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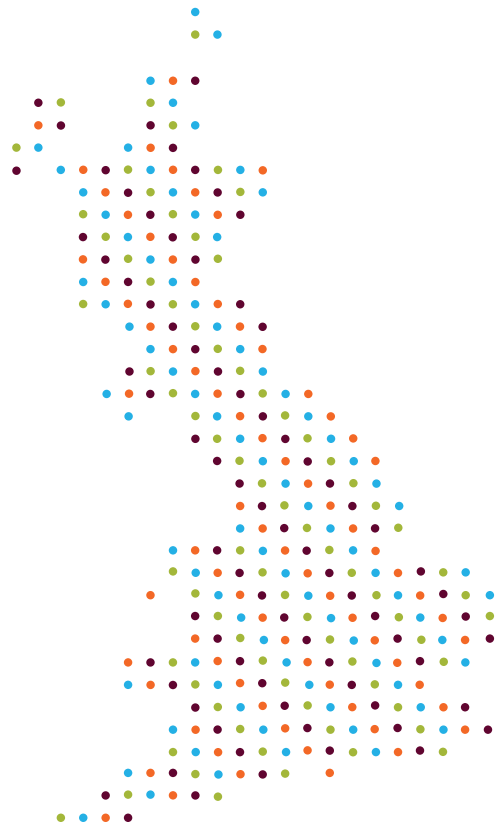
Business School



2011

Quarterly Survey of Small Business in Britain

Special topic: post-recession trends



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Special topic: post-recession trends

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Summary

The UK's small and medium-sized enterprises (SMEs) report a further slight decline in sales performance. With sales expectations for the next quarter at the same muted levels, there seems to be no immediate prospect of an uplift. However, the manufacturing sector may offer some grounds for optimism, with continuing strong performances in sales and jobs. The economic climate remains by far the biggest problem facing SMEs, though competition and rising prices are growing issues. Small firms report mixed views on the government's spending policies. A retrospective analysis of 26 years of Quarterly Survey data reveals striking differences in the performance of SMEs in the wake of the 2008 economic crisis and following the previous recession of the early 1990s.

- Small retailers have seen sales fall continuously for over four years, they remain the worst-performing sector and expect only a modest pre-Christmas boost.
- Manufacturing continues to perform better than most other sectors, reminiscent of its leading position in emergence from the recession of the early 1990s.
- After faltering in the previous survey, SME wholesalers are again reporting robust sales growth, as are those in the health/education/leisure & other personal services sector, which is the most optimistic about prospects for the final quarter.
- Construction firms are now reporting turnover falling as fast as those in the retail sector. SMEs in transport & storage have also seen sales fall and have cut employment. In addition, firms in this sector are particularly pessimistic about their sales prospects.
- SMEs in the East and West Midlands report the best sales and employment performance over the past year. Those in the East Midlands are most optimistic about their sales prospects for the current quarter.
- The economic climate remains by far the biggest issue facing Britain's SMEs, with 63% of firms ranking it as one of their top three problems.
- Competition has moved into second-place in the list of problems, a particular issue both in the struggling construction industry, where firms are cutting prices, and in the East and West Midlands where business is better but competition is fierce.
- As retail inflation has been increasing, more SMEs are having problems with the cost of inputs. The net balance of firms increasing their own average selling prices over the past year and the balance expecting to increase them over the current quarter have, though, both fallen a little.
- Generally, most SMEs are slow to change their employee numbers from year to year but over a longer horizon, the firms taking part in this survey expect to employ 14% more people in three years' time.
- A majority of SMEs (62%) believe that the government should not introduce further cuts in spending, a view that is particularly strong among those already affected adversely by the downturn. This leaves 36% of firms in favour of sharper cuts in public spending.
- Small firms made a quicker *initial* recovery after the 2008 recession, compared to that of the early 1990s, with the retail and construction sectors being notable exceptions. The recent recession has also had a less *visible* impact on SME employment. Over a 10 year period, the UK's smallest firms have consistently reported lower sales performance than those with 10 or more employees.

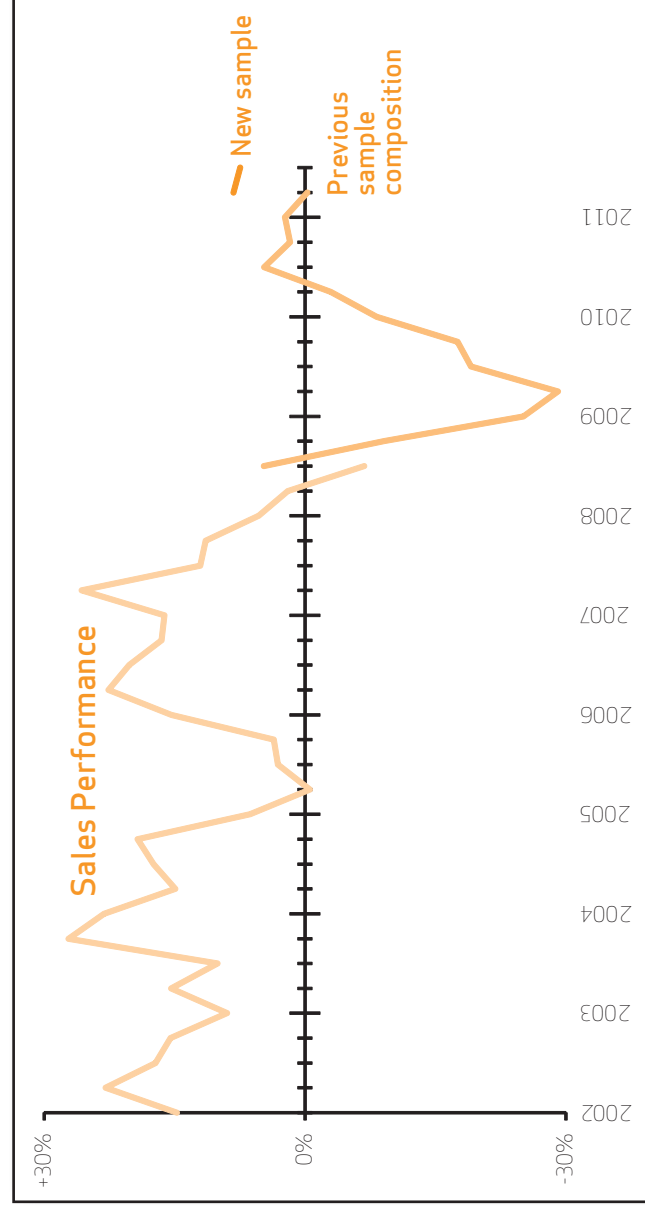
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Performance

While there are some positive areas, with small manufacturers and wholesalers and SMEs in the Midlands performing well, construction firms and retailers are suffering badly. There are also strong size-related differences in performance, with the smallest firms showing the strongest signs of distress. Overall, there has no been real improvement in the SME sector since the previous survey. Recovery has been stalled for the past year. Inflationary pressures from within the SME sector continue to ease.

Chart 1: Percentage balance of respondents reporting an increase in sales over past year (weighted figures)¹



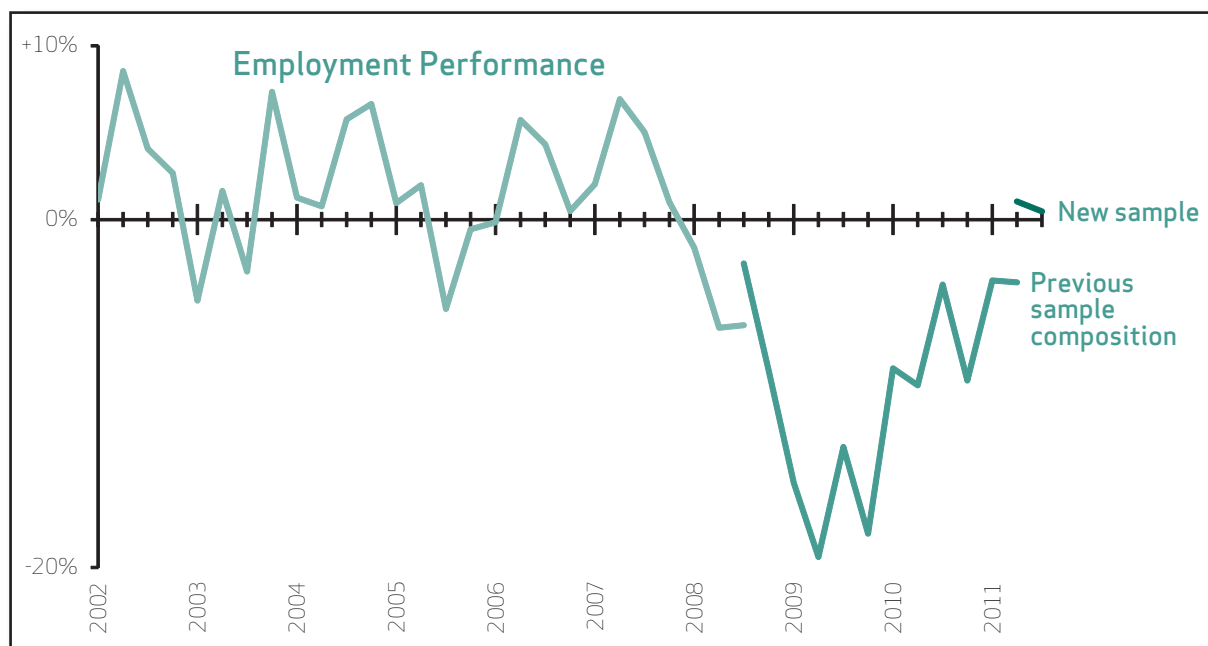
Sales performance is broadly in line with the preceding quarter. Some 37% of small and medium-sized enterprises (SMEs) report that their sales turnover was higher in the third quarter of 2011 than it was in the third quarter of 2010, while 30% report that their sales were lower, giving a balance of +7% reporting an increase (Table 1). This is practically unchanged on the +8% in the previous survey (Chart 1). In the previous survey the sample of responding firms was enlarged to include more medium-sized firms (i.e. those with

a turnover above £1m, but with fewer than 250 employees). This boosted the balance because these medium-sized firms are somewhat more positive than the micro and small firms. Chart 1 shows that apart from the increase caused by this change in sample composition, the balance has been drifting downwards over the whole of the past year².

Official GDP figures for the UK economy³ paint a similar picture (see Chart 8 on page 10). These show that the annual rate of real GDP growth peaked at +2.6% in the year to the

1. Enlargements and consequent changes in composition of the sample led to partial breaks in the series in late 2008 and mid-2011. More details in "Quarterly Survey of Small Business in Britain", Vol 24 No 4 and Vol 27 No 3.
2. The full series of historic balances are shown in Table A1 in the Appendix of this report.
3. "Second Estimate of GDP Time Series Dataset 2011 Q3", 24 November 2011. Office for National Statistics (www.ons.gov.uk). Gross Domestic Product index: CVM, seasonally adjusted.

Chart 2: Percentage balance of respondents reporting an increase in employment over past year (weighted figures)



third quarter of 2010 but then declined to reach +0.6% for the second quarter of 2011 and is marginally down again, to +0.5%, for the third quarter.

Two thirds of SMEs have not changed their number of employees over the past year (Table 1). The balance of firms changing employment therefore represents the performance of a relatively small number of firms and, as Chart 2 shows, has been more erratic than the sales balance over the past few years. In this survey, the 17% of SMEs which have recruited extra employees over the past year are exactly matched by the 17% which have cut the numbers they employ, giving a zero balance (Table 1).

The “Post-recession Trends” section of this report takes a longer-term look at experiences revealed by the sales and employment balances from these surveys.

One-fifth of SMEs have increased the amount which they invest in plant, equipment and premises over the past year, while 18% have cut it, giving a balance of just under +3% (Table 1). This is marginally down on the +4% in the previous survey.

The rate of increase in the Consumer Prices Index has picked up since our last report (to +5.2% in September and +5.0 in October)⁴. SMEs appear to have contributed to this but inflationary pressures from SMEs now appear to be declining. Table 1 does show that there are still more (29%) SMEs who increased their average selling prices over the past year than cut them (17%). However, the balance of +12% is lower than the +16% in the previous survey. The balance of firms increasing prices peaked at the beginning of 2011 and inflationary pressures within the SME sector now seem to be easing somewhat.

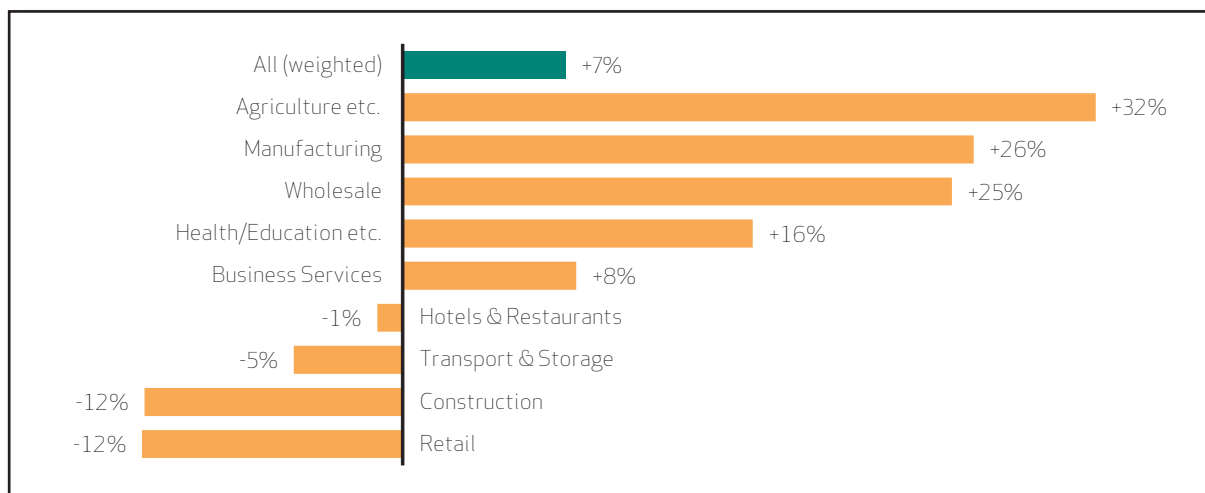
Table 1: Change over past year in sales, employment, investment and selling prices (new series, weighted figures)

Change over past year (2011Q3 on 2010Q3) in:	Up	Same	Down	Balance
Sales Turnover	37%	33%	30%	+7%
Average Employment	17%	66%	17%	+0%
Investment	20%	62%	18%	+3%
Selling prices	29%	53%	17%	+12%

4. “Consumer price indices October 2011”, 15 November 2011, Office for National Statistics Statistical Bulletin.

Performance: Comparison Across Sectors

Chart 3: Percentage balance of respondents reporting an increase in sales over past year by sector



While overall there has been no significant change in the balance of SMEs reporting an increase in sales over the past year, there are positive signs in some sectors while others continue to struggle.

Our sample of small and medium-sized agricultural firms is relatively small, so they may not be representative of firms in the sector as a whole, but they have been among the top-three most positive sectors for the whole of 2011 and report the best performance in the year to the third quarter (+32%, Chart 3). Official figures⁴ show that, although economy-wide agricultural output was down over the year as a whole, quarter-on-quarter growth was particularly strong in the first quarter of 2011 (when our sales balance was highest) and has shown another increase for the third quarter. As in the previous survey, small agricultural firms are those most often increasing their average selling prices. Half increased their prices over the past year while only 9% cut them. In contrast to the previous survey, though, more agricultural firms cut than increased investment over the past year.

The fortunes of small manufacturers have taken a roller-coaster ride since the onset of recession in 2008². Firms in this sector were reporting strongly positive sales performance to the third quarter of 2008 but the balance

then plummeted to a record low of -40% in the first quarter of 2009. Recovery has, however, been fairly strong since then and the balance of +26% this time (up from +21%) keeps them in second place in the rankings in Chart 3. Official estimates also show (despite a recent slowing in the pace of quarter-on-quarter growth), that manufacturing is the component of GDP with the highest growth (+2.1 per cent) in the year to the third quarter of 2011. SME manufacturers now report the best employment growth (+12%) and investment performance (+12%) of all SME sectors (Table 2).

In the previous survey, SME wholesalers suddenly reported falling sales, after a year of growth. However, this appears to have been a temporary aberration and, with a sales balance of +25%, wholesalers are again one of the top-three most positive sectors, as they were for the preceding two surveys. The balances increasing employment and investment have also recovered and become positive again (Table 2). The balance increasing prices continues to ease, though, from +30% to +25%.

In the previous survey, the health/education/leisure & other personal services sector was the most positive, with a sales balance of +23%. While the balance of +16% (Chart 3) this time is a little lower this is still a relatively good result

1. www.ons.gov.uk, Statistical Bulletin, "Second estimate of Gross Domestic Product 3rd quarter 2011", 24 November 2011.

2. For a more detailed account, see the special section 'Post-recession Trends', including Chart 11 on page 14.

Table 2: Change over past year in sales, employment, investment and selling prices by sector

	Sales Turnover	Average Employment	Investment	Selling Prices	Sample
Agriculture, Forestry, Fisheries	+32%	+5%	-5%	+41%	22
Manufacturing	+26%	+12%	+12%	+22%	164
Transport & Storage	-5%	-13%	-13%	+15%	40
Construction	-12%	-13%	-12%	-17%	118
Wholesale	+25%	+4%	+5%	+25%	115
Retail	-12%	-6%	+7%	+23%	142
Hotels & Restaurants	-1%	-6%	+9%	+21%	86
Business Services	+8%	+3%	+1%	+6%	251
Health/Education/Leisure/Other	+16%	+7%	+10%	+15%	168
All (weighted by sector)	+7%	+0%	+3%	+12%	1,106

and shows no signs of returning to the record low of -27% in mid-2009. The positive balances for employment and investment for this sector are unchanged on three months ago. The sales balance for business service firms is also marginally down, from +10% to +8%, but employment and investment balances remain just positive. The "Post-recession Trends" section of this report shows that small service firms seem to have been hit harder in this recession than that of the early 1990s, but may now be beginning to recover.

However, other SME sectors report a decline in sales. For example, in the previous survey, SME hotels & restaurants reported, on balance, an increase in sales for the first time in two years. However, this glimmer of hope was short-lived and this time there are again more which saw sales fall than rise, giving a balance of -1% (Chart 3). The balance of these firms increasing employment has also become negative again (Table 2).

Transport & storage firms again report falling sales over the past year, they have most often cut investment and (along with construction SMEs) most often cut employment over the past year.

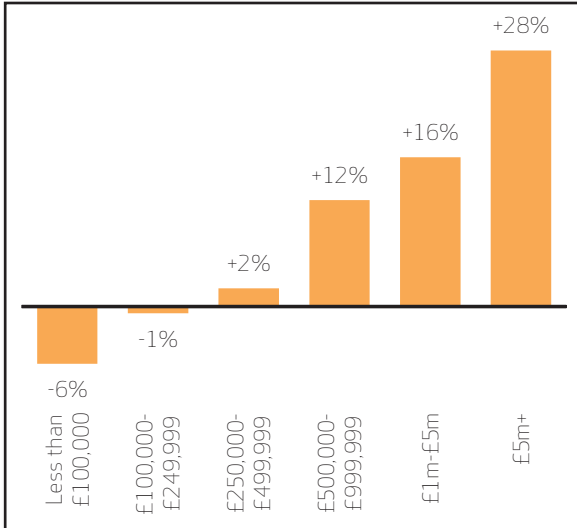
Construction is again the only sector where more SMEs have cut than increased their prices over the past year (Table 2). This balance has now been negative for 18 months, but lower prices have not been enough to increase the total value of construction sales, with the sales balance falling from -3% to -12%, almost as bad as that for retail (Chart 3). Small construction firms have reported falling sales for over three years, reflecting the dire straits of the sector as a whole, which official figures show contracted by 3.6% in the year to the third quarter of 2011. As noted, construction SMEs remain among those most often cutting jobs and investment (Table 2).

The only SME sector with a longer sustained period of falling sales than construction is retail. Small retailers have now been reporting falling sales for over four years³. The sales performance balance of -12% this time is only fractionally lower than -11% three months ago but keeps retailing in bottom place in Chart 3. Retailers are also more often cutting than increasing jobs (-6%), though more have increased than cut investment over the past year (+7%, Table 2). The balance of small retailers increasing their average selling prices over the past year has fallen from +34% last time to +23% now.

3. See the special section 'Post-recession Trends' (Chart 11 on page 14).

Performance: Comparison Across Size Bands

Chart 4: Percentage balance reporting an increase in sales over past year by turnover size band

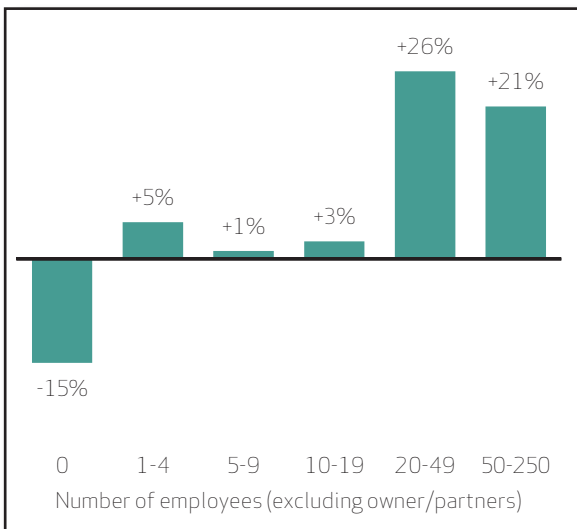


The sales performance of the very smallest firms is much worse than that of their medium-sized counterparts (Chart 4). More firms with a turnover below £250,000 have seen their sales fall over the past year than have seen them rise. In contrast, half of the firms with a turnover of £5m or over have increased sales over the past year and little more than a fifth have seen them fall, giving a balance of +28%.

Firms where just the owner or partners work on their own, without employees, were also more likely to have seen their sales fall than rise over the past year (Chart 5). While the relationship between sales performance and number of employees is not as direct as in the previous survey, it is clear that those with 20 or more employees have been far more successful than those with between one and 19 employees in increasing their turnover.

In the special section on "Post-recession Trends", we take a longer-term view of these size related differences and note the consistent tendency of relatively larger firms to report better sales performance than the smallest (Chart 13, page 16).

Chart 5: Percentage balance reporting an increase in sales by number of employees



There are similar size-related differences for employment and investment performance. Only firms with a turnover of greater than £1m or with 10 or more employees have, on balance, recruited extra employees over the past year. Those with a turnover greater than £250,000 or with 5 or more employees have, on balance, increased the amount they invest while those below these thresholds have tended to cut back on investment.

Performance: Comparison Across Regions

Chart 6: Percentage balance of respondents reporting an increase in sales over past year - by region

For the fifth time in six surveys, the East Midlands is the region with the best sales performance. In the previous survey, after a whole year of reporting the best sales performance, SMEs in the East Midlands were knocked off the top spot by their neighbours in the West Midlands. However, this time the East Midlands is again the highlight, with a balance of +23% reporting sales are up over the year, closely followed by +20% in the West Midlands (Chart 6 and Table 3). SMEs in these two regions also have the highest balances for employment and (along with those in the North East) investment.

SMEs in Scotland report far weaker sales than last time, but the balance remains positive (down from +21% to +7%). Only in London, Wales and Yorkshire & the Humber are there negative balances, meaning more SMEs reporting sales are down than reporting they are up (Table 3).

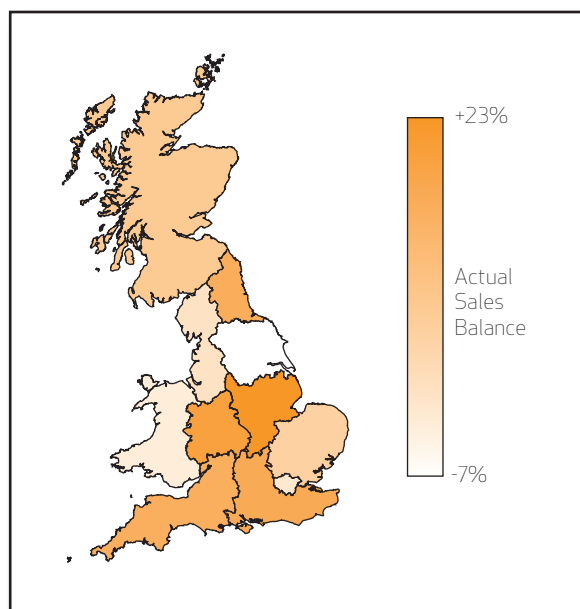
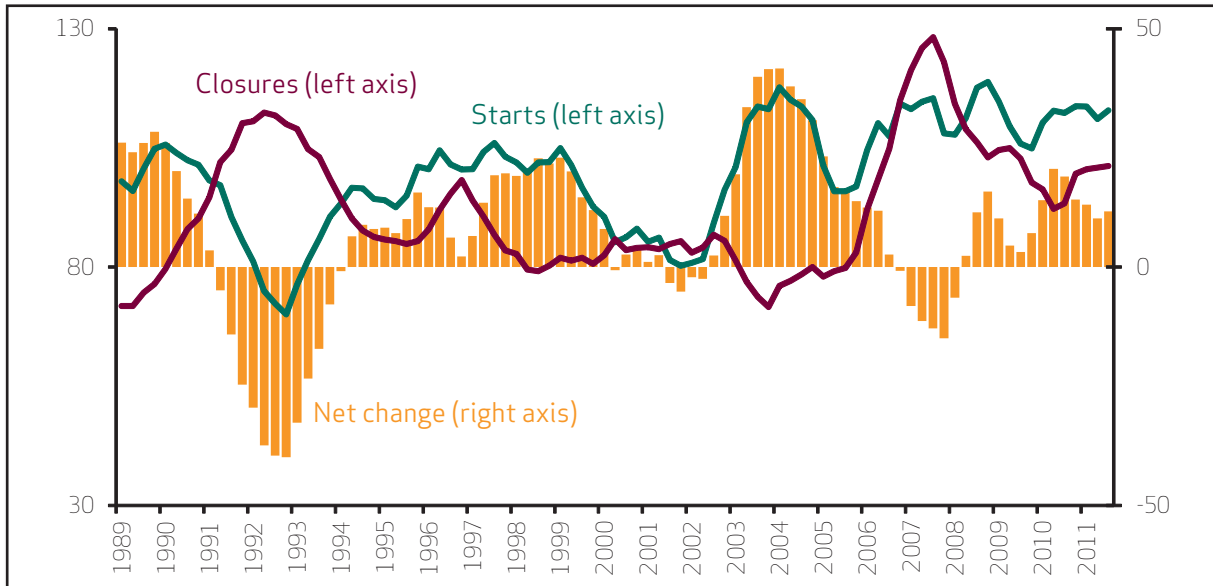


Table 3: Change over past year in sales, employment, investment and selling prices by region

	Sales Turnover	Average Employment	Investment	Selling Prices	Sample
North East	+16%	-2%	+11%	+23%	44
North West	0%	0%	+6%	-3%	99
Yorkshire & the Humber	-7%	-2%	+4%	+13%	83
East Midlands	+23%	+6%	+9%	+16%	112
West Midlands	+20%	+13%	+15%	+21%	75
East of England	+5%	-2%	-8%	+10%	119
London	-1%	-3%	0%	+17%	144
South East	+17%	+3%	+3%	+17%	173
South West	+15%	-1%	+5%	+10%	111
Wales	-3%	0%	0%	+28%	39
Scotland	+7%	+1%	+6%	+12%	83
All (weighted by sector)	+7%	+0%	+3%	+12%	1,106

Business Stock & Activity Index

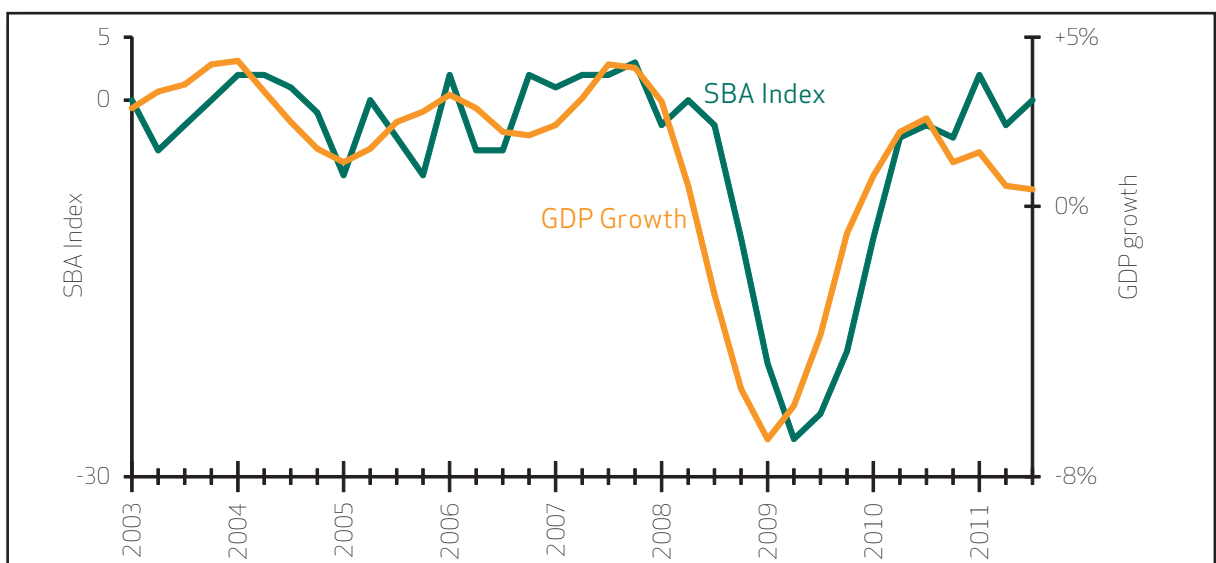
Chart 7: Mainstream businesses in England and Wales, starts closures & net change. Thousands, four quarter moving averages, Source: Business Economics, Barclays Business



The number of self-employed people has continued to increase to a record 4.09 million in the third quarter of 2011¹. Barclays estimates of the total number of "mainstream" businesses reflects this with a continued rise. The number of business closures has increased a little during the past quarter, but the number of business starts has increased even more (Chart 7).

Chart 8 shows the Barclays Small Business Activity Index, derived from the banking activity of over 200,000 small firms. The SBA Index has hovered around zero for the past year or so, while official figures for the change in GDP over the past year have slid downwards a little. The GDP series has been revised since our previous survey, suggesting that the entry to recession was even sharper than previously thought.

Chart 8: Barclays Small Business Activity Index vs GDP growth (latest quarter on corresponding quarter previous year)



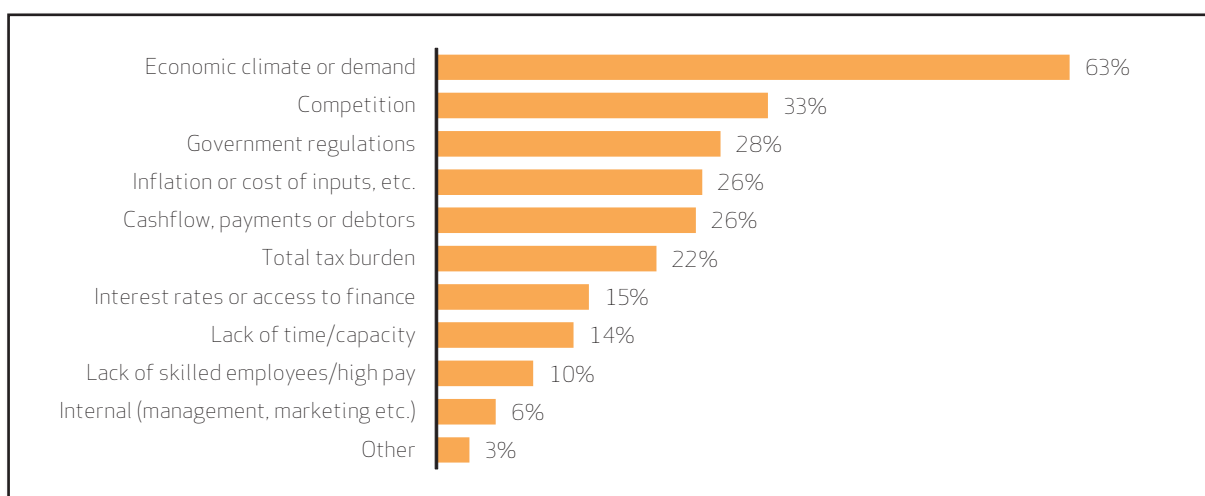
Source: SBA Index, Business Economics & Research Team, Barclays Business. GDP, change between quarter and corresponding quarter of previous year, "Second Estimate of GDP Time Series Dataset 2011 Q3", 24 November 2011, Office for National Statistics (www.ons.gov.uk), Gross Domestic Product index: CVM: seasonally adjusted, IHYR.

1. www.ons.gov.uk, Statistical Bulletin, "Labour Market Statistics: November 2011", 16 November 2011.

Problems

The economic climate is still the major concern for small businesses and is being reported as the top problem across every region and sector. Competition has become an increasingly important issue, and is now having a strong impact in some sectors, including construction.

Chart 9: Proportion of firms indicating that each problem is in the top three facing their business at the moment



Small firms were asked to indicate which of a list of problems were the top three facing their business at the moment¹.

Economic climate or demand

‘Economic climate or demand’ has been the top problem for Britain’s SMEs since the beginning of 2008, when the effects of the credit crunch began to bite. Chart 9 shows that 63% of SMEs indicate that this is one of the top three problems facing their business at the moment, far more than any other issue.

The economic climate is the top-ranked problem for firms of all sizes, whether measured by turnover or by employees (Table 4, overleaf). SMEs in every region and sector report that the economic climate is their most common business problem, with those in Wales (77%) and in transport & storage (70%) seeming to suffer the most. Those who have seen their own sales fall over the past year are naturally most concerned about the economic climate (72%) but even for those which have increased their sales, the economic climate is the top-ranked problem (58%).

Competition

One-third of SMEs report that ‘competition’ is a top-three problem for their business. This is now a markedly more common issue than in the previous survey, when almost as many complained of problems with cashflow and government regulations.

As in the previous survey, SMEs in the troubled construction sector, where firms are slashing prices, have the biggest competition problems (41%), though retailers have relatively less of an issue with it than they did three months ago. SMEs in the East Midlands (46%) and West Midlands (43%) of England far more often complain of competition problems than those in the North East (14%) and North West (24%).

Government regulations

‘Government regulations’ has moved up from fourth to third place in the ranking of problems in Chart 9, a top-three problem for 28% of SMEs. Table 4, overleaf, shows that business owners who work on their own have less of a problem with regulation (22%) than employers, as much regulation is related to employment law.

1. Not all respondents indicate all three problems. In the previous survey, on average they only highlighted 2.2 issues, compared with 2.4 this time. A consequence of this is that the percentages are higher than in the previous survey for almost every issue.

Table 4: Proportion putting each problem in their top three, by number of employees (excluding owner/partners)

	0	1-4	5-9	10-19	20-49	50-250	All
Economic climate or demand	67%	57%	64%	66%	60%	62%	63%
Competition	32%	31%	31%	35%	40%	29%	33%
Government regulations	22%	32%	26%	29%	30%	28%	28%
Inflation or cost of inputs, etc.	26%	24%	25%	28%	27%	28%	26%
Cashflow, payments or debtors	23%	31%	29%	29%	23%	20%	26%
Total tax burden	22%	28%	28%	23%	18%	14%	22%
Interest rates or access to finance	15%	17%	17%	14%	13%	15%	15%
Lack of time/capacity	15%	17%	16%	14%	14%	8%	14%
Lack of skilled employees/high pay	1%	8%	13%	9%	13%	11%	10%
Internal (management, marketing etc.)	6%	4%	7%	7%	7%	6%	6%
Sample	137	192	174	200	174	228	1,106

In recent surveys, agricultural firms have more often than those in other sectors indicated a problem with regulations, but this time they are more concerned with other issues, including the economic climate, and only 23% have a top-three problem with regulations. Retailers (35%), business service firms (32%) and those in health/education/leisure & other personal services (31%) currently have more of a problem with regulations.

SMEs in Wales (44%) and Scotland (39%) more often report problems with regulations than those in most regions of England (with the exception of the North East, 41%). The most entrepreneurial SMEs, which are more often employers, report more problems with regulation (32%) than the least entrepreneurial (25%).

Inflation or cost of inputs

After seeming to level out at the time of our previous survey, inflation (as measured by the increase in the Consumer Prices Index) picked up again in the third quarter of 2011². The proportion of SMEs indicating that 'inflation or the cost of inputs etc.' is now a top-three problem is up to over one-quarter and to fourth place in the rankings in Chart 9.

Hotels & restaurants (36%) now have the most problems with input prices, displacing agricultural SMEs (32%), wholesalers (28%) and retailers (27%), who still have more of an issue with this than other sectors, but less so than three months ago.

Cashflow, payments or debtors

The issue of 'cashflow, late payments and debtors' has slipped two places down the rankings in Chart 9, though over a quarter (26%) of SMEs still report that this is a top-three problem for their business.

Cashflow and payments is still more of a problem for small and medium-sized construction firms (31%) than those in other sectors, though even for them it is a less pressing issue than in the previous survey.

Cashflow issues may well be a serious constraint on medium-term growth. SMEs with cashflow issues have less often (14%) than those without (23%) been able to increase the amount they invest over the past year.

Total tax burden

Over one-fifth (22%) of SMEs indicate that the 'total tax burden' is a top-three problem for their business (Chart 9). Medium-sized firms with 50 to 250 employees less often complain about the tax burden (14%, Table 4). Hotels & restaurants (paying duty on alcoholic drinks) have a particular problem (36%) with the tax burden.

Interest rates/access to finance

Interest rates have stayed at an historic low and the proportion of small firms reporting that 'interest rates or access to finance' is a top-three problem for them has again eased and now stands at 15% (Chart 9), though a few firms did make 'other' comments regarding problems they were having obtaining, or being forced to repay, bank borrowing.

Lack of capacity & employees

The proportion of SMEs with a problem with a 'lack of time or capacity' is relatively unchanged on the previous survey (14%), though rather more than before have an issue with a 'lack of skilled employees/high pay' (10%).

2. "Consumer price indices October 2011", 15 November 2011, Office for National Statistics Statistical Bulletin.

Post-recession Trends

The *Quarterly Survey* has been tracking the progress of smaller firms for more than a quarter of a century. This provides us with an opportunity to compare recent economic conditions with those experienced during the last UK recession and its immediate aftermath, a period that extended from 1988 to the early 1990s.

Sales performance

We begin with a review of sales performance trends. Chart 10 shows the balance of firms reporting increased sales turnover in the preceding quarter as compared to the same quarter in the previous year¹. This is contrasted with the change in UK GDP at constant prices² to indicate the overall rate of growth in the economy over the same period.

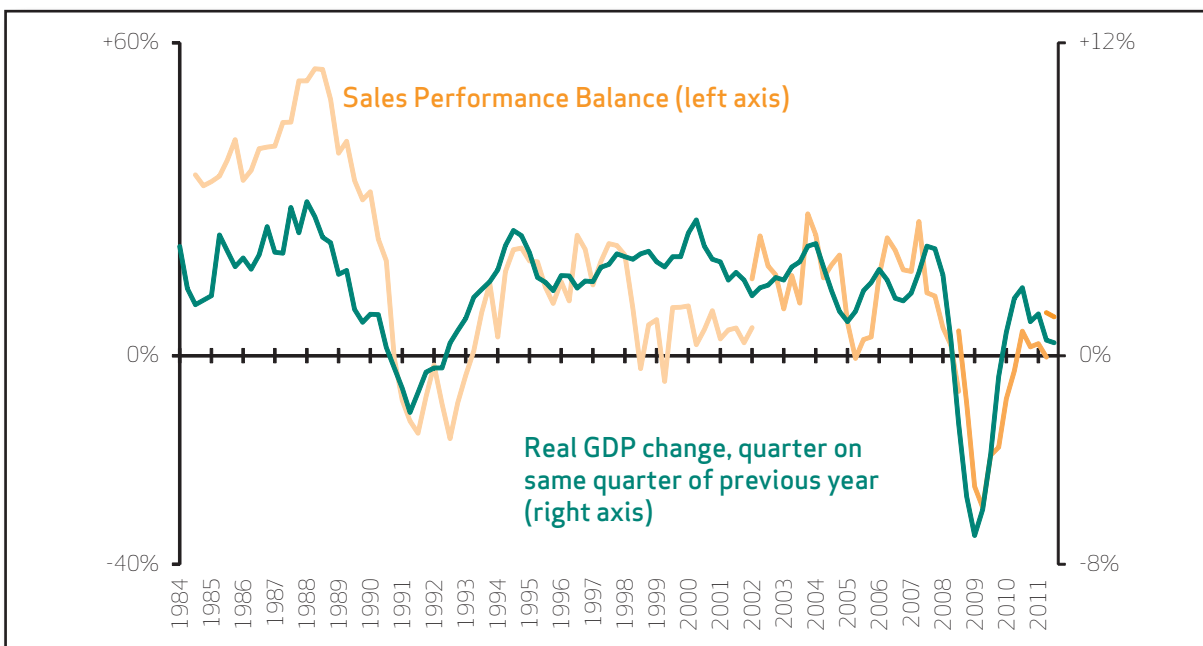
The late-1980s boom reached its peak at the beginning of 1988, when GDP in volume terms was 5.9% higher than a year before. Due to rising prices (with the rate of RPI inflation peaking at over 10% in late 1990), the growth in value terms was over 12%. The higher sales performance balances in this period relative to real GDP growth were probably influenced by small firms reporting sales increases in value rather than volume terms. This balance peaked at +55% in mid-1988 and

then began to fall, as growth slowed. Between the end of 1990 and the middle of 1992, real annual GDP growth was negative, hitting a low of -2.2% in the second quarter of 1991, becoming positive again in the third quarter of 1992.

Small firms were slow to recover from this recession, as compared to the rest of the economy, the sales balance remaining negative until the middle of 1993, almost a year after the first signs of an upturn in GDP.

The fall in real GDP at the beginning of 2008 was far more sudden than in the 1990s, and the impact on small firms also appears to have been more immediate. Our sales performance balance started to fall in late 2007, immediately after the onset of the 'credit-crunch' and the Northern Rock crisis, reaching a low point of -29% in mid-2009³. This was much lower than the -16% figure recorded in 1992, reflecting the much sharper fall in GDP this time around. The period in which the sales performance balance (and the annual change in real GDP) were negative was much shorter than the equivalent period in the 1990s. However, despite showing a more rapid initial recovery from mid 2009, the growth in the sales balance appears to have stalled since the end of 2010.

Chart 10: Percentage balance of respondents reporting an increase in sales over past year, compared with change in real GDP



1. Enlargements and consequent changes in composition of the sample led to breaks in the series in 2002, 2008 and earlier in 2011. More details in "Quarterly Survey of Small Business in Britain", issues Vol 18 No 2, Vol 24 No 4 and Vol 27 No 3.
2. www.ons.gov.uk. IHYR (pre-1988 calculated as change in YBEZ), GDP, quarter on quarter of previous year, CVM.
3. Even though the inclusion of younger firms with more growth ambitions in 2008 did boost the balance.

Sales by sector

We also looked at how different sectors have fared in the two recessions, as measured by their sales performance balances. Chart 11 highlights some of the more striking contrasts.

Small firms in this survey engaged in business services and health, education, leisure & other personal services did not suffer as severely in the 1990s recession as those in other sectors. This is indicated by the relatively few quarters where they reported falling sales. However, both sectors have been

Chart 11: Percentage balance of respondents reporting an increase in sales, selected sectors

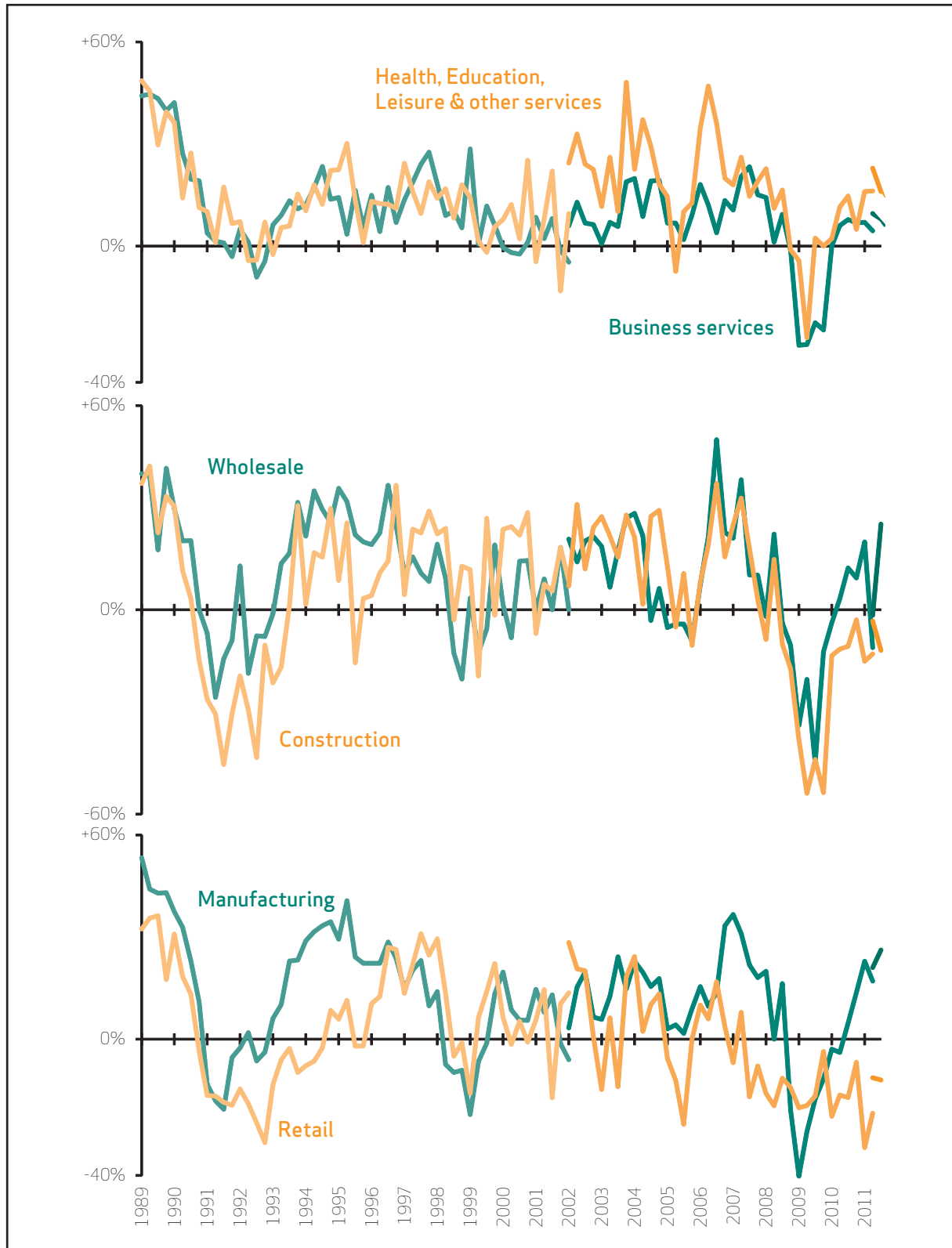
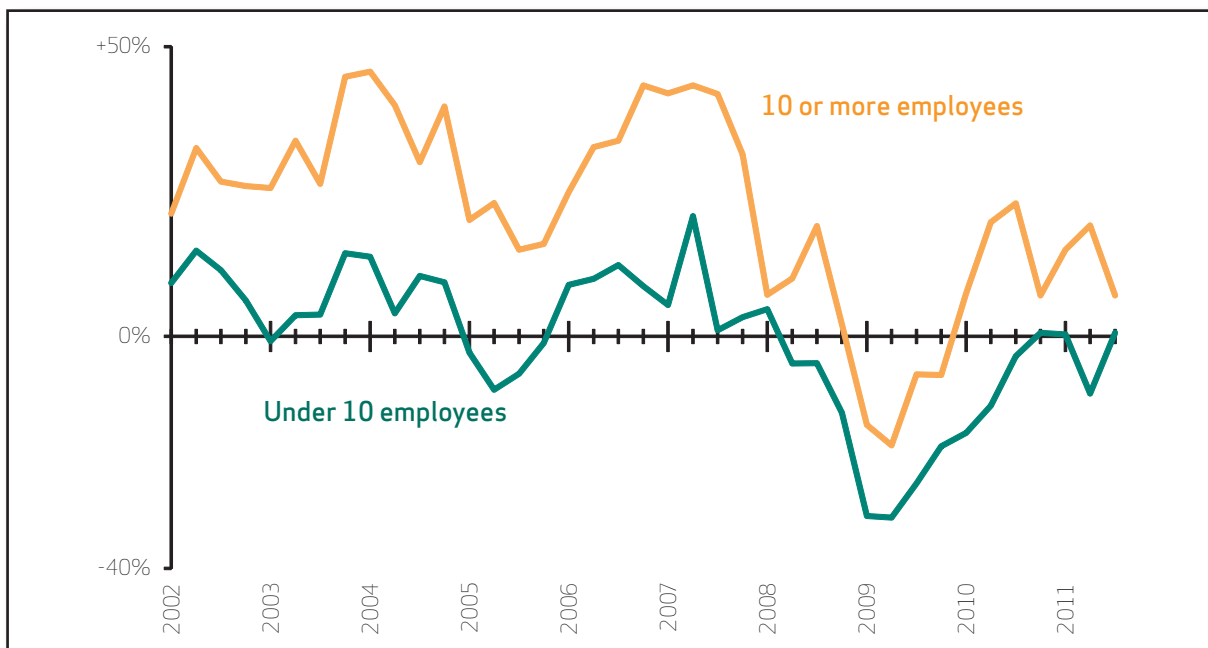


Chart 12: Percentage balance of respondents reporting an increase in sales over past year, by number of employees



hit far harder by the current economic crisis, where they experienced short but severe declines following the final quarter of 2008. The sales performance balance for business services fell to -29% for the following two surveys, but by the beginning of 2010 the balance was positive again. The health/education/leisure balance fell to a similar low (-27%) but was negative for only three surveys and positive again by mid-2009.

Wholesale and construction are two sectors largely at the mercy of other sectors of the economy having become deeply involved in the consumer and housing 'bubbles' that triggered these crises. Small construction firms reported the most negative sales performance balances in both the recession of the 1990s (-45% in mid-1991) and the most recent (-54% in mid-2009). The sales balances for both wholesale and construction became negative for the first quarter of 2008. After a brief resurgence in the second quarter, the balance for construction has been negative ever since.

Only retail has had a longer run of negative sales balances than construction. Small retailers were already struggling before the credit-crunch started to bite, with a negative balance being reported in the first quarter of 2007. The second quarter was a little brighter, but since the third quarter of 2007 retailers have reported falling sales for an unprecedented 17 surveys, over four years, in a row. It is also worth noting that the retail sector was the slowest to recover

from the 1990s recession, not reporting a positive sales balance until the end of 1994.

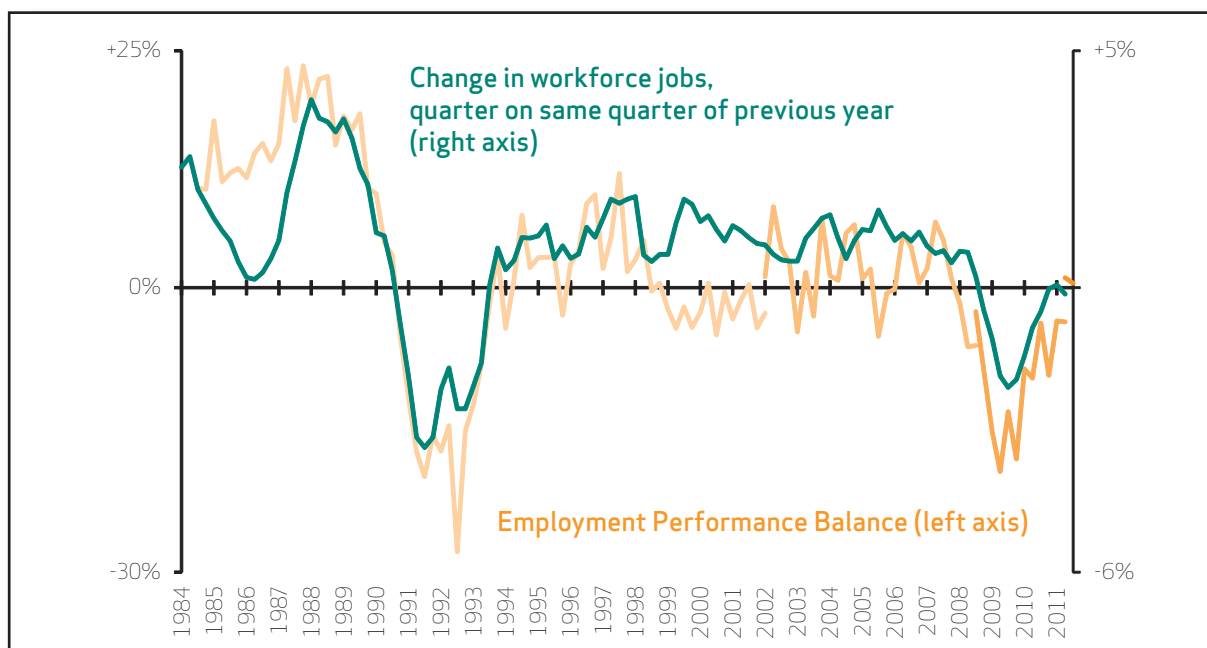
Small manufacturers, in contrast, recovered relatively quickly following the early 1990s recession. This was probably helped by the depreciation of the pound following exit from the Exchange Rate Mechanism (ERM) in 1992, which made exports cheaper and imports of manufactured goods relatively more expensive. More recently, manufacturing performance has been rather more mixed. At the end of 2006 and the beginning of 2007 it was one of the sectors reporting the best sales growth. While retail sales turned down sharply, manufacturers remained positive right until the end of 2008. The balance then fell sharply over the period of two surveys to a record low of -40% at the beginning of 2009. However, the sales balance for manufacturing has since recovered strongly.

Sales by firm size

The smallest firms have suffered most from the effects of recession. In the regular section of this report we often find that relatively larger firms report better sales performance than their smallest counterparts (e.g. Charts 4 and 5 in this survey). Chart 12, above, presents a longer-term analysis. This shows that in every survey over the past ten years a higher balance of firms with 10 or more employees than of the those with fewer than 10 employees have reported that their sales increased over the past year^{4,5}.

- Due to differences in the way in which the data have been collected over the years, the count of employees does not before mid-2008 include the owner or partners working in the business, but after mid-2008 includes all people working in the business.
- Among this group are a small number of fast-growth firms or 'gazelles' (i.e. firms that achieve a 20 per cent growth rate over a 3 year period) that generate a much higher proportion of new jobs than other firms (Acs, Z. J., and Mueller, P. (2008) "Employment effects of business dynamics: Mice, gazelles and elephants." *Small Business Economics*, 30, 1: 85-100; Henrekson, M. and Johansson, D. (2010) "Gazelles as job creators: a survey and interpretation of the evidence." *Small Business Economics*, 35, 2: 227-244.) See also: <http://www.isbe.org.uk/ImplicationsforPolicy>.

Chart 13: Percentage balance of respondents reporting an increase in employment over past year, compared with change in jobs



Between the second quarter of 2008 and the final quarter of 2010 (two and a half years), more of the firms with under 10 employees reported that their sales had fallen over the past year than that they had increased. Since then, the sales performance balance for these firms has remained below +1% (and for those with fewer than 5 employees it has remained negative). The sales balance was negative for firms with 10 or more employees for only one year (the whole of 2009) and since then they have, on balance, reported rising sales. However, it should be remembered that Chart 12 shows that the smallest firms have also reported weaker sales performance than relatively larger firms even when economic conditions have been relatively buoyant. Part of the explanation for this is that many of the smallest firms do not aspire to increase their turnover⁶. In addition, firms which started small but realised their growth ambitions will quickly have moved into the higher size-bands.

Jobs

Although the impact on GDP of the post-2008 recession was more sudden and severe than that experienced in the early 1990s, the impact on jobs has not been as dramatic to date.

It remains to be seen how SME employment will respond to more recent events, including the continuing uncertainty in the Eurozone countries. Chart 13 contrasts long-term changes in our employment performance balance against official statistics for the UK labour market as a whole⁷.

In the late 1980s, strong growth in the number of jobs in the UK economy was followed by a prolonged period when the number of workforce jobs was falling. This lasted from mid-1990 up to the end of 1992 (and the change in jobs over the year did not become positive until the third quarter of 1993). There was also a sharp decline in our employment balance in this period, which reached a low point of -28% in the third quarter of 1992.

Since 2008, the fall in workforce jobs has been less dramatic than in the 1990s, partly supported by the growth in part-time jobs and the self-employed. Chart 13 also shows that the balance of small firms reporting increased employment during the recent economic crisis has not fallen as low as it did in 1992. However, it was negative for 14 surveys in a row from the beginning of 2008 and has only become positive following modifications to our survey sample, which have increased the number of medium-sized firms⁸.

6. See, for instance, "Quarterly Survey of Small Business in Britain, Vol 25 No 2".

7. www.ons.gov.uk, Labour Market Statistics, UK Workforce Jobs, series DYDC, change between quarter and same quarter of previous year. Workforce jobs measures the number of filled jobs in the economy. It differs from the number of people in employment as some people have more than one job.

8. The previous survey report contains full details of these modifications to the size range of firms covered by our research: "Quarterly Survey of Small Business in Britain, 2011 Q3" Open University Business School.

Employment Change

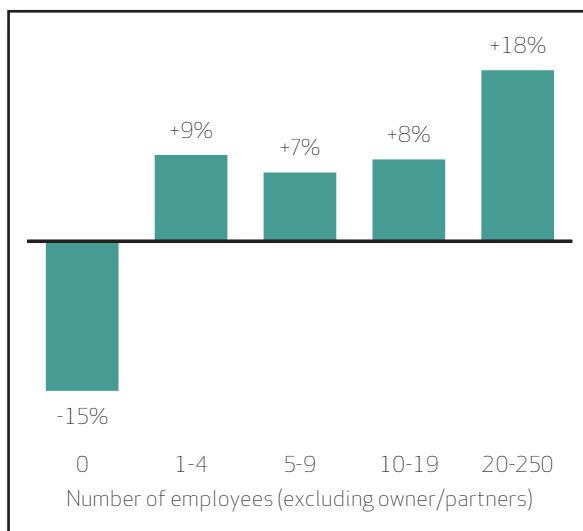
Table 5: Expected change in average employment over the next three years, by number of employees

Number of employees (excluding owner/partners):	0	1-4	5-9	10-19	20-250	All
Increase workforce	3%	22%	53%	41%	74%	38%
Same workforce size	73%	63%	23%	41%	16%	45%
Cut workforce	3%	9%	19%	18%	11%	12%
Close business	21%	6%	5%	0%	0%	6%
Sample	33	67	43	34	38	215
Balance expecting increase	-21%	+7%	+30%	+24%	+63%	+20%

In the previous survey¹ we reported that over half of online respondents felt that the prospects for Britain's small firms generating more employment over the next year were 'poor' or 'very poor'. This is supported in the current report². In this section we examine the issue in more detail.

Online respondents to the survey were asked how many people they expect to employ in three years' time. While the very smallest firms remain pessimistic about their own prospects over the medium-term, Table 5 and Chart 14 show that a majority who already have employees expect to increase the numbers they employ over the next three years.

Chart 14: Expected change in numbers employed over the next three years, by number of employees



This question revealed striking differences between the UK's smallest firms and its medium-sized firms. Table 5 shows that only one firm which currently has no employees (just the owner or partners work in the business) expects to become an employer³, while one which is currently a partnership expects only one person to be working there in three years' time. Worryingly, over one-fifth of these firms which are not employers expect to close their business within the next three years. Chart 14 shows that these closures imply that this group of existing well-established small firms will shed 15% of jobs over the next three years. However, it is important to note that this calculation does not include new micro-firms which will start-up during this period.

The relatively larger firms appear much more optimistic. None of the firms currently employing 10 or more people expects to close within the next three years and more expect to recruit new employees than cut staff (rising to a balance of +63% for those already employing 20 or more, Table 5).

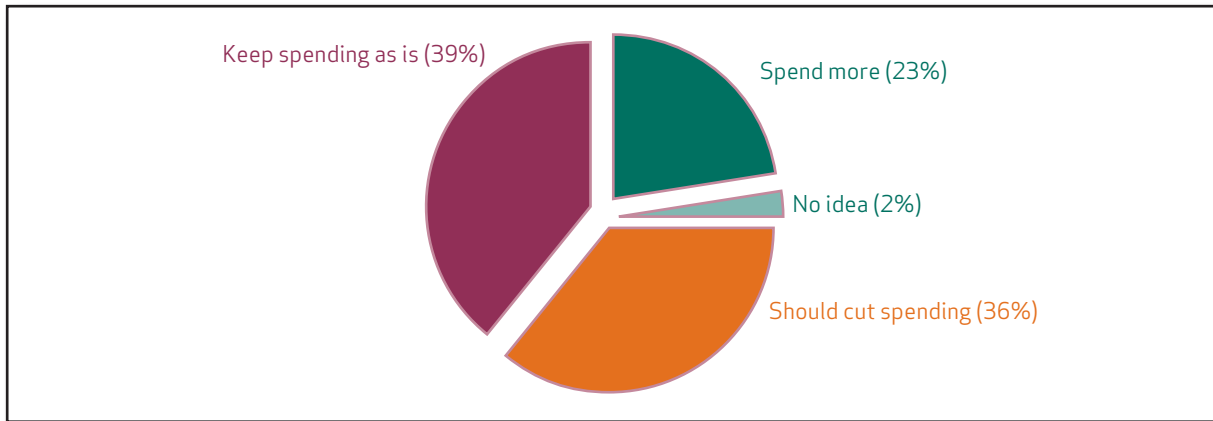
Chart 14 shows that firms with between 1 and 19 employees at the moment expect, on average, employment growth of a little under 10 per cent over three years, while those with between 20 and 250 employees expect to employ in total 18% more people in three years' time. Including the firms without employees, the online respondents to this survey expect to provide 14% more jobs in three years' time than they do now.

The youngest firms expect most employment growth. Those established since 2005 expect to employ 34% more people in three years' time.

1. "Quarterly Survey of Small Business in Britain, Vol 27 No 3"
2. Table 1 on page 5 shows that as many SMEs cut the numbers they employ over the past year as increased them and Table 6 on page 21 that a balance of only +2% expect to increase employment over the current quarter. The balances were even weaker, -3% and -2%, for the online respondents to the survey.
3. Though our online sample is mainly of well-established businesses and so does not include many recently-formed micro-firms, which may aim to become employers.

Government Spending

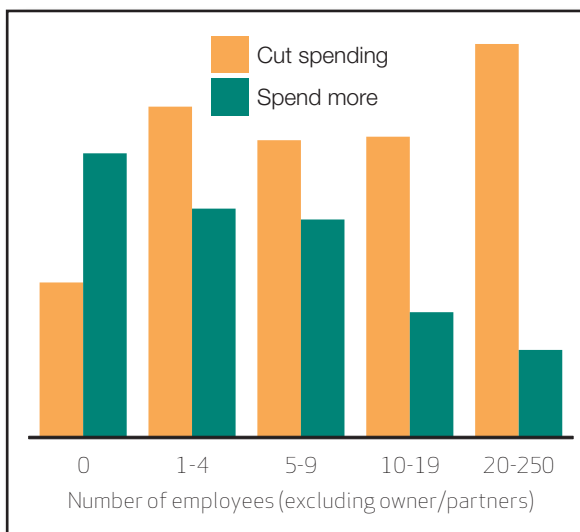
Chart 15: "Do you believe that the UK government should be cutting spending more sharply (to reduce the budget deficit), spending about the amount that it is, or spending more (in an attempt to boost growth)?" - online respondents only



The UK government has been cutting spending as one response to the size of the budget deficit and concerns over the UK's credit-worthiness. In recent months this debate has intensified as growth in the UK and elsewhere has stagnated with governments around Europe seeing their credit ratings downgraded and many countries experiencing intense fiscal problems.

We asked online respondents⁹ whether they believe that the UK government should be cutting spending more sharply (to reduce the budget deficit), spending about the amount it is, or spending more (in an attempt to boost growth). The UK's SMEs appear to have mixed views on current government spending

Chart 16: Selected suggested government spending strategies, by number of employees



policies (Chart 15). Most online respondents oppose sharper cuts in order to reduce the budget deficit, with 39% stating that the government should keep spending at the current rate and 23% thinking that it should spend more. However, this leaves just over one third of firms (36%) in favour of sharper cuts in public spending¹⁰.

Support for increased government spending is particularly strong in firms that have themselves been suffering the effects of the down-turn. For example, one-third of firms that have cut the numbers they employ over the past year believe that the government should boost spending, while only just over one-fifth feel that they should cut it. Smaller firms are also more likely to support such approaches than their larger counterparts (Chart 16). There is less enthusiasm for increased government spending amongst relatively larger firms, with only 10% of those with 20 or more employees expressing support.

The verbatim comments we received indicated a range of concerns in this area, which may be obscured in the summary statistics. For example, many small firms believe there is scope for further cuts in "wasteful" public expenditure, some think that the "true" level of unemployment is higher than official figures suggest and many argue that government needs to spend more on infrastructure projects. One respondent concluded: "The Government spending is inadequate at the moment because of the increased unemployment which is causing a cash burden. The government needs to input cash into projects that will cause employment to increase and the cut the budget deficit when the markets are expanding."

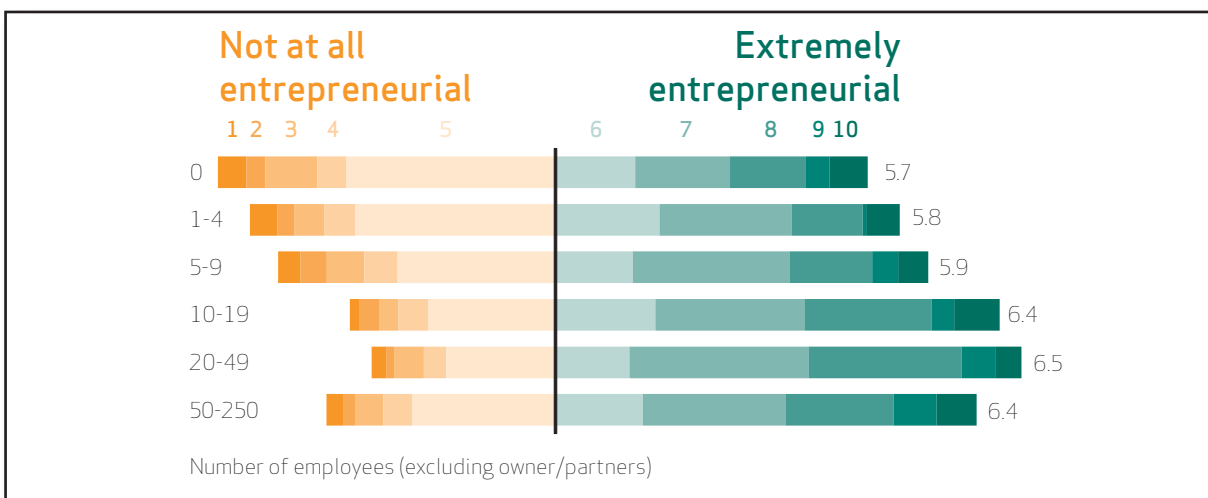
9. There were 217 respondents to the online survey. The responses to these questions should therefore be treated as indicative and may not be fully representative of the main sample.

10. These mixed views on public spending reflect similar differences of opinion in the UK population as a whole in June, when 32% felt that the government should cut spending and 29% that it should increase it ("Transatlantic Trends 2011", German Marshall Fund of the United States). http://www.gmfus.org/galleries/ct_publication_attachments/TT2011_final_web.pdf

Entrepreneurial Index

Larger firms view themselves as more entrepreneurial. The most entrepreneurial report the best performance over the past year and are more optimistic about prospects for the current quarter.

Chart 17: “Entrepreneurial firms are more competitive, growth-minded and innovative than other firms. Where would you put your firm on a scale of 1 to 10?”



Respondents are asked to rate their firms on an entrepreneurial scale, where 1 is not at all entrepreneurial and 10 is extremely entrepreneurial. Entrepreneurial firms are defined as being more competitive, growth-minded and innovative than other firms.

Firms which rate themselves as entrepreneurial tend to be larger than their non-entrepreneurial counterparts, perhaps reflecting their stronger growth-orientation. Chart 17 shows that business owners who work on their own rate their business as on average 5.5 on the entrepreneurial scale, while those with 20-49 employees rate themselves as 6.5 on average (those with 50 or more employees on average feel just a little less entrepreneurial).

In this survey, SMEs in Wales rate themselves as more entrepreneurial (6.4) than their counterparts in England and Scotland. Those in the East Midlands of England rate themselves as least entrepreneurial (5.8).

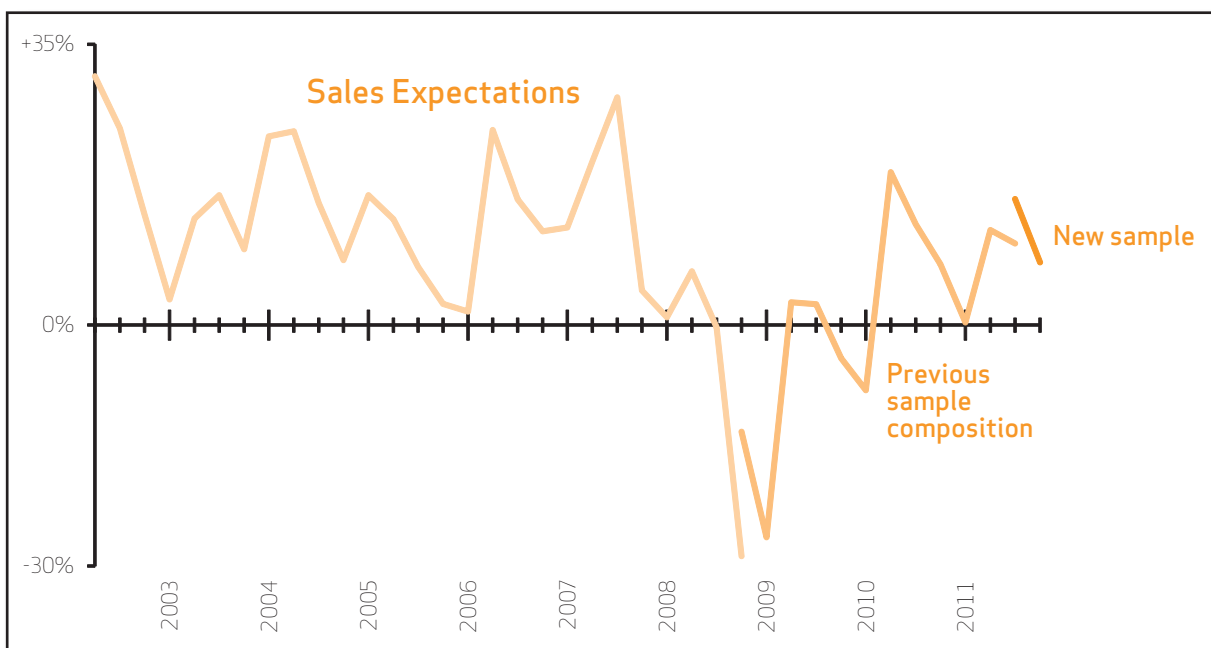
Owners of agricultural firms rate themselves as most entrepreneurial (6.4), while those in construction have the lowest entrepreneurial self-rating (5.5).

Firms which rate themselves higher on the entrepreneurial scale report better sales, employment and investment performance over the past year and are more optimistic about their immediate prospects. The sales, employment and investment performance balances are negative for those rating themselves as 5 or lower on the entrepreneurial scale and highest for those rating themselves as 8 or above. Those rating themselves as 5 or lower expect their sales to fall during the current quarter while the more entrepreneurial expect their sales to increase and to recruit extra staff.

Prospects

SMEs are a little less positive than they were about their prospects for the final quarter of the year, partly driven by seasonal falls in expectations for hotels & restaurants and construction firms. Manufacturers remain positive but are now being overtaken by SMEs in the health/education/leisure & personal services sector. SMEs in every sector bar one expect to cut investment during the final quarter of the year.

Chart 18: Percentage balance of respondents expecting an increase in sales (weighted figures)¹

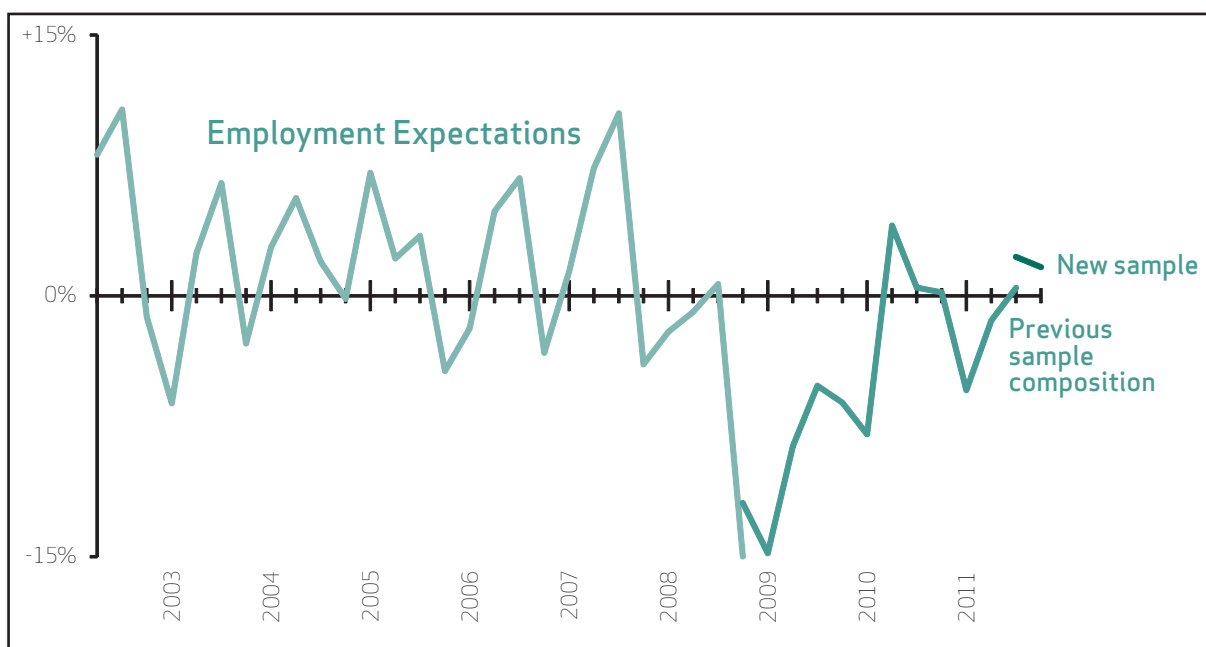


One-third of SMEs expect their sales to be higher in the final quarter of 2011 but just over one-quarter (26%) expect them to be lower, giving a net balance of +8% expecting an increase (Table 6). This compares with +16% in the previous survey (Chart 18), though the balance does tend to fall at this time of year (it has done in 19 out of the past 23 years).

Over three-quarters (77%) of the UK's SMEs do not expect to change the numbers they employ during the final quarter of 2011 (Table 6). While 12% expect to recruit extra staff, 10% expect to reduce headcount, giving a positive balance of +2% (Table 6). This is just fractionally down on the balance of three months ago (Chart 19). The "Employment Change" section of this report on page 17 looks at longer term employment expectations, for the next three years.

1. Enlargements and consequent changes in composition of the sample led to partial breaks in the series in late 2008 and mid-2011. More details in "Quarterly Survey of Small Business in Britain", Vol 24 No 4 and Vol 27 No 3.

Chart 19: Percentage balance of respondents expecting an increase in employment (weighted figures)



While in the previous survey there were more SMEs expecting to increase investment than cut it, in this survey the position is reversed. Some 13% of SMEs expect to invest more in the final quarter of 2011 than they did in the third quarter, but 16% expect to invest less, giving a balance of -3% (Table 6), compared with +3% in the previous survey.

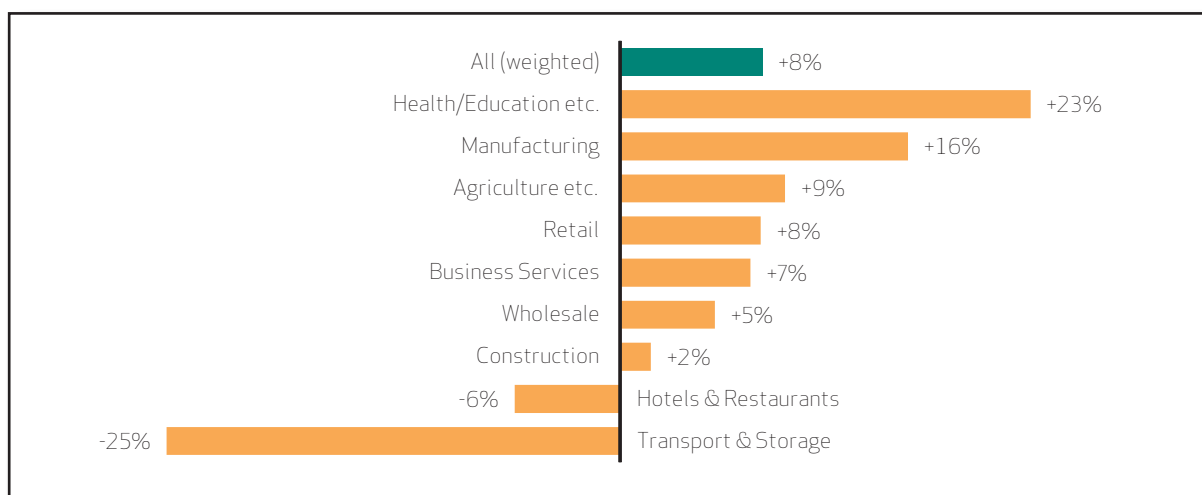
Inflationary pressures within SMEs are continuing to weaken. Only 18% intend to raise their prices during the final quarter while 11% expect to cut them (Table 7). The balance of +7% compares with +12% three months ago.

Table 6: Expected change over past year in sales, employment, investment and selling prices (weighted figures)

Expected change over current quarter (2011Q4 on 2011Q3) in:	Up	Same	Down	Balance
Sales Turnover	33%	41%	26%	+8%
Average Employment	12%	77%	10%	+2%
Investment	13%	72%	16%	-3%
Selling prices	18%	71%	11%	+7%

Prospects: Comparison Across Sectors

Chart 20: Percentage balance of respondents expecting an increase in sales over current quarter by sector



Health/education/leisure & other personal services is the sector showing the most sustained improvement in optimism over the past year. At this stage of 2010, those small firms expecting their turnover to increase in the current quarter compared with the previous quarter were exactly matched by those expecting a fall. Since then, the balance has increased in each of the subsequent three surveys, to reach +23% this time, the most positive of all the sectors (Chart 20). While 39% expect their sales to be higher in the final quarter of 2011 than they were in the third, only 16% expect them to be lower. The balance of these firms expecting to recruit extra employees is unchanged, at +2%, while those expecting to cut investment are matched by those expecting to increase it, giving a zero balance. In every other sector, more SMEs expect to cut investment in the final quarter of 2011 than expect to increase it.

Although rather more SMEs in manufacturing than in the previous survey expect their sales to fall during the current quarter, Chart 20 shows that they remain one of the most positive sectors (the expected sales balance falling from +22% to +16%). Manufacturing has been in the top-three most optimistic sectors for every survey in the past eighteen months. These are also (along with those in transport & storage), the ones most often expecting to create extra jobs, with an expected employment balance of +10% (Table 7), the same as in the previous survey. The balance expecting to

increase investment has, though, slipped back into negative territory after becoming positive in the previous survey.

Three months ago, agricultural SMEs were the most pessimistic, with an expected sales balance of -3%. This time the sales balance has recovered to +9%. They remain, though, negative about employment and investment prospects (Table 7). As in the previous survey, they are the firms most often intending to raise their selling prices during the quarter, but the balance is down from +30% to +23%.

The only other sector where SMEs are more optimistic about immediate prospects than they were in the previous survey is retailing. Small retailers have now reported falling sales for the past four years and in the previous survey an expected sales balance of -3% showed that they expected them to fall further. However, in this survey the balance has improved a little, to +8% (Chart 20). This suggests that some small retailers are hoping that Christmas will bring some seasonal cheer to their beleaguered sector, though the balance is lower than the +10% at this time last year. The optimism in retailing is not evenly spread. There are in fact as many retailers (39%) as those in health/education/leisure expecting sales to increase during the fourth quarter of 2011, but there are another 31% expecting sales to fall, resulting in the far lower balance for retailing. The vast majority (87%) of retailers do not expect to change the numbers they employ.

Table 7: Expected change over current quarter in sales, employment, investment and selling prices by sector

	Sales Turnover	Average Employment	Investment	Selling Prices	Sample
Agriculture, Forestry, Fisheries	+9%	-5%	-5%	+23%	22
Manufacturing	+16%	+10%	-2%	+7%	164
Transport & Storage	-25%	+10%	-5%	+3%	40
Construction	+2%	-3%	-10%	-5%	118
Wholesale	+5%	+4%	-4%	+10%	115
Retail	+8%	+4%	-2%	+16%	142
Hotels & Restaurants	-6%	-5%	-2%	+12%	86
Business Services	+7%	-0%	-1%	+3%	251
Health/Education/Leisure/Other	+23%	+2%	0%	+12%	168
All (weighted by sector)	+8%	+2%	-3%	+7%	1,106

but those recruiting do outnumber those cutting staff, giving a balance of +4%, compared with -4% last time. Some of these jobs gained, however, may well be seasonal and temporary. Investment intentions in retailing are negative, while price increases seem to be coming under control, with the balance expecting to increase prices down from +22% to +16% (Table 7).

The balance of business services SMEs expecting an increase in turnover in the current quarter, at +7%, is lower than the +20% in the previous survey, but remains positive. This balance has now been above zero for eleven surveys in a row, the only sector that has maintained an optimistic outlook for the whole of that period. Those business service firms expecting to cut the numbers they employ, however, just fractionally outnumber those which expect to create new jobs and the investment balance is also now negative (Table 7).

After a surprise increase in the previous survey, bucking the usual seasonal trend, the expected sales balance for SME wholesalers has fallen a little, from +11% to +5%. However, this shows that they remain positive about prospects for the final quarter of 2011. There is also now a modest positive (+4%) balance expecting to increase employment, compared with -4% in the previous survey.

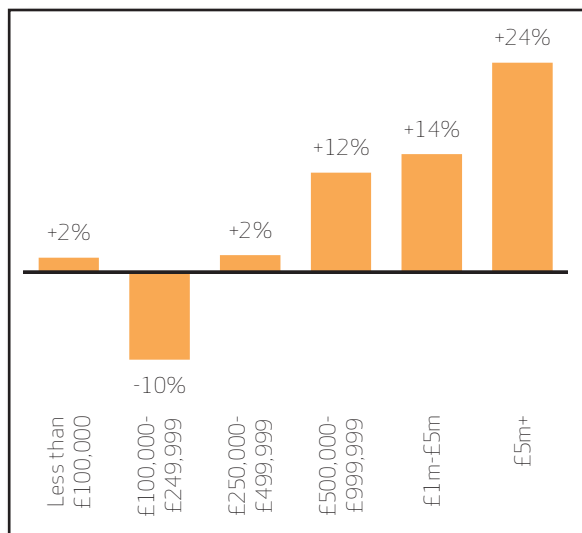
Construction firms have been more pessimistic about the final quarter of the year than they were about the third in 20 out of the past 23 years, so it is no surprise that their expected sales balance is down from the +18% in the previous survey. However, there remain more construction SMEs expecting sales to rise than to fall (a balance of +2%), which is encouraging at this time of year. They are though, more often expecting to cut employment than in the previous survey. Construction firms are also now those with the most negative investment balance (Table 7). In the previous survey there were as many construction SMEs expecting to increase as cut their prices, but this time there are more expecting to cut prices, as there were six months ago.

Another highly seasonal sector is hotels & restaurants and in 20 of the past 23 years the expected sales balance has fallen for these firms. This time the balance is down from +11% to -6%. The balances for employment and investment have also become negative since the previous survey (Table 7).

The balance of small and medium-sized transport & storage firms expecting an increase in turnover has fallen particularly sharply, from +21% in the previous survey to -25% now, much lower than any other sector (Chart 20). These SMEs, however, remain, on balance, positive about employment prospects within their firms. Some 23% of these firms expect to create extra jobs during the final quarter of 2011 while 13% expect to shed staff, giving a balance of +10% (Table 7).

Prospects: Comparison Across Size Bands

Chart 21: Percentage balance expecting an increase in sales over current quarter by turnover size band

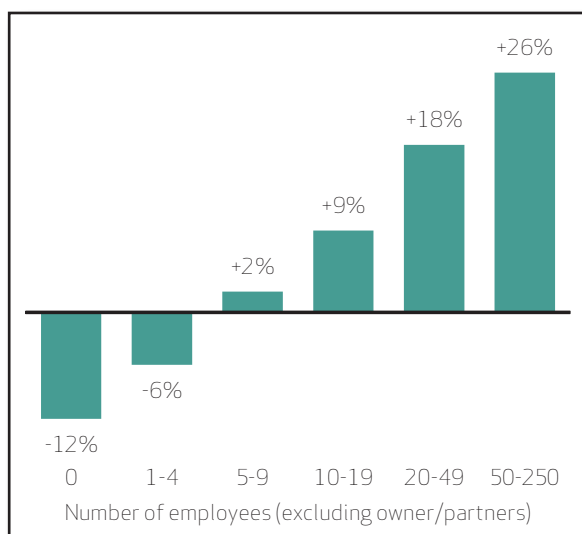


Micro-firms with a turnover below £100,000 are more optimistic about the final quarter of 2011 than those with a turnover between £100,000 and £249,999, who expect, on balance, their sales to fall. Other than this, however, optimism increases with size of firm (Chart 21).

Chart 22 shows an even clearer picture when size is measured in terms of employee numbers. Firms with fewer than five employees expect, on balance, that their sales will fall during the final quarter. As firm size increases, so does the expected sales balance, to +26% for those with over 50 employees.

These size-related differences in firms' views on prospects for the next quarter also extend to employment and investment. Firms with a turnover below £250,000 or fewer than 10 employees expect on balance to cut the numbers they employ while relatively larger firms expect to create extra jobs. Those with a turnover below £1m or fewer than 20 employees expect to cut investment while their relatively larger counterparts expect to increase it.

Chart 22: Percentage balance expecting an increase in sales by number of employees



Prospects: Comparison Across Regions

SMEs in the East Midlands of England report the best sales performance over the past year and they expect this to continue into the final quarter of 2011. Table 8 and Chart 23 show that the balance of SMEs in this region expecting that their sales will be higher in the final quarter of 2011 than they were in the third quarter is +27%, markedly higher than that for every other region. SME employment prospects are, though, brighter in Yorkshire & the Humber (+12%) than in the East Midlands (+6%).

A balance of SMEs in Wales and the South East of England expect that their sales will fall in the final quarter of 2011 (Table 8). Those in Scotland, the South West and the East of England expect that they will cut the numbers they employ. Only in the East and West Midlands do more SMEs expect to increase than cut investment over the quarter, while investment intentions are lowest (-11%) in the East of England (Table 8).

Chart 23: Percentage balance of respondents expecting an increase in sales over current quarter - by region

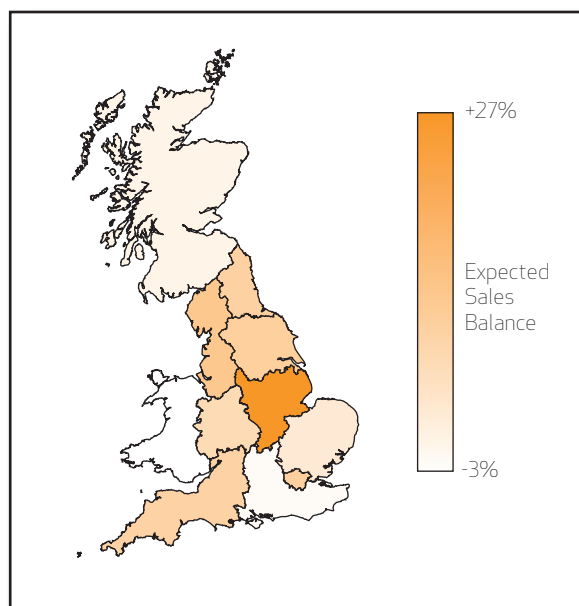


Table 8: Expected change over current quarter in sales, employment, investment and selling prices by region

	Sales Turnover	Average Employment	Investment	Selling Prices	Sample
North East	+9%	+5%	-5%	+18%	44
North West	+12%	+2%	-5%	+1%	99
Yorkshire & the Humber	+10%	+12%	0%	+12%	83
East Midlands	+27%	+6%	+1%	+10%	112
West Midlands	+7%	+4%	+4%	+9%	75
East of England	+3%	-2%	-11%	-3%	119
London	+10%	+6%	0%	+14%	144
South East	-2%	+1%	-5%	+4%	173
South West	+9%	-5%	-5%	+2%	111
Wales	-3%	+3%	-3%	+13%	39
Scotland	0%	-5%	0%	+16%	83
All (weighted by sector)	+8%	+2%	-3%	+7%	1,106

How the Survey is Carried Out

This is the 109th survey completed since the series began in 1984.

Firms that respond to the survey are drawn from a wide range of sources. They reflect the complexity and richness of business life in Britain today.

It should be noted that the survey is not a panel, nor is it fully random. It continuously recruits new members to reflect the national distribution of small firms; yet it also retains long time respondents to gauge changes over time.

In this survey, our regular online respondents (owners and managers of small businesses who had previously volunteered to take part) were supplemented by telephone interviews of owners and other senior managers of small businesses, carried out by BDRC Continental¹.

The link to the full online questionnaire was emailed to 1,242 regular respondents from 3rd October 2011 and a reminder email sent to non-respondents from 7th November 2011. In total, 217 of these regular participants responded. Telephone interviews were carried out in two waves. Between the 3rd and 14th October 2011, 443 telephone interviews were carried out. Between the 7th and 18th November 2011, a further 446 firms were interviewed. The total number of responses was therefore 1,106.

The telephone respondents do not include firms with a turnover below £50,000. They include more firms established since 2000 than the regular online respondents, but also more established before 1970. In this survey, there are a higher proportion of telephone respondents in health/education & other personal services and hotels & restaurants, but lower proportions in manufacturing and agriculture. There are also slightly higher proportions in London and the East Midlands and a lower proportion in the East of England and the South East.

Note that where comparisons are made with 'earlier surveys', these refer to Volumes 1 to 18 of the NatWest/SBRT Quarterly Survey of Small Business in Britain.

Following the well-established practice of the CBI in its **Industrial Trends Survey**, a summary statistic, the **balance**, is used to monitor the responses to key questions. The balance is the percentage of respondents replying 'up' minus the percentage replying 'down' (we ignore, for this purpose, the percentage replying 'same').

The key balances for the questions on performance and prospects are split by industrial sector and re-weighted according to the national sectoral SME distribution, using BIS (Department for Business, Innovation and Skills) estimates of total employment by firms with fewer than 250 employees. In earlier surveys results for previous years were re-weighted as estimates for those years became available. To avoid continuous revisions figures are now weighted by the latest figures available (currently 2010) and not revised. The aim of the weighting is to ensure that the results are as representative as possible of the business population in Britain. (From 1995 to the second survey of 2011, results were weighted by the sectoral distribution of employment in firms with fewer than 50 employees. Between 1989 and 1995 results were weighted by the sectoral distribution of all VAT-registered businesses and prior to 1989 they were unweighted.)

Please note, however, that other breakdowns by industrial sector, region and firm size and the tables on problems and in the special topic section use unweighted data and are not seasonally adjusted.

In tables by number of employees, we have adopted the BIS definition of a firm with no employees. This is where a self-employed sole proprietor or partners work on their own with no employees or where a limited company has a single employee director. Note that a firm with one sole proprietor and one employee is counted as a one employee firm, but a company with two employees is counted as a two employee firm.

The survey reports in each issue on changes in sales, employment, investment and prices and on the ranking of most important problems experienced by small firms. In addition, Barclays Bank provide their latest estimates of small business closures and starts and their Small Business Activity Index. The percentage balances for sales, employment, investment and prices are shown in Appendix Table A.1. In addition, each issue covers one or more special topics, designed to contribute to knowledge about small business in Britain.

1. BDRC Business Omnibus, further details available at: <http://www.continentalresearch.com/business-omnibus/>

Special Topics

- Vol 1** No 1 Some Characteristics of the Respondents
No 2 Changes in Employment, New Business
No 3 Part-time Employees, Computers
No 4 Employment
- Vol 2** No 1 Finance, Representative Bodies
No 2 Exports, The Business Expansion Scheme
No 3 Employment, Skill Shortage
No 4 Unincorporated Business, Expansion, Services
- Vol 3** No 1 Telephone Usage, Employment
No 2 Most Important Problems, Characteristics
No 3 Employment, Slow Payment Problems
No 4 Use of Accountants
- Vol 4** No 1 Use of Solicitors
No 2 Training
No 3 Access to external information
No 4 Telecommunications, Characteristics
- Vol 5** No 1 Employee Turnover
No 2 The effects of 1992 on small firms
No 3 Background of respondents
No 4 Origins of new employees
- Vol 6** No 1 EC Special Directorate DG23
No 2 Motivation and Objectives
No 3 School-leaver Training
No 4 School-leaver Training Problems
- Vol 7** No 1 Training and Enterprise Councils
No 2 Use of Computers
No 3 Business Growth Objectives, Gender of Owner
No 4 Sources of Small Business Finance
- Vol 8** No 1 Co-operatives
No 2 Exports
No 3 Quality Standards (BS 5750)
No 4 Impact of the Recession on Incomes and Prices
- Vol 9** No 1 Business Premises and the UBR
No 2 Rented Business Premises
No 3 Delayed Payments
No 4 External Sources of Information
- Vol 10** No 1 The Single Market
No 2 Pensions
No 3 The Past Ten Years
No 4 Minimum Wage
- Vol 11** No 1 Capacity Utilisation
No 2 Succession and Ownership
No 3 Staff Recruitment
No 4 Employee Turnover and Training
- Vol 12** No 1 Compliance Costs
No 2 IT - Communications and Computers
No 3 Business Support Organisations
No 4 Motivations, Objectives and Targets
- Vol 13** No 1 Employment, hours worked, satisfaction
No 2 Incomes and Prices
No 3 Minimum Wage
No 4 Slow Payment
- Vol 14** No 1 VAT Compliance Costs
No 2 Low Turnover, Advertising and Promotion
No 3 Lack of Skills, Training and the 'New Deal'
No 4 The euro
- Vol 15** No 1 IT, Communications and Year 2000
No 2 Business Finance
No 3 Government Regulations and Paperwork
No 4 Motivations, Objectives and Targets
- Vol 16** No 1 Changes
No 2 Slow Payment
No 3 Government Regulations and Paperwork
No 4 Skills Shortages and Training
- Vol 17** No 1 Employee Turnover and Retirement
No 2 Exports and the Euro
No 3 IT and the Internet
No 4 Business Climate
- Vol 18** No 1 Sources of Business Information
No 2 Business Networks and Supply Chains
No 3 Ownership and Intentions
No 4 Pensions and Stockmarket Slide
- Vol 19** Q1 Minimum Wage and Cost Pressures
Q2 Government Regulations and Paperwork
Q3 Business Finance
Q4 ICT and the Internet
- Vol 20** Q1 Motivation, Objective, Target, Innovation
Q2 Business Education & Training
Q3 Government Regulations and Paperwork
Q4 Local Community and Social Responsibility
- Vol 21** Q1 Growth and Motivation
Q2 Business Ownership
Q3 ICT and the Internet
Q4 Government Regulations and Paperwork
- Vol 22** Q1 Exports
Q2 Motivation, Target, Innovation, Entrepreneurs
Q3 Organisations & Suppliers (Internet & Imports)
Q4 Training, Education and Skills
- Vol 23** Q1 Business Advice and Information
Q2 ICT and the Internet
Q3 Business Finance
Q4 'Credit Crunch' and Outlook
- Vol 24** Q1 Government Regulations and Paperwork
Q2 Economic Uncertainties, Capacity & Income
Q3 Ownership, Retirement and Succession
Q4 Business Finance
- Vol 25** Q1 Effect of Downturn
Q2 Motivation, Growth Targets
Q3 Business Advice and Information
Q4 Sources of Advice
- Vol 26** Q1 Equipment and Recovery
Q2 ICT, Internet, Advertising
Q3 Recession Strategies
Q4 Environmental Issues
- Vol 27** Q1 ICT, Smartphones, Cloud Computing
Q2 Capital Allowances
Q3 Focus, Employment, 'Greening' Business
Q4 Post-recession Trends

Historical Tables

Table A1: Actual and expected change, percentage balances

Survey	Sample Size	Past Quarter Date	Actual Change, past quarter compared with same quarter last year				Expected Change, next quarter compared to past quarter			
			Sales	Employment	Investment	Prices	Sales	Employment	Investment	Prices
Vol.1 No.1a	3,056	1984/3	+34.7%	+10.5%	-	-	+21.2%	+3.3%	-	-
Vol.1 No.1b	1,795	1984/4	+32.6%	+10.4%	-	-	+9.5%	+0.9%	-	-
Vol.1 No.2	1,181	1985/1	+33.4%	+17.6%	-	-	+16.9%	+9.5%	-	-
Vol.1 No.3	1,090	1985/2	+34.4%	+11.2%	-	-	+31.4%	+5.3%	-	-
Vol.1 No.4	1,072	1985/3	+37.4%	+12.1%	-	-	+26.2%	+5.3%	-	-
Vol.2 No.1	1,326	1985/4	+41.4%	+12.6%	-	-	+9.8%	+5.3%	-	-
Vol.2 No.2	1,052	1986/1	+33.6%	+11.6%	-	-	+31.1%	+5.6%	-	-
Vol.2 No.3	1,285	1986/2	+35.5%	+14.2%	-	-	+29.6%	+11.9%	-	-
Vol.2 No.4	1,435	1986/3	+39.7%	+15.2%	-	-	+22.3%	+6.0%	-	-
Vol.3 No.1	1,116	1986/4	+40.0%	+13.4%	-	-	+17.0%	+4.6%	-	-
Vol.3 No.2	1,746	1987/1	+40.2%	+15.2%	-	-	+39.7%	+15.1%	-	-
Vol.3 No.3	1,113	1987/2	+44.7%	+23.1%	-	-	+36.8%	+13.2%	-	-
Vol.3 No.4	977	1987/3	+44.8%	+17.6%	-	-	+28.8%	+10.0%	-	-
Vol.4 No.1	1,042	1987/4	+52.7%	+23.4%	-	-	+31.4%	+10.5%	-	-
Vol.4 No.2	933	1988/1	+52.7%	+19.3%	-	-	+46.7%	+15.3%	-	-
Vol.4 No.3	983	1988/2	+55.0%	+22.0%	-	-	+47.9%	+19.1%	-	-
Vol.4 No.4	950	1988/3	+54.9%	+22.3%	-	-	+34.4%	+13.3%	-	-
Vol.5 No.1A	1,523	1988/4	+49.2%	+15.1%	-	-	+25.6%	+5.7%	-	-
Vol.5 No.2	947	1989/1	+38.8%	+18.1%	-	-	+18.6%	+5.6%	-	-
Vol.5 No.3	2,274	1989/2	+41.1%	+16.7%	-	-	+30.8%	+10.4%	-	-
Vol.5 No.4	795	1989/3	+33.5%	+18.3%	-	-	+20.2%	+7.4%	-	-
Vol.6 No.1	1,091	1989/4	+29.9%	+10.5%	-	-	+10.6%	+0.9%	-	-
Vol.6 No.2	1,384	1990/1	+31.4%	+9.9%	-	-	+24.4%	+3.5%	-	-
Vol.6 No.3	1,043	1990/2	+22.3%	+4.8%	-	-	+14.7%	+0.9%	-	-
Vol.6 No.4	1,312	1990/3	+18.2%	+3.5%	-	-	+3.6%	-4.1%	-	-
Vol.7 No.1	1,239	1990/4	-0.5%	-5.1%	-	-	-16.0%	-14.4%	-	-
Vol.7 No.2	984	1991/1	-8.6%	-11.6%	-12.7%	-	+12.3%	-7.6%	-15.0%	-
Vol.7 No.3	1,718	1991/2	-12.5%	-17.3%	-20.0%	-	-5.2%	-11.5%	-20.6%	-
Vol.7 No.4	835	1991/3	-14.8%	-19.9%	-15.0%	-	-1.0%	-17.5%	-15.1%	-
Vol.8 No.1	1,684	1991/4	-7.9%	-15.6%	-20.5%	-	-9.4%	-16.9%	-13.3%	-
Vol.8 No.2	1,359	1992/1	-1.8%	-17.2%	-13.9%	-	+19.5%	-5.5%	-6.8%	-
Vol.8 No.3	1,527	1992/2	-9.2%	-14.6%	-18.7%	-	+4.2%	-5.9%	-11.8%	-
Vol.8 No.4	921	1992/3	-15.9%	-27.8%	-32.7%	-	-6.2%	-17.7%	-24.1%	-
Vol.9 No.1	1,339	1992/4	-9.1%	-15.1%	-21.0%	-	-4.0%	-10.7%	-13.1%	-
Vol.9 No.2	1,021	1993/1	-3.8%	-12.4%	-11.3%	-	+23.5%	+0.7%	-0.8%	-
Vol.9 No.3	1,310	1993/2	+0.9%	-7.9%	-7.4%	-	+19.1%	+4.3%	-0.5%	-
Vol.9 No.4	1,076	1993/3	+8.3%	-1.6%	-7.0%	-	+14.7%	-3.4%	-4.5%	-
Vol.10 No.1	1,295	1993/4	+13.8%	+3.5%	-3.3%	-	+15.1%	-0.2%	+3.3%	-
Vol.10 No.2	861	1994/1	+3.6%	-4.3%	-3.8%	-	+23.0%	-1.1%	+3.7%	-
Vol.10 No.3	2,327	1994/2	+16.2%	+0.8%	-3.3%	-	+18.4%	+1.6%	-2.2%	-
Vol.10 No.4	1,046	1994/3	+20.3%	+7.6%	+0.6%	-	+14.6%	-0.2%	+1.9%	-
Vol.11 No.1B	983	1994/4	+20.6%	+2.1%	+4.1%	-	+17.2%	+3.7%	+2.4%	-
Vol.11 No.2	1,295	1995/1	+18.2%	+3.2%	+1.4%	-	+27.8%	+5.7%	+5.0%	-
Vol.11 No.3	669	1995/2	+18.0%	+3.2%	+1.1%	-	+18.6%	+4.3%	-1.5%	-
Vol.11 No.4	1,047	1995/3	+13.1%	+3.3%	+3.1%	-	+14.0%	-1.9%	-2.1%	-
Vol.12 No.1	700	1995/4	+10.0%	-2.9%	+1.9%	-	+2.6%	-6.7%	-5.2%	-
Vol.12 No.2	1,099	1996/1	+14.2%	+2.5%	+1.0%	-	+20.7%	+1.9%	-2.8%	-
Vol.12 No.3	742	1996/2	+10.5%	+3.9%	+5.1%	-	+16.1%	+3.3%	-2.7%	-
Vol.12 No.4	753	1996/3	+23.1%	+8.9%	+7.2%	-	+24.3%	+5.1%	+6.1%	-
Vol.13 No.1	912	1996/4	+20.4%	+9.8%	+10.9%	-	+17.4%	+4.8%	+7.2%	-
Vol.13 No.2	720	1997/1	+13.6%	+2.0%	+9.9%	-	+27.7%	+8.6%	+7.0%	-
Vol.13 No.3	909	1997/2	+18.0%	+5.3%	+5.2%	-	+22.2%	+7.3%	+2.4%	-
Vol.13 No.4	634	1997/3	+21.5%	+12.1%	+10.7%	-	+24.1%	+3.9%	+3.8%	-
Vol.14 No.1	783	1997/4	+21.1%	+1.7%	+10.4%	-	+12.8%	-0.7%	+3.9%	-
Vol.14 No.2	1,273	1998/1	+19.3%	+3.0%	+12.4%	-	+21.3%	+3.9%	+2.2%	-
Vol.14 No.3	682	1998/2	+9.0%	+5.0%	+5.0%	-	+10.3%	+5.6%	+2.0%	-
Vol.14 No.4	654	1998/3	-2.5%	-0.4%	+4.6%	+10.0%	+3.0%	-2.9%	-8.0%	+0.5%
Vol.15 No.1	601	1998/4	+5.9%	+0.5%	+2.8%	+9.3%	-5.0%	-2.9%	-5.7%	+5.6%
Vol.15 No.2	619	1999/1	+6.9%	-2.3%	+3.4%	+15.7%	+20.8%	+4.4%	+1.3%	+14.6%
Vol.15 No.3	507	1999/2	-4.9%	-4.3%	-2.7%	+8.5%	+6.8%	+0.1%	-5.0%	+4.8%
Vol.15 No.4	1,121	1999/3	+9.2%	-2.0%	+2.5%	+13.7%	+11.4%	-0.7%	+0.1%	+5.8%

continued ...

Table A1: Actual and expected change, percentage balances (continued)

Survey	Sample Size	Past Quarter Date	Actual Change, past quarter compared with same quarter last year				Expected Change, next quarter compared to past quarter			
			Sales	Employment	Investment	Prices	Sales	Employment	Investment	Prices
Vol.16 No.1	812	1999/4	+9.3%	-4.2%	+1.8%	+16.0%	+6.4%	-2.5%	+1.9%	+15.2%
Vol.16 No.2	866	2000/1	+9.6%	-2.6%	+2.2%	+16.9%	+22.6%	+5.4%	+2.8%	+14.0%
Vol.16 No.3	758	2000/2	+2.1%	+0.5%	-1.5%	+17.0%	+11.7%	+3.0%	-1.2%	+9.2%
Vol.16 No.4	803	2000/3	+5.0%	-5.0%	+3.1%	+15.3%	+6.3%	-2.7%	-0.7%	+12.4%
Vol.17 No.1	726	2000/4	+8.6%	-0.5%	+4.3%	+16.7%	+3.7%	+0.5%	+3.7%	+16.3%
Vol.17 No.2	856	2001/1	+3.2%	-3.3%	+1.9%	+18.7%	+12.1%	+1.7%	-2.8%	+16.2%
Vol.17 No.3	720	2001/2	+4.9%	-1.4%	+3.1%	+22.4%	+9.5%	+1.2%	-2.2%	+14.2%
Vol.17 No.4	705	2001/3	+5.3%	+0.3%	+3.9%	+18.2%	+3.7%	-2.9%	-5.4%	+6.2%
Vol.18 No.1	654	2001/4	+2.5%	-4.2%	-3.0%	+13.6%	-2.3%	-2.0%	-7.1%	+10.0%
Vol.18 No.2 old	675	2002/1	+5.4%	-2.7%	-2.7%	+14.6%	+20.0%	+5.8%	+2.3%	+11.9%
Vol.18 No.2	1,168	2002/1	+14.7%	+1.2%	+1.4%	+13.1%	+31.0%	+8.1%	+4.2%	+14.3%
Vol.18 No.3	1,078	2002/2	+22.9%	+8.5%	+7.0%	+22.6%	+24.5%	+10.7%	+5.9%	+15.2%
Vol.18 No.4	1,074	2002/3	+17.2%	+4.1%	+0.1%	+16.8%	+13.7%	-1.2%	-4.0%	+7.9%
Vol.19 No.1	922	2002/4	+15.5%	+2.7%	-5.8%	+19.5%	+3.2%	-6.2%	-10.9%	+11.4%
Vol.19 No.2	851	2003/1	+9.0%	-4.7%	-10.7%	+17.2%	+13.3%	+2.4%	-3.9%	+11.3%
Vol.19 No.3	784	2003/2	+15.4%	+1.6%	+5.8%	+24.6%	+16.2%	+6.5%	+0.6%	+10.9%
Vol.19 No.4	687	2003/3	+10.1%	-3.0%	+2.7%	+23.8%	+9.5%	-2.7%	-3.4%	+12.3%
Vol.20 No.1	808	2003/4	+27.2%	+7.3%	+15.0%	+22.3%	+23.5%	+2.8%	+8.9%	+17.0%
Vol.20 No.2	739	2004/1	+23.1%	+1.3%	+7.2%	+27.0%	+24.2%	+5.6%	+5.5%	+18.8%
Vol.20 No.3	623	2004/2	+14.9%	+0.8%	-1.4%	+23.8%	+15.2%	+2.0%	-0.8%	+12.0%
Vol.20 No.4	711	2004/3	+17.4%	+5.8%	+7.3%	+23.1%	+8.1%	-0.2%	+2.7%	+10.7%
Vol.21 No.1	652	2004/4	+19.3%	+6.6%	+7.5%	+26.7%	+16.2%	+7.1%	+3.0%	+21.7%
Vol.21 No.2	675	2005/1	+6.3%	+0.9%	+3.5%	+26.0%	+13.2%	+2.1%	-3.3%	+15.1%
Vol.21 No.3	670	2005/2	-0.5%	+2.0%	+2.3%	+23.0%	+7.3%	+3.5%	-1.7%	+12.0%
Vol.21 No.4	620	2005/3	+3.1%	-5.1%	+4.1%	+19.0%	+2.7%	-4.3%	-5.0%	+4.8%
Vol.22 No.1	641	2005/4	+3.6%	-0.6%	+0.1%	+24.2%	+1.7%	-1.9%	+0.2%	+13.3%
Vol.22 No.2	638	2006/1	+15.4%	-0.1%	+6.8%	+23.8%	+24.3%	+4.9%	-0.4%	+18.4%
Vol.22 No.3	547	2006/2	+22.6%	+5.7%	+3.0%	+29.4%	+15.7%	+6.8%	+0.9%	+17.7%
Vol.22 No.4	538	2006/3	+20.2%	+4.3%	+11.6%	+31.4%	+11.7%	-3.3%	-0.6%	+9.9%
Vol.23 No.1	526	2006/4	+16.5%	+0.5%	+5.1%	+30.8%	+12.2%	+1.4%	+0.9%	+27.0%
Vol.23 No.2	528	2007/1	+16.2%	+2.0%	+6.5%	+34.9%	+20.4%	+7.4%	+3.2%	+20.6%
Vol.23 No.3	629	2007/2	+25.7%	+6.9%	+14.1%	+33.1%	+28.4%	+10.5%	+6.3%	+19.4%
Vol.23 No.4	528	2007/3	+12.0%	+5.0%	+7.2%	+28.7%	+4.3%	-3.9%	-2.2%	+11.3%
Vol.24 No.1	822	2007/4	+11.4%	+1.0%	+8.4%	+28.6%	+1.0%	-2.1%	-2.1%	+19.4%
Vol.24 No.2	711	2008/1	+5.3%	-1.6%	+4.0%	+33.3%	+6.7%	-0.9%	-5.2%	+21.1%
Vol.24 No.3	278	2008/2	+2.0%	-6.2%	-1.9%	+19.7%	-0.2%	+0.7%	-21.7%	+5.5%
Vol.24 No.4 old	277	2008/3	-6.8%	-6.1%	-0.2%	+29.0%	-28.8%	-15.0%	-20.5%	-2.3%
Vol.24 No.4	1,281	2008/3	+4.7%	-2.5%	+1.8%	+23.6%	-13.3%	-11.9%	-13.7%	+0.6%
Vol.25 No.1	975	2008/4	-9.1%	-8.7%	-7.3%	+10.8%	-26.4%	-14.8%	-20.0%	-1.0%
Vol.25 No.2	848	2009/1	-25.1%	-15.1%	-12.1%	+6.2%	+2.8%	-8.7%	-8.7%	+1.9%
Vol.25 No.3	858	2009/2	-29.1%	-19.4%	-15.2%	+7.0%	+2.6%	-5.2%	-9.7%	+2.3%
Vol.25 No.4	834	2009/3	-19.1%	-13.1%	-15.2%	-0.7%	-4.1%	-6.1%	-7.1%	-0.6%
Vol.26 No.1	830	2009/4	-17.5%	-18.1%	-10.9%	-2.2%	-8.1%	-8.0%	-9.8%	+6.8%
Vol.26 No.2	833	2010/1	-8.3%	-8.5%	-9.4%	+5.0%	+19.0%	+4.0%	-1.5%	+11.0%
Vol.26 No.3	832	2010/2	-2.9%	-9.5%	-7.5%	+5.6%	+12.6%	+0.5%	-3.7%	+8.1%
Vol.26 No.4	819	2010/3	+4.7%	-3.7%	-0.9%	+8.3%	+7.6%	+0.2%	-5.4%	+5.7%
Vol.27 No.1	826	2010/4	+1.7%	-9.2%	-2.9%	+11.4%	+0.3%	-5.4%	-2.5%	+17.8%
Vol.27 No.2 old	757	2011/1	+2.3%	-3.5%	-0.6%	+18.6%	+11.9%	-1.4%	-1.2%	+14.5%
Vol.27 No.3 old	730	2011/2	-0.3%	-3.6%	-1.6%	+15.2%	+10.2%	+0.5%	-1.8%	+11.2%
Vol.27 No.3C	1,105	2011/2	+8.2%	+1.0%	+4.1%	+16.2%	+15.7%	+2.2%	+3.1%	+12.0%
Vol.27 No.4	1,106	2011/3	+7.5%	+0.5%	+2.7%	+12.0%	+7.8%	+1.6%	-2.8%	+6.9%

a, b – The results from two surveys were published in Vol. 1 No. 1

A – From Vol. 5 No. 1, results were weighted to the sectoral distribution according to VAT statistics.

B – From Vol. 11 No. 1, results were weighted to the sectoral distribution of employment in firms with under 50 employees according to BIS statistics.

C – From Vol. 27 No. 3, results are weighted to the sectoral distribution of employment in firms with under 250 employees.

old - Changes in the sample compositions in 2002, 2008 and 2011 created breaks in the series. For further details, see the published reports at the date of each break.

Table A2: Most important problem, historical series

	Inflation	Interest Rates	Access to Finance	Lack of Skilled Employees	Total Tax Burden	Low T/over or Lack of Business	Competition from Big Business	Govt Regs and Paperwork	High Rates of Pay	Shortage of Materials, Supplies etc.	Internal Management Difficulties	Cashflow/ Payments/ Debtors	Premises, Rents, Rates	Other	No Response	Number of Replies Analysed
1984/4	3.5%	17.1%	-	5.4%	15.9%	15.3%	12.0%	12.6%	4.2%	1.1%	-	-	-	10.9%	1.4%	3056
1985/1	3.8%	19.4%	-	4.4%	15.9%	14.5%	10.0%	15.7%	3.4%	1.3%	-	-	-	9.5%	1.5%	1795
1985/2	5.0%	22.1%	-	4.3%	16.1%	14.3%	10.8%	12.5%	2.4%	1.3%	-	-	-	9.1%	1.5%	1181
1985/3	2.0%	23.6%	-	4.9%	12.8%	13.8%	11.2%	13.1%	3.7%	1.9%	-	-	-	8.6%	3.8%	1090
1985/4	2.2%	24.0%	-	5.6%	16.6%	15.7%	11.0%	10.2%	2.0%	0.9%	-	-	-	9.2%	2.0%	1072
1986/1	3.0%	21.4%	-	7.2%	17.1%	14.4%	11.7%	9.6%	2.0%	1.8%	-	-	-	9.9%	1.3%	1326
1986/2	1.7%	29.9%	-	7.3%	16.3%	12.6%	9.1%	9.9%	2.2%	1.2%	-	-	-	9.4%	0.6%	1052
1986/3	0.9%	21.3%	-	7.3%	16.6%	17.0%	11.5%	7.3%	1.4%	0.9%	-	-	-	13.7%	2.0%	1285
1986/4	1.1%	25.0%	-	7.2%	17.7%	14.7%	11.8%	6.8%	1.3%	1.3%	-	-	-	10.0%	3.1%	1435
1987/1	0.9%	26.4%	-	8.0%	16.0%	13.0%	12.0%	7.4%	1.6%	1.3%	-	-	-	9.1%	4.2%	1166
1987/2	1.0%	23.7%	-	9.6%	17.7%	12.0%	10.7%	7.6%	2.6%	1.5%	-	-	-	10.3%	3.3%	1746
1987/3	1.1%	20.3%	-	11.8%	17.9%	12.9%	11.5%	6.6%	1.9%	2.2%	-	-	-	10.5%	3.5%	977
1987/4	1.1%	18.0%	-	11.1%	21.3%	13.0%	12.5%	6.3%	1.3%	1.3%	-	-	-	9.6%	4.5%	977
1988/1	0.7%	21.6%	-	11.1%	20.1%	9.6%	11.4%	6.1%	2.3%	1.9%	-	-	-	14.9%	0.3%	1042
1988/2	1.0%	19.4%	-	12.7%	15.5%	10.2%	14.4%	8.0%	1.8%	2.3%	-	-	-	13.7%	1.4%	933
1988/3	0.9%	17.6%	-	17.7%	13.7%	11.3%	11.4%	8.3%	2.4%	2.7%	-	-	-	11.4%	2.4%	983
1988/4	2.8%	25.5%	-	16.9%	12.5%	8.7%	10.4%	6.0%	1.3%	3.3%	-	-	-	10.6%	1.9%	950
1989/1A	5.3%	23.4%	-	16.4%	11.1%	5.7%	5.9%	7.2%	1.4%	0.3%	-	-	-	19.0%	4.3%	1523
1989/2	6.3%	28.4%	-	16.4%	12.2%	7.1%	5.9%	5.2%	1.0%	0.8%	-	-	-	14.5%	4.7%	947
1989/3	6.1%	32.9%	-	13.3%	7.1%	13.1%	6.0%	5.9%	1.5%	0.5%	-	-	-	12.1%	1.6%	2274
1989/4	6.9%	39.2%	-	10.4%	5.4%	12.9%	4.7%	5.1%	1.1%	0.6%	-	-	-	12.2%	1.4%	795
1990/1	4.2%	31.3%	3.1%	6.7%	5.3%	13.3%	-	5.5%	2.5%	0.7%	0.6%	11.5%	8.4%	5.3%	1.7%	1091
1990/2	6.7%	27.9%	3.2%	7.8%	2.9%	14.6%	-	5.6%	1.5%	0.3%	1.6%	11.6%	6.6%	1.4%	1.4%	1384
1990/3	4.3%	29.9%	3.6%	6.4%	3.7%	14.7%	3.1%	4.3%	1.6%	0.0%	1.9%	13.6%	4.8%	5.5%	2.5%	1043
1990/4	7.5%	26.6%	2.3%	5.7%	4.4%	18.9%	3.8%	6.3%	0.2%	0.3%	0.8%	8.6%	4.7%	7.9%	1.9%	1250
1991/1	6.0%	29.4%	2.7%	3.4%	4.2%	21.1%	2.6%	5.6%	0.9%	0.5%	0.8%	11.4%	4.2%	5.5%	1.9%	1239
1991/2	4.0%	21.2%	4.3%	2.9%	5.1%	25.2%	2.9%	4.0%	0.4%	0.4%	0.6%	14.9%	7.1%	6.0%	1.0%	984
1991/3	3.3%	15.0%	3.0%	2.3%	4.7%	37.5%	2.4%	6.7%	1.2%	0.3%	1.2%	11.0%	3.3%	3.3%	1.5%	1718
1991/4	1.2%	7.5%	4.6%	4.5%	4.1%	38.1%	3.4%	3.9%	0.7%	0.3%	1.3%	13.2%	5.7%	10.7%	0.8%	835
1992/1	2.0%	9.1%	5.2%	2.1%	5.6%	36.3%	3.2%	5.6%	0.5%	0.4%	1.2%	15.8%	4.0%	7.1%	1.8%	1684
1992/2	2.2%	11.6%	4.4%	3.4%	5.4%	34.3%	4.5%	5.3%	0.4%	0.3%	1.1%	13.4%	5.0%	7.4%	1.3%	1359
1992/3	1.6%	7.6%	3.9%	2.9%	5.1%	43.3%	2.1%	8.1%	0.3%	0.3%	0.8%	11.5%	3.0%	5.9%	0.8%	1527
1992/4	1.0%	8.8%	3.6%	1.6%	6.0%	44.3%	4.0%	8.0%	0.3%	0.3%	0.2%	11.5%	3.0%	5.2%	2.0%	921
1993/1	0.6%	3.7%	3.2%	3.2%	4.1%	47.7%	3.0%	6.2%	0.3%	1.2%	0.6%	13.1%	2.9%	8.4%	1.8%	1339
1993/2	0.5%	1.4%	5.4%	3.3%	5.4%	43.1%	4.0%	7.6%	0.5%	0.7%	1.6%	14.3%	2.9%	7.4%	1.8%	1021
1993/3	0.4%	2.1%	5.5%	4.5%	5.4%	41.2%	4.2%	12.6%	0.3%	0.7%	0.9%	10.9%	3.7%	5.9%	1.6%	1310
1993/4	1.0%	2.8%	6.9%	3.0%	6.5%	36.8%	4.3%	10.0%	0.3%	0.6%	2.5%	15.5%	3.3%	4.6%	2.0%	1076
1994/1	0.6%	1.9%	5.5%	4.2%	6.8%	34.1%	6.9%	11.0%	0.1%	0.6%	1.1%	14.4%	4.1%	6.9%	1.7%	1295
1994/2	1.1%	1.6%	3.8%	5.4%	7.0%	35.3%	5.2%	13.9%	0.1%	0.4%	1.4%	14.0%	3.2%	3.2%	1.3%	861
1994/3	0.9%	1.5%	3.6%	4.9%	5.9%	37.7%	5.9%	9.7%	0.9%	0.8%	2.1%	13.3%	3.1%	7.6%	2.0%	2327
1994/4	1.1%	1.2%	4.7%	4.8%	6.4%	35.7%	6.3%	10.4%	0.1%	0.8%	1.6%	13.9%	3.8%	7.6%	2.5%	1046
1995/1B	0.8%	2.7%	4.0%	6.1%	6.2%	37.7%	6.9%	6.7%	0.6%	1.1%	3.0%	12.5%	2.0%	7.4%	2.2%	983
1995/2	1.2%	2.0%	3.4%	5.1%	6.9%	36.7%	6.1%	8.0%	0.6%	0.9%	3.0%	12.5%	3.8%	7.4%	2.2%	983
1995/3	1.1%	3.8%	4.2%	4.0%	6.8%	37.6%	8.8%	7.1%	0.5%	0.5%	1.1%	11.4%	5.9%	6.8%	0.4%	1295
1995/4	1.1%	0.8%	3.4%	6.0%	6.0%	39.1%	6.3%	9.1%	0.7%	0.3%	2.4%	12.0%	2.8%	9.3%	0.9%	1047

Table A2: Most important problem, historical series (continued)

	Inflation	Interest Rates	Access to Finance	Lack of Skilled Employees	Total Tax Burden	Low T/over or Lack of Business	Competition from Big Business	Govt Regs and Paperwork	High Rates of Pay	Shortage of Materials, Supplies etc.	Internal Management Difficulties	Cashflow/ Payments/ Debtors	Premises, Rents, Rates	Other	No Response	Number of Replies Analysed
1996/1	2.2%	0.6%	3.3%	4.5%	6.5%	38.2%	6.7%	5.1%	0.3%	0.7%	1.7%	12.8%	3.7%	11.5%	2.1%	700
1996/2	0.4%	0.7%	2.6%	4.4%	6.5%	36.6%	6.1%	8.8%	0.4%	0.5%	2.6%	13.1%	3.4%	13.1%	1.0%	1 099
1996/3	0.2%	0.7%	3.7%	6.1%	6.3%	31.8%	8.1%	8.6%	0.3%	0.5%	1.4%	12.2%	4.9%	14.3%	1.2%	742
1996/4	0.6%	1.0%	2.5%	7.6%	6.5%	34.6%	7.5%	10.3%	0.4%	0.2%	2.5%	9.5%	4.2%	11.6%	1.0%	753
1997/1	0.3%	1.4%	2.9%	8.2%	6.6%	29.9%	7.4%	10.8%	0.3%	0.5%	2.1%	14.6%	3.9%	10.2%	1.0%	912
1997/2	0.1%	1.2%	2.0%	9.5%	5.1%	31.9%	7.2%	10.5%	1.4%	0.3%	2.5%	11.2%	3.5%	12.6%	1.1%	720
1997/3	0.2%	2.7%	3.4%	8.1%	8.1%	27.6%	9.2%	10.9%	0.5%	0.6%	2.0%	10.5%	5.3%	11.1%	0.5%	909
1997/4	0.7%	1.9%	2.5%	12.1%	5.6%	29.4%	7.0%	10.9%	0.6%	0.5%	2.5%	10.3%	4.9%	9.7%	1.3%	634
1998/1	0.2%	3.4%	1.8%	8.9%	5.8%	27.7%	8.1%	11.8%	0.9%	0.6%	1.6%	12.1%	3.4%	12.6%	1.3%	783
1998/2	0.2%	3.4%	2.9%	10.1%	5.0%	25.6%	8.2%	8.4%	1.1%	0.3%	1.9%	10.7%	3.2%	18.1%	0.9%	1 273
1998/3	1.8%	3.4%	2.2%	7.7%	5.0%	29.3%	6.3%	9.7%	0.8%	0.1%	2.6%	9.6%	4.9%	16.0%	0.7%	682
1998/4	0.8%	6.3%	1.8%	9.7%	7.1%	30.8%	7.6%	6.1%	1.4%	0.7%	1.6%	10.5%	2.0%	13.0%	0.6%	654
1999/1	0.1%	1.7%	1.9%	8.9%	7.2%	31.0%	5.3%	11.1%	1.1%	0.9%	1.9%	8.3%	4.3%	15.2%	1.1%	601
1999/2	0.2%	1.0%	1.2%	8.0%	6.3%	31.6%	7.6%	14.8%	1.1%	0.1%	1.0%	9.2%	3.9%	12.9%	1.0%	619
1999/3	0.1%	0.7%	2.8%	11.2%	7.7%	25.3%	8.0%	13.6%	1.1%	0.9%	3.3%	8.2%	4.4%	10.2%	1.5%	507
1999/4	0.4%	0.8%	2.9%	11.4%	6.1%	26.3%	7.3%	14.2%	2.1%	0.5%	2.0%	9.6%	3.9%	12.6%	0.9%	1 121
2000/1	0.3%	1.0%	1.7%	9.5%	6.4%	26.2%	8.7%	18.6%	1.4%	0.3%	2.2%	8.8%	3.7%	10.4%	0.6%	812
2000/2	0.3%	1.6%	1.3%	8.7%	6.7%	25.9%	6.3%	19.0%	1.4%	1.1%	1.8%	7.2%	3.3%	14.9%	0.6%	866
2000/3	0.3%	0.8%	2.2%	12.2%	7.3%	26.7%	6.3%	12.5%	1.4%	1.1%	2.4%	9.6%	2.8%	12.6%	1.9%	758
2000/4	0.4%	0.7%	1.6%	7.9%	7.2%	27.4%	6.9%	15.7%	0.8%	0.9%	1.4%	10.2%	4.1%	14.3%	0.4%	803
2001/1	0.1%	0.4%	2.0%	11.1%	6.7%	31.4%	6.3%	14.4%	0.8%	0.3%	1.9%	9.2%	2.8%	10.9%	1.8%	726
2001/2	0.2%	0.8%	1.3%	10.8%	7.9%	27.2%	5.9%	15.4%	2.7%	0.4%	2.6%	7.0%	3.2%	13.7%	1.0%	856
2001/3	0.0%	0.0%	0.7%	13.5%	9.6%	30.0%	6.4%	13.8%	0.8%	0.4%	1.2%	7.3%	3.1%	12.8%	0.5%	705
2001/4	0.1%	0.0%	2.0%	11.7%	6.7%	27.4%	5.2%	16.5%	1.3%	0.5%	1.1%	8.2%	2.9%	15.0%	1.3%	705
2002/1	0.3%	0.5%	1.7%	7.8%	8.9%	28.5%	5.1%	15.2%	0.7%	0.2%	1.0%	8.4%	3.4%	16.8%	1.5%	654

Table A3: Most important problem, 2002Q2 to 2007Q4

	General economic climate	Sector-specific demand/problems	Marketing problems	Interest rates/ Access to finance	Inflation/ Cost of materials, supplies	Other costs (e.g. premises, transport)	Exchange rates	Cashflow/ Payments/ Debtors	Govt regulations and paperwork	Lack of skilled employees/ High pay	Total tax burden	Lack of time/ capacity	No problems	Other (please specify)	No response	Sample
2002/2	13%	7%	6%	4%	2%	1%	2%	2%	10%	14%	7%	8%	3%	12%	1%	1 168
2002/3	13%	7%	7%	4%	1%	0%	1%	1%	11%	16%	6%	9%	2%	11%	1%	1 078
2002/4	16%	7%	7%	4%	1%	1%	2%	1%	9%	15%	6%	9%	2%	8%	2%	1 074
2003/1	20%	8%	9%	4%	0%	0%	1%	1%	9%	14%	7%	8%	2%	9%	1%	922
2003/2	21%	8%	7%	4%	1%	1%	1%	1%	11%	10%	6%	9%	2%	8%	2%	851
2003/3	18%	9%	6%	3%	1%	1%	1%	1%	6%	15%	9%	10%	2%	7%	2%	784
2003/4	13%	9%	8%	3%	1%	1%	0%	2%	7%	18%	8%	8%	3%	9%	2%	687
2004/1	11%	8%	9%	3%	2%	1%	2%	1%	11%	15%	9%	8%	3%	8%	1%	808
2004/2	9%	8%	8%	4%	2%	1%	1%	2%	8%	20%	8%	9%	3%	8%	1%	739
2004/3	10%	9%	8%	4%	2%	3%	1%	1%	10%	13%	7%	9%	3%	7%	1%	623
2004/4	11%	8%	7%	3%	1%	2%	1%	1%	8%	20%	10%	8%	4%	8%	1%	711
2005/1	9%	9%	8%	5%	2%	2%	1%	1%	7%	18%	11%	9%	2%	5%	1%	652
2005/2	13%	9%	8%	3%	1%	1%	1%	1%	8%	22%	7%	8%	3%	5%	2%	675
2005/3	16%	10%	6%	5%	0%	2%	1%	1%	8%	20%	5%	7%	1%	6%	3%	670
2005/4	20%	8%	6%	4%	1%	3%	1%	1%	8%	15%	9%	7%	1%	5%	2%	620
2006/1	18%	9%	7%	4%	1%	3%	1%	1%	9%	19%	7%	6%	1%	5%	2%	641
2006/2	11%	9%	6%	2%	1%	4%	0%	1%	9%	20%	8%	6%	2%	4%	1%	638
2006/3	12%	9%	7%	2%	1%	2%	1%	1%	9%	22%	10%	9%	2%	6%	2%	547
2006/4	10%	9%	8%	3%	1%	3%	1%	1%	7%	21%	8%	7%	2%	7%	2%	538
2007/1	9%	9%	8%	3%	1%	3%	2%	2%	9%	25%	7%	7%	2%	5%	4%	526
2007/2	11%	7%	9%	4%	2%	3%	2%	2%	6%	22%	8%	7%	2%	6%	2%	528
2007/3	10%	8%	9%	3%	3%	4%	1%	1%	7%	23%	7%	9%	5%	7%	2%	629
2007/4	15%	8%	9%	2%	4%	4%	1%	2%	5%	17%	8%	5%	2%	8%	2%	528

Table A4: Average rating of problems (1=no problem, 10=severe problem), 2008Q1 onwards

Survey	Economic climate or demand	Competition	Interest rates or access to finance	Inflation or cost of inputs, etc.	Cashflow, payments or debtors	Government regulations	Lack of skilled employees/high pay	Total tax burden	Lack of time/capacity	Internal (management, marketing etc.)	Sample
2008/1	6.7	5.0	4.9	6.2	5.1	6.6	4.6	6.7	6.1	-	822
2008/2	6.2	4.7	4.0	5.7	4.9	6.2	4.5	6.1	5.6	-	711
2008/3	7.0	5.1	4.3	6.0	5.3	6.5	4.4	6.5	6.0	4.2	278

Table A5: Proportion ranking each problem in top three facing their business, 2008Q4 onwards

Survey	Economic climate or demand	Competition	Interest rates or access to finance	Inflation or cost of inputs, etc.	Cashflow, payments or debtors	Government regulations	Lack of skilled employees/high pay	Total tax burden	Lack of time/capacity	Internal (management, marketing etc.)	Sample
2008/4	58%	28%	19%	26%	28%	28%	11%	22%	15%	5%	1281
2009/1	55%	23%	21%	24%	36%	30%	7%	26%	14%	4%	975
2009/2	61%	26%	19%	22%	33%	31%	10%	24%	17%	7%	848
2009/3	52%	24%	19%	18%	34%	30%	10%	26%	16%	6%	858
2009/4	57%	25%	21%	17%	35%	33%	10%	26%	16%	4%	834
2010/1	48%	29%	17%	18%	33%	35%	11%	29%	14%	6%	830
2010/2	55%	28%	17%	20%	31%	31%	10%	26%	17%	6%	833
2010/3	51%	32%	17%	18%	34%	29%	11%	22%	16%	5%	832
2010/4	51%	28%	21%	19%	33%	30%	10%	27%	16%	6%	819
2011/1	54%	28%	17%	23%	33%	27%	9%	25%	15%	7%	826
2011/2	54%	28%	17%	26%	29%	26%	11%	19%	16%	7%	947
2011/3	55%	26%	16%	24%	25%	25%	8%	20%	13%	6%	1105
2011/4	63%	33%	15%	26%	26%	28%	10%	22%	14%	6%	1106

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Quarterly Survey 2011Q4

Please click in the appropriate circles and boxes or fill in the blanks. Your answers will remain confidential. If you have any problems with, or queries about, this form, please email us at ubs-enterprise@open.ac.uk or call Julie Sullivan on 01908 655 831.

1 What is the legal status of your business?

- Private (limited) company
- Partnership
- Self-employed sole trader/sole proprietorship
- PLC
- Other

2a Including yourself, how many people work in the business including both full and part-time workers?

2b And in three years time, how many people, including yourself and full and part-time workers, do you expect will work in your business? (0=business closed)

3a How many years have you been running a business?

3b How many years has your present business been trading?

4 Please describe in a few words the precise nature of your business:

5 Entrepreneurial firms are more competitive, growth-minded and innovative than other firms. Where would you put your firm on a scale of 1 to 10 (where 1=not at all entrepreneurial to 10=extremely entrepreneurial)?

6 Do you believe that the UK government should be cutting spending more sharply (to reduce the budget deficit), spending about the amount that it is, or spending more (in an attempt to boost growth)?

- Should cut spending
- Keep spending as is
- Spend more
- No idea

7 Please add any further comments you have on the current level of government spending

8 In which of the following ranges is your firm's annual turnover (excluding VAT):

- | | | |
|---|---|---------------------------------|
| <input type="radio"/> Less than £50,000 | <input type="radio"/> £250,000-£499,999 | <input type="radio"/> £5m-£10m |
| <input type="radio"/> £50,000-£99,999 | <input type="radio"/> £500,000-£999,999 | <input type="radio"/> £10m-£20m |
| <input type="radio"/> £100,000-£249,999 | <input type="radio"/> £1m-£5m | <input type="radio"/> over £20m |

The next four questions ask how your sales turnover, average employment, investment (in plant, equipment and premises) and average selling prices in the past quarter compared with the same period in 2010.

9a Was your sales turnover in July to September 2011 compared with July to September 2010: Up Same Down

9b Was your average employment (Jul-Sep 2011 vs Jul-Sep 2010): Up Same Down

9c Was your investment in plant, equipment and premises (Jul-Sep 2011 vs Jul-Sep 2010): Up Same Down

9d Were your average selling prices (Jul-Sep 2011 vs Jul-Sep 2010): Up Same Down

The next four questions ask how you expect your sales turnover, average employment, investment (in plant, equipment and premises) and average selling prices will have changed in the current quarter compared with the past quarter.

10a Expected sales turnover in October to December 2011 compared with July to September 2011: Up Same Down

10b Expected average employment (Oct-Dec 2011 vs Jul-Sep 2011): Up Same Down

10c Expected investment in plant, equipment and premises (Oct-Dec 2011 vs Jul-Sep 2011): Up Same Down

10d Expected average selling prices (Oct-Dec 2011 vs Jul-Sep 2011): Up Same Down

11 Please indicate (1, 2, 3) the TOP THREE of the following possible problems facing your business:

- | | | |
|--|---|--|
| a. Economic climate or demand <input type="text"/> | e. Cashflow, payments or debtors <input type="text"/> | i. Lack of time/capacity <input type="text"/> |
| b. Competition <input type="text"/> | f. Government regulations <input type="text"/> | j. Internal (management, marketing etc.) <input type="text"/> |
| c. Interest rates or access to finance <input type="text"/> | g. Lack of skilled employees/high pay <input type="text"/> | k. Other <input type="text"/> |
| d. Inflation or cost of inputs, etc. <input type="text"/> | h. Total tax burden <input type="text"/> | (please specify <input type="text"/>) |

12 Please indicate the sex of the owner(s) of the business:

- Male
- Female
- Joint Male/Female ownership

13 Please enter your Business Postcode:

14 Please enter any comments you have on the issues raised in this questionnaire:

Thank you for completing this confidential survey questionnaire.
Please now click on the SUBMIT button below

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