cent cited lack of information about public sector opportunities.

Table 9.7: Barriers to selling more to the public sector <sup>xli</sup>		
Base = all Women-led SME employers for whom public sector business is relevant	Women-led SME Employers SBS 10	
Un-weighted (n) =	358	
	%	
Effort involved in bidding or pre-qualifying for public sector contracts	66	
Exclusion from framework agreements and approved supplier lists	55	
Lack of information about public sector opportunities	51	
Lack of understanding of the public sector procurement process	45	
Difficulties engaging with prime contractors	42	
Lack of consistency in the tendering process	42	
Public sector specifications exclude type of business	35	
Perceived risk of the public sector dealing with SMEs	34	
Post tender debriefing not being helpful	32	
Difficulties selling an innovative product	27	
Other	5	
None of these	12	
Don't know/refused	3	

### ENDNOTES: QUESTIONNAIRE REFERENCES

<sup>i</sup> Q5: And how many years has this firm been trading? This includes under all ownerships and all legal statuses.

<sup>ii</sup> Q4: What is the legal status of your organisation?

<sup>iii</sup> Q148: Can you please tell me the approximate turnover of your business in the past 12 months?

<sup>iv</sup> Q164: How many partners or directors are there in day-to-day control of the business now, including yourself?

 $^{\rm v}$  Q158: Is your business a family owned business? (A family business is majority owned by members of the same family)

vi Q153: Is your business VAT registered?

vii Q37: Do you think of your business as a social enterprise, by which I mean a business that has mainly social or environmental aims?

viii Q1a: How many employees does your business currently employ across all sites, excluding owners and partners?; Q11: You said earlier that your business currently employs [INSERT Q1A RESPONSE] people, excluding owners and partners. How many people did the business employ 12 months ago across all sites (still excluding owners and partners)?

<sup>ix</sup> Q1a: How many employees does your business currently employ across all sites, excluding owners and partners?; Q17: How many people do you expect the business to employ in twelve months time (excluding owners and partners)?

<sup>x</sup> Q149: Compared with the previous 12 months, has your turnover in the past 12 months increased, decreased or stayed roughly the same?

<sup>xi</sup> Q151: In the next 12 months do you expect your turnover to increase, decrease, stay roughly the same?

x<sup>ii</sup> Q35: Taking into account all sources of income in the last financial year, did you generate a profit or surplus?

x<sup>iii</sup> Q36: **Do you pay more than 50% of your trading profit or surplus** [IF DID NOT/DON'T KNOW/ UNWILLING TO SAY GENERATED A PROFIT IN THE LAST FINANCIAL YEAR **when you generate one**] **to owners/shareholders?** 

x<sup>iv</sup> Q49: I'd now like to turn to the future that you foresee for your business. Over the next two to three years, do you aim to grow your business?

<sup>xv</sup> Q50: Does your business plan to do any of the following over the next two to three years?

<sup>xvi</sup> Q53a: I'd now like to turn to the range of tasks that you need to do when running a business, and *for you to tell me* how capable you think your business *is* at doing them. I'm going to read out a list of business activities and I'd like you to rate your business from 1 to 5, where 1 is rated as very poor and 5 as very strong. You can include in your assessment any external expertise you use to achieve the task.

<sup>xvii</sup> Q86: I'd now like you to think about innovation within your business i.e. new products and processes. Have you introduced new or significantly improved products or services in the past twelve months?

<sup>xviii</sup> Q27: I'd now like to ask you a few questions about the nature of your trading activity. So, first of all, does your business sell goods or services or licence your product outside the UK?

xix Q137: Over the past 12 months, has your business funded or arranged any training and development for staff in the organisation, including any informal on the job training?

<sup>xx</sup> Q143: Does your business use the Internet for any of the following?

<sup>xxi</sup> Q53e: What do you think would encourage more women to think about setting up their own businesses?

<sup>xxii</sup> Q53a: I am now going to read out some statements that have been made about running a business. For each that I read out please tell me the extent to which you agree or disagree

<sup>xxiii</sup> Q66: Now I'd like to ask you some questions about financing your business. Have you tried to obtain finance for your business in the past 12 months?

xiv Q77a: Before you applied for finance, how confident were you that you would be successful?

<sup>xxv</sup> Q77b: Before you applied for finance, did you take any of the following steps to try and ensure you were successful in obtaining finance?

<sup>xxvi</sup> Q67: I'd like to ask you about this... what did you try to obtain finance for? IF MORE THAN ONCE (Q66/2): I'd like to ask you about the most important of these occasions. What did you try to obtain finance for?

xxvii Q79: Why have you not applied for finance in the last 12 months?

<sup>xxviii</sup> Q69: What type of finance did you seek? Please include all types of finance including where you failed to obtain it.

xxix Q70: How much finance did you seek?

xxx Q72: Did you have any difficulties in obtaining this finance from the first source you approached?

<sup>xxxi</sup> Q72: Did you have any difficulties in obtaining this finance from the first source you approached?/Q75: Did you eventually go on to obtain the finance you needed for your business, for example, from another external source?

<sup>xxxii</sup> Q74: What reasons were given for your application for finance being turned down/for receiving less finance than you sought/having problems raising all the finance?

xxxiii Q56: So, overall, which is the biggest obstacle to the success of your business?

xxxiv Q62: Which regulations do you consider to be an obstacle to the success of the business?

<sup>xxxv</sup> Q90a: Where have you been for external advice or information on matters affecting your business the last 12 months?

<sup>xxxvi</sup> Q95: In the last 12 months have you used a business mentor – that is somebody with business expertise who supports you through the development and running of your business on a continuous basis?

<sup>xxxvii</sup> Q97: Do you make time to speak or meet with other businesses or entrepreneurs to get help and advice about running your business?

<sup>xxxviii</sup> Q131: In the past 12 months have you expressed an interest in or bid for any contract advertised by the public sector?/Q1311i: Have you ever joined forces with another business to bid for public sector work rather than as a lead bidder?

<sup>xxxix</sup> Q131a: In the past 12 months have you actually done any business for the public sector?/ Q132c: Has any of this work for the public sector in the last 12 months been as the prime contractor or has it only been as part of the supply chain?

<sup>xi</sup> Q131ii: Is there anything that prevents you from bidding for public sector contracts as part of a supply chain?

x<sup>ii</sup> Q132a2: Which of these, if any, would you say are barriers to you selling more to the public sector?