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The Small
Business
Research
Trust 

**Quarterly
Survey
of Small
Business
In Britain**

13 • 1 • 1997

THE NATWEST/SBRT

QUARTERLY SURVEY OF

SMALL BUSINESS IN BRITAIN

VOL. 13, NO. 1

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February 1997

ACKNOWLEDGEMENTS

The Small Business Research Trust thanks all responding firms for their time and effort in completing the questionnaire for this survey. In addition to the regular members of the SBRT Volunteer database, this includes members of the Federation of Small Businesses.

The Trust acknowledges the help provided by Graham Bannock & Partners Ltd in designing the survey, processing data and analysing the results.

The Small Business Research Trust is particularly pleased to acknowledge the generous support provided by NatWest in sponsoring the research, analysis and publication of this report. However, it is important to note that any opinions expressed in this publication are not necessarily those of NatWest.

HIGHLIGHTS

After a dramatic increase in the previous survey, slightly fewer of Britain's small firms reported an improvement in economic conditions during the final quarter of 1996. Expectations for the first quarter of 1997 are down, but this is largely a seasonal effect. The news on employment remains positive. The just under 1,000 firms taking part in this survey have created almost 5,000 jobs since the series began in 1984. Respondents work on average over 50 hours a week and think that they work harder now than they did in 1984, but are nevertheless glad to be their own boss.

- Just under 48 per cent of small firms reported higher sales turnover in the final quarter of 1996 than one year earlier, while 28 per cent had lower turnover. The resulting balance of +20 per cent was a little down on the +25 per cent in the previous survey, but remains at a relatively high level.
- Despite the mixed news on turnover there was good news on employment. The balance of firms increasing employment over the year rose from +9 per cent to +11 per cent. This is the highest balance since mid-1989. The balance on actual investment, of +11 per cent, is the highest since we started monitoring investment, in 1991.
- The balance of firms expecting sales to be higher in the current quarter (the first quarter of 1997) is down, at +16 per cent, compared with +25 per cent in the previous survey. The seasonally adjusted fall is less marked, however, suggesting that underlying confidence has been largely maintained.
- The balance of firms expecting to increase employment continues to rise, from 4 per cent to 5 per cent.
- The very smallest firms are still expecting conditions to continue to worsen, while the largest firms are more optimistic than they were.
- Although *low turnover/lack of business* remains the biggest problem for small business, the proportion selecting this has fallen below 30 per cent. However, over 40 per cent of people working on their own with no employees still say that this is their most important problem.
- *Lack of skilled/trained employees* is still only the fourth-highest ranked problem, but the proportion selecting this (8 per cent) is the highest since the end of 1989.
- Since the *NatWest/SBRT Quarterly Survey of Small Business in Britain* began, at the end of 1984, the 921 firms responding to this survey have created 4,981 new jobs. Half of these were created by firms which started up since our surveys began.
- Over 60 per cent of respondents are still running the same business as in 1984. Almost 10 per cent were running a different business back then and one-quarter were employees.
- The respondents to our survey report working an average 51 hours each week in the business. Owner-managers of larger firms work longer hours than those in the very smallest businesses (some of which are run only part-time).
- The majority of owner-managers think that they work harder now than they did in 1984 - especially those who were employees then.
- Despite some misgivings, the majority of small business owner-managers are *very glad* to be running their own business, only 2 per cent would prefer to be a paid employee.

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1. THE SMALL BUSINESS OUTLOOK

Respondents were asked to indicate whether their sales turnover, average employment and investment were up, down or the same in the quarter just ended (October, November, December 1996) compared with the same quarter a year earlier, and also to indicate what they expect for the next quarter (January, February, March 1997) compared with the final quarter of 1996. The first of the responses to the two sets of questions is shown in Table 1.1 as the “Actual Change on Year” and the second as “Expected Change on Previous Quarter”.

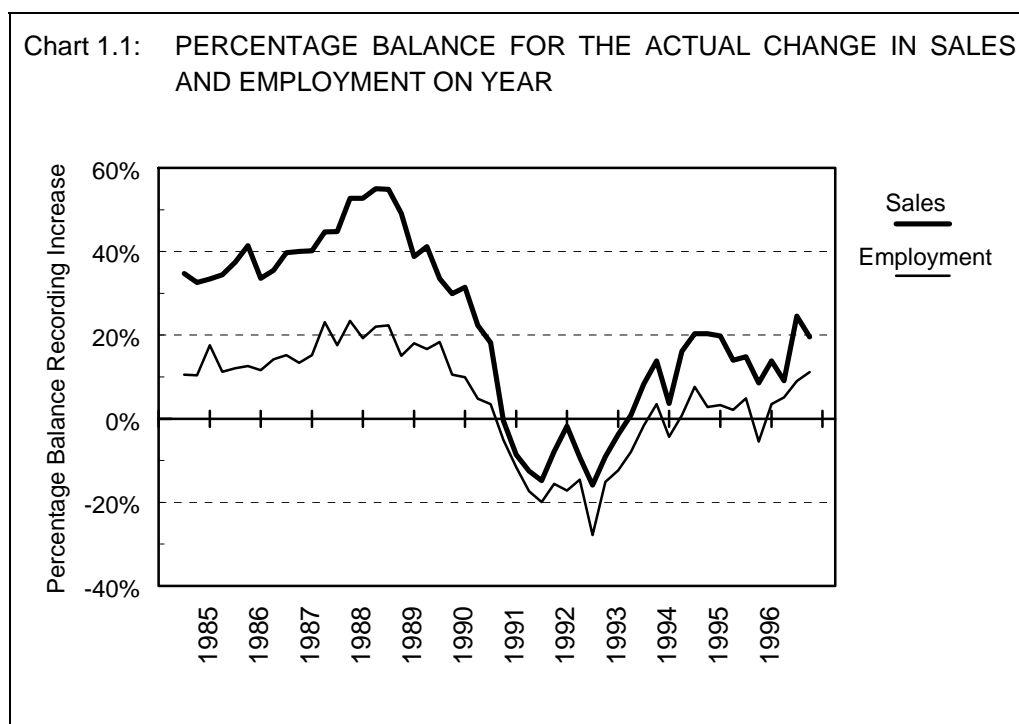
Following the well-established practice of the CBI in its *Industrial Trends Survey*, a summary statistic, the *balance*, is used to monitor these changes, although the full results are also shown in the tables. The balance is the percentage of respondents replying ‘up’ minus the percentage replying ‘down’ (we ignore, for this purpose, the percentage replying ‘same’). Appendix Table A.1 gives the percentage balances for both actual and expected changes since this survey began in the third quarter of 1984.

Since 1989, we have been splitting the results of questions on performance, expectations and problems by industrial sector and re-weighting them according to the sectoral distribution of all VAT registered businesses. The aim of this is to ensure that the results are as representative as possible of the business population in Britain. Please note, however, that other breakdowns by industrial sector, region and firm size use unweighted data.

Actual Performance

Fewer of Britain's small firms reported an improvement in their economic situation than in the previous survey, but the rate of improvement remains high by the standards of the past few years.

The proportion of firms reporting higher sales turnover in the final quarter of 1996 than one year earlier was 47.9 per cent. This compares with 49.2 per cent in the previous survey. The proportion reporting a fall in sales was up a little, from 24.7 per cent to 28.0 per cent. The balance of firms reporting an increase therefore fell from +24.6 per cent to +19.6 per cent (see Table 1.1). The increase in the previous survey was, however, large and the balance remains at a relatively high level (see Chart 1.1 below and Appendix Table A.1 on page 25 for a full list of balances since the survey began).



Despite the dip in the sales balance, small firms report more good news on employment. The proportion of firms reporting that employment was up during the year (21.8 per cent) was somewhat higher than in the previous survey (20.2 per cent), while the proportion cutting employment was down from 11.3 per cent to 10.7 per cent. The balance of firms increasing employment consequently continued to rise, up from +9.0 per cent in the previous survey to +11.1 per cent this time. This is the highest employment balance since mid-1989.

Table 1.1 CHANGE AND EXPECTED CHANGE IN SALES, EMPLOYMENT AND INVESTMENT

	Actual Change on Year				Expected Change on Previous Quarter			
	1996/1 on 1995/1	1996/2 on 1995/2	1996/3 on 1995/3	1996/4 on 1995/4	1996/2	1996/3	1996/4	1997/1
Survey	Vol.12 No.2	Vol.12 No.3	Vol.12 No.4	Vol.13 No.1	Vol.12 No.2	Vol.12 No.3	Vol.12 No.4	Vol.13 No.1
	SALES				SALES			
Up	43.2%	43.3%	49.2%	47.6%	41.2%	38.9%	47.0%	39.1%
Down	29.4%	34.2%	24.7%	28.0%	21.2%	24.6%	22.3%	22.9%
Same	26.2%	22.2%	25.4%	23.0%	35.3%	34.9%	30.2%	36.8%
No Response	1.2%	0.2%	0.7%	1.3%	2.2%	1.6%	0.4%	1.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	13.8%	9.1%	24.6%	19.6%	20.0%	14.4%	24.6%	16.2%
	EMPLOYMENT				EMPLOYMENT			
Up	20.3%	19.9%	20.2%	21.8%	13.8%	12.5%	16.2%	14.1%
Down	16.8%	14.8%	11.3%	10.7%	12.1%	10.3%	12.1%	8.9%
Same	59.8%	62.6%	65.2%	63.1%	69.5%	73.2%	68.6%	72.2%
No Response	3.2%	2.7%	3.3%	4.4%	4.6%	4.0%	3.0%	4.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	3.5%	5.1%	9.0%	11.1%	1.7%	2.2%	4.1%	5.1%
	INVESTMENT				INVESTMENT			
Up	22.6%	23.8%	23.3%	26.6%	18.2%	15.0%	20.6%	22.5%
Down	22.1%	19.0%	16.1%	15.7%	20.2%	20.6%	15.3%	15.2%
Same	51.2%	54.3%	56.8%	53.0%	56.4%	59.8%	60.7%	56.8%
No Response	4.1%	3.0%	3.8%	4.7%	5.2%	4.6%	3.4%	5.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	0.6%	4.8%	7.2%	10.9%	-2.0%	-5.6%	5.3%	7.3%
Base	1,099	742	753	912	1,099	742	753	912

Table 1.2 PROPORTION OF EXPANDING AND DECLINING FIRMS AS A PERCENTAGE OF RESPONDENTS

	Vol.12 No.2		Vol.12 No.3		Vol.12 No.4		Vol.13 No.1	
	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent
Expanding Firms	178	16.2%	112	15.1%	133	17.6%	164	17.9%
Declining Firms	126	11.4%	63	8.5%	63	8.4%	62	6.8%
Remaining Respondents	795	72.4%	567	76.4%	557	73.9%	686	75.2%
All Respondents	1,099	100.0%	742	100.0%	753	100.0%	912	100.0%
Balance		4.8%		6.7%		9.2%		11.1%

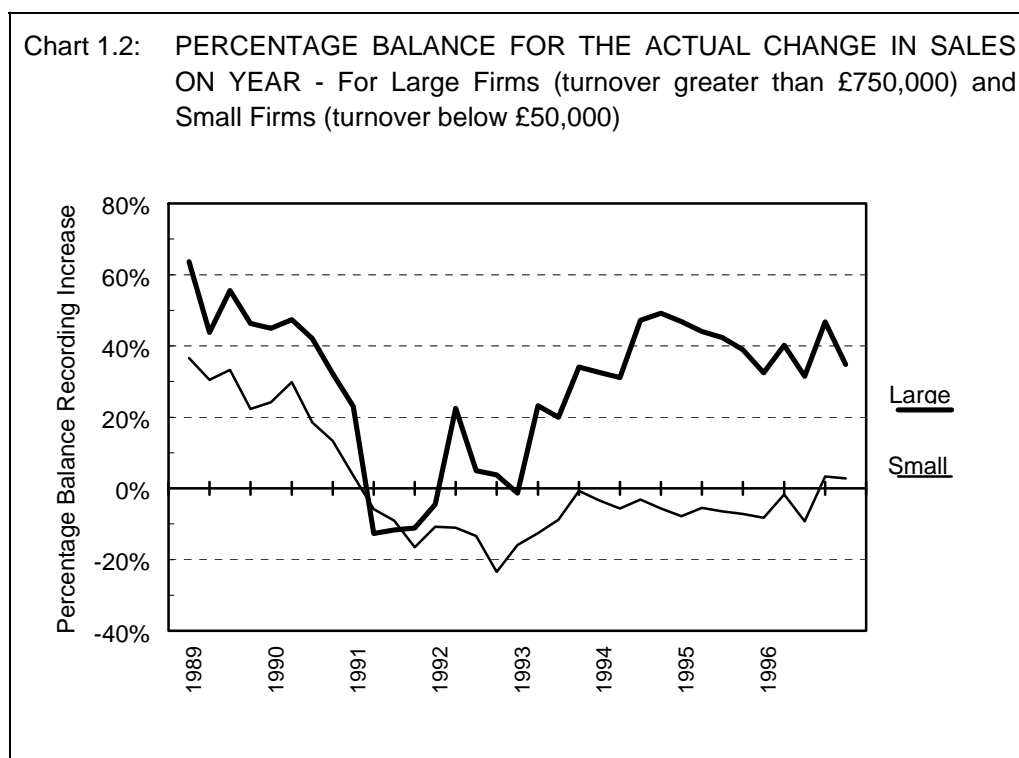
Note: All figures shown in these tables are weighted to the VAT sectoral distribution and therefore may not sum exactly to the totals shown.

The balance of firms increasing investment over the past year also continues to increase. Over one-quarter of small firms have increased investment (26.6 per cent, compared with 23.3 per cent in the previous survey), while only 15.7 per cent have cut it, giving a balance of +10.9 per cent (Table 1.1). This is the highest balance ever for this question, first asked at the beginning of 1991 (see Appendix Table A.1 on page 25).

As the proportion of firms increasing sales fell, while the proportion increasing employment rose, the proportion of firms classed as expanding (increasing both sales and employment) remains practically unchanged, at 17.9 per cent of the total (compared with 17.6 per cent in the previous survey). The proportion classed as declining firms (those reporting falling sales and employment) is, however, down from 8.4 to 6.8 per cent. Three-quarters of firms are therefore classed as neither expanding nor contracting, but the proportion of expanding firms exceeds the proportion of contracting firms by +11.1 per cent (Table 1.2).

Actual Performance: Comparison across size bands

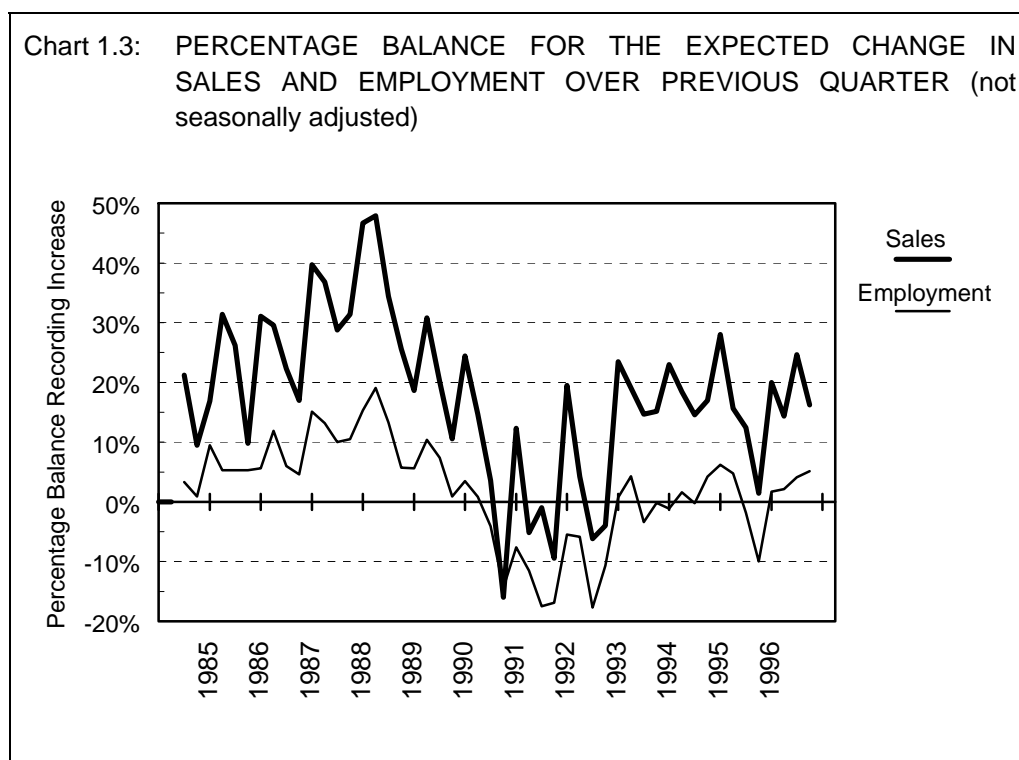
Chart 1.2 shows that the fall in the sales balance was greater for the larger than for the smallest firms in our sample. Nevertheless, larger firms have still experienced far better conditions than the smallest firms over the past year, with the latter hardly sharing at all in the economic recovery.



Expectations

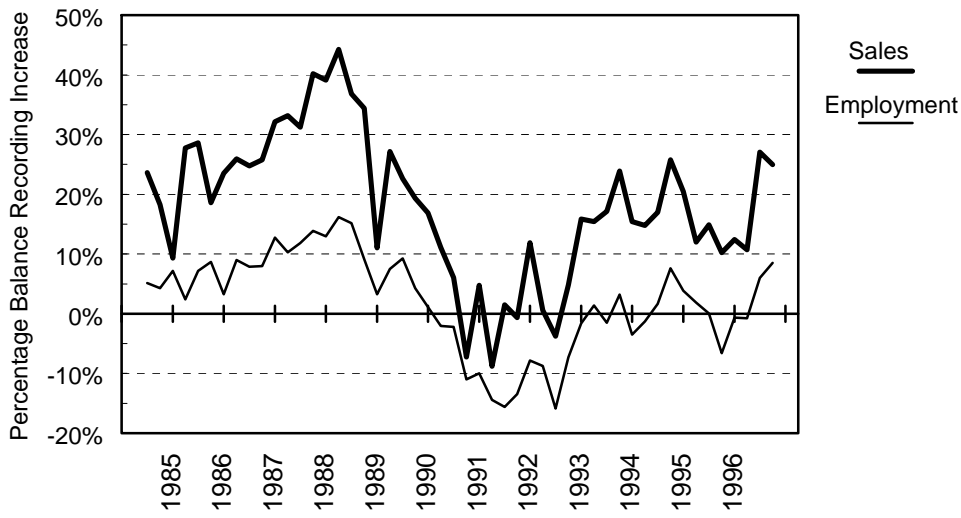
Britain's small firms expect a somewhat lower improvement in their sales during the first quarter of 1997 than during the final quarter of 1996, but this is largely a seasonal effect. The seasonally-adjusted figures suggest only a slight fall in confidence. Employment levels are expected to continue to rise during the first quarter of the year.

The proportion of UK small firms expecting sales in the current quarter (the first quarter of 1997), to be higher than in the previous quarter is down from 47.0 per cent in the previous survey to 39.1 per cent now. The proportion expecting sales to fall is up just marginally, from 22.3 to 22.9 per cent. After showing a substantial rise in the previous survey, the percentage balance of firms expecting an increase in sales has therefore fallen, from +24.6 per cent to +16.2 per cent (Table 1.1 and Chart 1.3).



The sales balance often falls at this time of the year, however, due to a post-Christmas lull in sales. Chart 1.4 overleaf (and Appendix Table A.1 on page 25) show the balance when seasonally adjusted. The fall in confidence in this survey is seen to be far less significant than the unadjusted balance would suggest, the seasonally adjusted balance falling from +27.2 per cent to +25.0 per cent. Given the normal seasonal pattern, it seems fair to say that the increase in confidence witnessed in the previous survey has been largely maintained.

Chart 1.4: PERCENTAGE BALANCE FOR THE EXPECTED CHANGE IN SALES AND EMPLOYMENT OVER PREVIOUS QUARTER (seasonally adjusted)



Although fewer firms than in the previous survey are expecting to increase employment in the current quarter (first quarter of 1997), the proportion which are expecting to have to cut employment has fallen by even more. Because of this, the balance expecting to increase employment has risen a little, from +4.1 to +5.1 per cent. (Table 1.1 and Chart 1.3).

When seasonally adjusted, the balance shows a slightly larger increase, up from +6.0 to +8.5 per cent (Chart 1.4 and Appendix Table A.1).

The balance of firms which expect to increase investment during the current quarter also continues to rise, up from +5.3 per cent to +7.3 per cent (Table 1.1). This is once again the highest balance since this question was first asked, at the beginning of 1991 (see Appendix Table A.1).

Expectations: Comparison across size bands

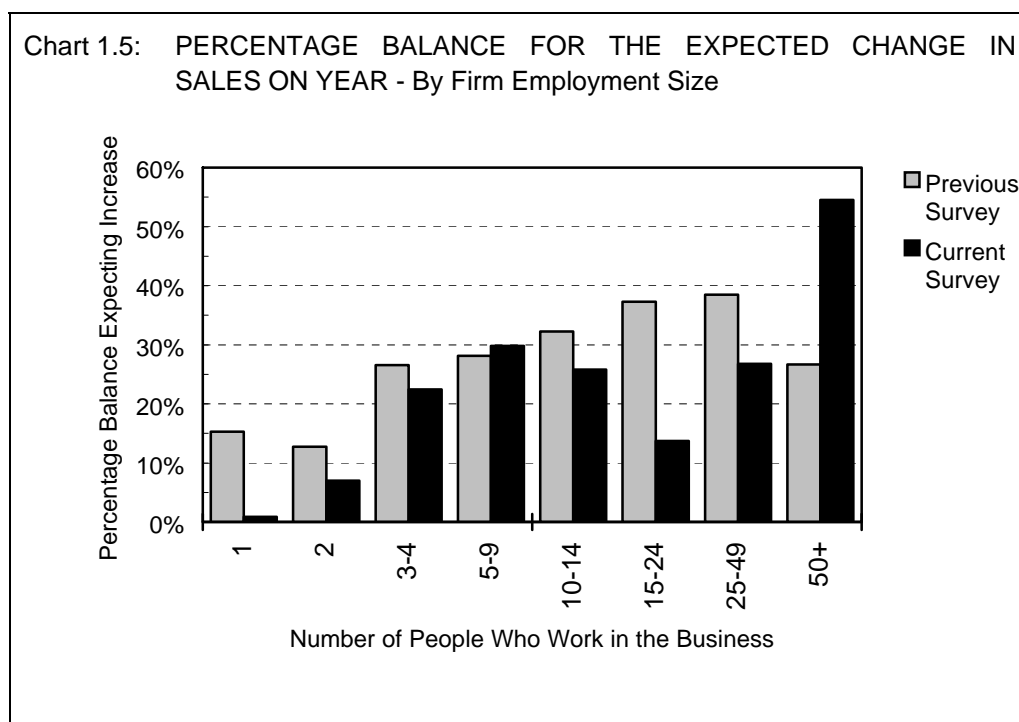
Smaller firms remain far less optimistic than larger ones in relation to both sales and employment (Table 1.3). The very smallest firms (those with a turnover of less than £20,000) expect their turnover to fall during the first quarter of 1997. Firms with turnovers between £20,000 - £50,000 are the only band to register negative employment balance. The fact that larger firms are more likely to be increasing employment may mean that the overall prospects for employment are more positive than the balance of +5.7 per cent suggests.

Table 1.3 EXPECTED CHANGE IN SALES AND EMPLOYMENT BY TURNOVER
(Current Survey compared with Previous Surveys, Percentage balances)

Turnover size band	EXPECTED SALES BALANCE				EXPECTED EMPLOYMENT BALANCE				Sample Size (This survey)
	Survey Number				Survey Number				
	47	48	49	50	47	48	49	50	
Less than £20,000	-5.5%	-1.7%	-5.1%	-9.3%	-4.4%	-10.0%	-3.4%	0.0%	75
£20,000 - 49,999	9.4%	0.0%	10.8%	12.4%	-4.0%	-1.8%	-2.2%	-2.2%	137
£50,000 - 149,999	27.5%	15.1%	25.4%	11.6%	5.1%	-0.6%	7.0%	4.0%	198
£150,000 - 349,999	30.4%	21.1%	28.9%	27.5%	3.1%	8.2%	4.2%	7.2%	167
£350,000 - 749,999	25.9%	38.5%	27.7%	34.5%	3.6%	13.8%	7.9%	9.2%	119
£750,000 - 1,499,999	31.4%	29.1%	48.0%	25.2%	8.5%	18.2%	9.3%	9.7%	103
£1,500,000 and over	34.4%	23.6%	35.1%	38.3%	12.5%	16.7%	16.9%	19.8%	81
Total	23.1%	17.1%	25.2%	19.8%	3.5%	5.4%	5.7%	5.7%	912

NOTE: The total balances in this table are not comparable with those shown in Table 1.1 because the data in this table are not weighted, neither are they seasonally adjusted.

Chart 1.5 shows that a similar pattern emerges when the balances are analysed by employment size band. One- and two-person firms are less optimistic about sales prospects than larger firms and, if anything, the disparity has increased since the previous survey.



Expectations: Comparison across business sectors

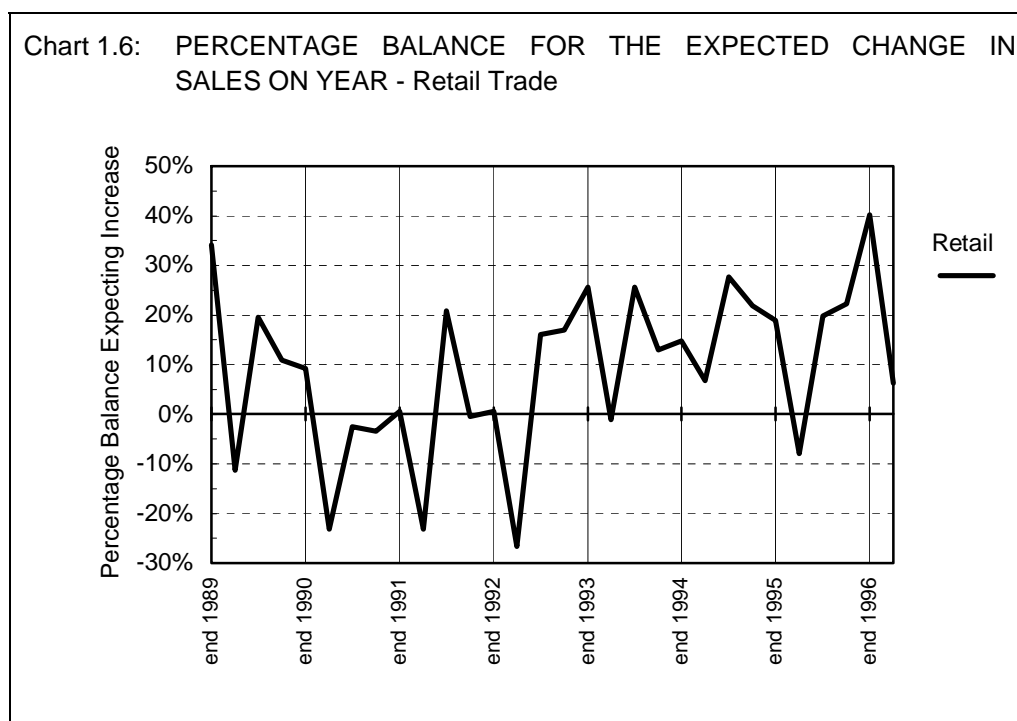
Table 1.4 breaks down the expected sales and employment balances by sector. However, the sample sizes for several sectors are too small for comparisons to be statistically valid.

Table 1.4 EXPECTED CHANGE IN SALES AND EMPLOYMENT BY BUSINESS SECTOR
(Current Survey compared with Previous Surveys)

Business Sector	EXPECTED SALES BALANCE				EXPECTED EMPLOYMENT BALANCE				Sample Size (This survey)
	Survey Number				Survey Number				
	47	48	49	50	47	48	49	50	
Agriculture, Forestry, Fisheries	13.3%	0.0%	31.6%	-5.3%	6.7%	-8.3%	5.3%	15.8%	19
Manufacturing, Mining, Processing	22.3%	20.0%	27.9%	24.3%	9.7%	13.5%	7.1%	7.6%	185
Transport	50.0%	5.9%	40.0%	0.0%	0.0%	5.9%	0.0%	-4.2%	24
Construction	-14.1%	29.1%	6.1%	21.1%	-25.4%	9.1%	-4.1%	0.0%	71
Wholesale Trade	39.4%	12.9%	38.0%	31.5%	3.0%	11.3%	8.5%	11.0%	73
Retail Trade	19.8%	22.3%	40.2%	6.2%	-0.6%	5.4%	9.0%	1.6%	129
Catering & Restaurants	33.3%	5.3%	23.5%	11.1%	20.8%	-15.8%	23.5%	0.0%	18
Business Services	26.2%	17.3%	17.3%	22.5%	5.9%	1.6%	7.5%	7.8%	244
Other Services	20.8%	9.1%	15.1%	24.1%	5.7%	-2.3%	-5.5%	3.7%	108
Other	30.3%	9.1%	28.6%	19.5%	3.0%	4.5%	0.0%	7.3%	41
Total	23.1%	17.1%	25.2%	19.8%	3.5%	5.4%	5.7%	5.7%	912

Unweighted, not seasonally-adjusted data

The fall in the expected sales balance for retailers, from +40.2 per cent to +6.2 per cent is most striking, but it should be remembered that this sector is the most subject to the seasonal influence of Christmas. Chart 1.6 shows that this balance falls markedly in the first quarter of every year.



Firms in business and other services and, in particular, construction firms are more optimistic than in the previous survey.

Expectations: Comparison across regions

Table 1.5 show the sales and employment balances by region and Chart 1.7 shows just the sales balance. As with the industrial sectors, sample sizes for several regions are too small for comparisons to be statistically valid. This also means that the balances are subject to considerable variation from survey to survey.

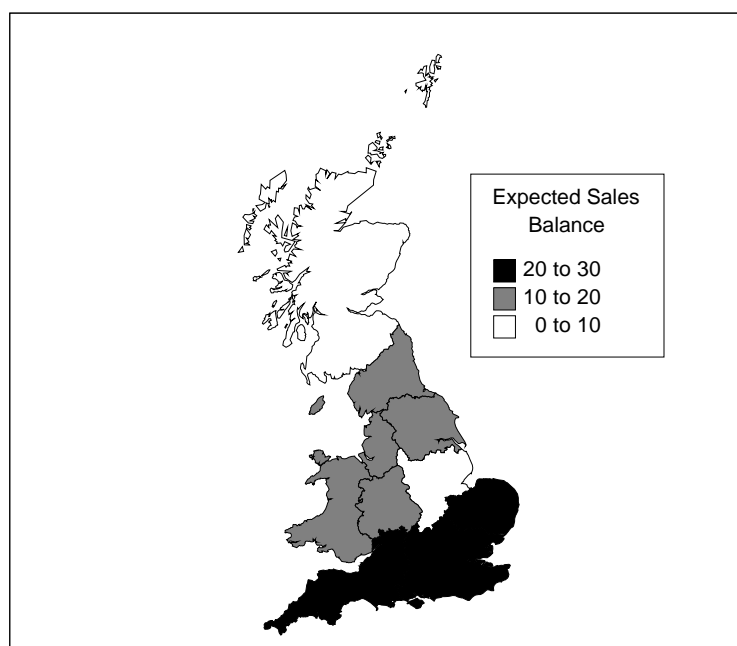
Table 1.5 EXPECTED CHANGE IN SALES AND EMPLOYMENT BY REGION
(Current Survey compared with Previous Surveys)

Region	EXPECTED SALES BALANCE				EXPECTED EMPLOYMENT BALANCE				Sample Size (This survey)
	Survey Number				Survey Number				
	47	48	49	50	47	48	49	50	
North	22.2%	33.3%	15.8%	17.9%	7.4%	9.5%	5.3%	-10.7%	28
Yorkshire & Humberside	24.0%	10.0%	16.7%	16.2%	5.3%	3.3%	-3.7%	7.4%	68
North West	14.1%	21.3%	29.6%	19.8%	3.0%	1.1%	12.7%	4.4%	91
East Midlands	22.7%	5.1%	24.5%	1.8%	1.3%	7.7%	17.0%	7.3%	55
West Midlands	23.7%	12.5%	37.1%	19.2%	0.0%	10.7%	6.5%	6.8%	73
East Anglia	23.5%	28.6%	20.0%	23.9%	11.8%	11.9%	-2.5%	17.4%	46
South East	26.4%	22.2%	27.5%	20.7%	1.8%	5.6%	7.0%	7.5%	362
South West	27.8%	11.4%	14.3%	28.3%	9.3%	0.0%	0.0%	1.0%	99
Wales	20.0%	-5.9%	42.9%	17.1%	16.7%	8.8%	14.3%	-4.9%	41
Scotland	17.0%	16.7%	4.7%	3.6%	-1.9%	12.5%	-14.0%	0.0%	28
Northern Ireland	-100.0%	66.7%	0.0%	42.9%	0.0%	33.3%	0.0%	28.6%	7
Total	23.1%	17.1%	25.2%	19.8%	3.5%	5.4%	5.7%	5.7%	912

Unweighted, not seasonally-adjusted data

Firms in the south of England - particularly those in the South West - are most optimistic about sales prospects for the first quarter of 1997. Those in Scotland and (spoiling the regional pattern) the East Midlands are least optimistic.

Chart 1.7: PERCENTAGE BALANCE FOR THE EXPECTED CHANGE IN SALES ON YEAR - By UK Standard Region



2. PROBLEMS

Respondents were asked to select, from a list of fourteen, the most important problem facing their business on that day. Every firm faces many problems but we focus in this question on the single most important problem at the time.

Table 2.1 MOST IMPORTANT PROBLEM (All Respondents)

Problem	Survey Number			
	Vol.12 No.2	Vol.12 No.3	Vol.12 No.4	Vol.13 No.1
Low Turnover/Lack of Business	34.7% (1)	29.8% (1)	32.8% (1)	28.5% (1)
Cashflow/Payments/Debtors	13.6% (2)	12.3% (2)	9.5% (3)	14.6% (2)
Gov't Regulations & Paperwork	10.1% (3)	8.1% (3)	11.2% (2)	10.9% (3)
Lack of Skilled/Trained Employees	3.8% (6)	5.2% (6)	7.7% (4)	8.4% (4)
Competition from Big Business	6.3% (5)	8.0% (4)	7.2% (5)	7.2% (5)
Total Tax Burden	6.4% (4)	6.1% (5)	6.2% (6)	6.8% (6)
Premises/Rent/Rates	3.4% (7)	5.1% (7)	3.9% (7)	3.9% (7)
Access to Finance	2.5% (9)	3.8% (8)	2.6% (9)	3.2% (8)
Internal Management Difficulties	2.6% (8)	1.7% (9)	2.6% (8)	2.1% (9)
Interest Rates	0.8% (10)	0.7% (10)	1.1% (10)	2.1% (10)
Shortages of Materials,Supplies,etc	0.4% (12)	0.6% (11)	0.2% (13)	0.5% (11)
High Rates of Pay	0.5% (11)	0.4% (12)	0.8% (12)	0.3% (12)
Inflation	0.4% (13)	0.1% (13)	1.1% (11)	0.3% (13)
Other	13.6%	15.9%	12.3%	10.5%
No Response	0.7%	2.2%	0.9%	0.8%
TOTAL	100.0%	100.0%	100.0%	100.0%
BASE	1,099	742	753	912

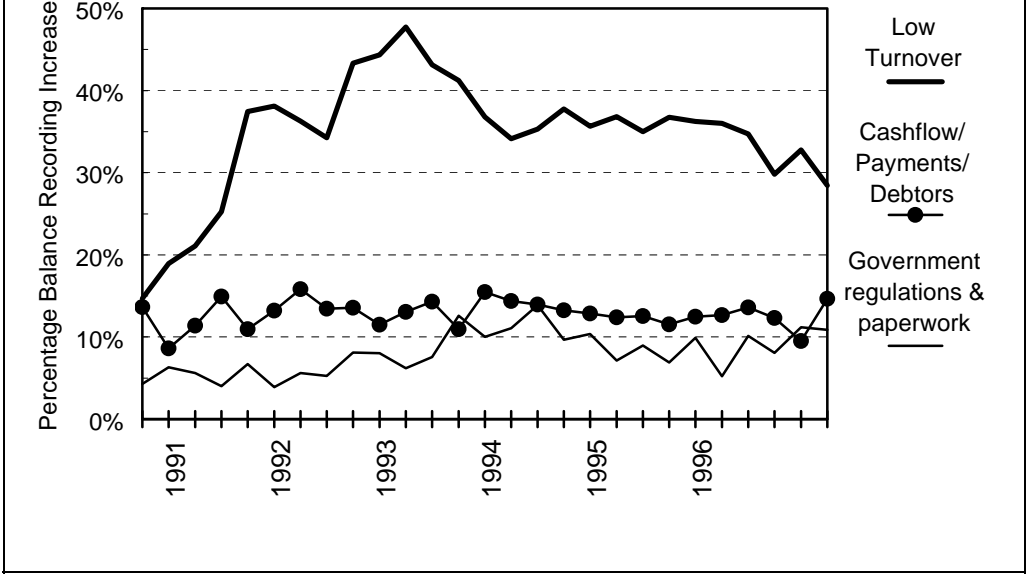
Note: 1 All figures shown in this table are weighted to the VAT sectoral distribution.
2 Number in brackets refers to the problem's ranking each quarter.

Despite an increase in the previous survey, the proportion of firms indicating that their most important problem is *low turnover/lack of business* appears once more to have resumed its gentle downward trend (see Table 2.1 and Chart 2.1 overleaf). This is to be expected, given the improving economic conditions reported elsewhere in this report, but the problem nevertheless still dominates the responses. The proportion selecting this as the single most important problem facing their business is still 28.5 per cent. The smallest firms are still suffering the most - 41.9 per cent of firms where the owner works on his or her own reported that low turnover is the most important problem facing their business (see Table 2.2 on page 15).

After slipping below *government regulations and paperwork* in the previous survey, *cashflow/payments/debtors* returned to second place in the ranking of problems. Some 14.6 per cent of firms said that this is their biggest problem, the highest proportion for over three years (see Chart 2.1 overleaf). Although it has moved back to third place in the rankings, *government regulations and paperwork* is still the most important problem for 10.9 per cent of firms.

There is a hint of possible future inflationary pressures resulting from a tightening of the labour market, as 8.4 per cent of respondents reported that the *lack of skilled/trained employees* is their most important problem. This is the highest proportion selecting this option since the end of 1989.

Chart 2.1: SELECTED MOST IMPORTANT PROBLEMS



There were few significant changes in the proportions selecting the remaining problems.

Table 2.2 MOST IMPORTANT PROBLEM BY NUMBER OF PEOPLE WHO WORK IN THE BUSINESS

	1	2	3 - 4	5 - 9	10 - 14	15 - 24	25 - 49	50+	All
Inflation	0.0%	0.0%	0.0%	0.9%	0.0%	1.4%	0.0%	0.0%	0.3%
Interest Rates	1.7%	0.6%	0.0%	0.9%	2.2%	1.4%	0.0%	3.0%	1.0%
Access to Finance	2.6%	1.3%	2.4%	3.2%	5.4%	4.1%	3.6%	3.0%	3.0%
Lack of Skilled/Trained Employees	2.6%	4.5%	9.1%	6.4%	8.6%	15.1%	8.9%	9.1%	7.2%
Total Tax Burden	4.3%	5.1%	7.3%	6.0%	5.4%	9.6%	10.7%	9.1%	6.5%
Low Turnover/Lack of Business	41.9%	38.2%	35.2%	28.0%	24.7%	19.2%	28.6%	6.1%	31.0%
Competition from Big Business	7.7%	8.9%	9.1%	7.3%	8.6%	6.8%	5.4%	6.1%	7.9%
Gov't Regulations & Paperwork	6.0%	12.7%	9.7%	10.6%	17.2%	12.3%	7.1%	18.2%	11.1%
High Rates of Pay	0.9%	0.0%	0.0%	0.9%	0.0%	0.0%	1.8%	0.0%	0.4%
Shortages of Materials,Supplies,etc	0.0%	0.6%	0.6%	0.5%	1.1%	0.0%	1.8%	3.0%	0.7%
Internal Management Difficulties	0.9%	0.0%	1.8%	3.2%	4.3%	2.7%	3.6%	3.0%	2.2%
Cashflow/Payments/Debtors	9.4%	12.7%	15.8%	16.1%	14.0%	13.7%	10.7%	12.1%	13.7%
Premises/Rent/Rates	1.7%	3.2%	3.0%	5.0%	5.4%	1.4%	5.4%	3.0%	3.6%
Other	19.7%	9.6%	6.1%	10.6%	3.2%	11.0%	10.7%	24.2%	10.5%
No Response	0.9%	2.5%	0.0%	0.5%	0.0%	1.4%	1.8%	0.0%	0.9%
Base	117	157	165	218	93	73	56	33	912
Check	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Unweighted data

3. THE 50TH SURVEY

This is the 50th issue of the *NatWest/SBRT Quarterly Survey of Small Business in Britain*, which began in 1984. In order to commemorate this anniversary, we asked respondents questions about how things had changed since the survey began.

Firstly, we asked how many people worked in the business in 1984, so that we could compare this with the number of people working in the business now. Table 3.1 shows that roughly half of all the firms which existed in 1984 have increased employment since then. Naturally, all of those firms which were not in existence in 1984 are recorded as increasing employment. Including these new firms, around two-thirds of the firms taking part in this survey employ more people now than they did in 1984. Less than one-fifth employ fewer people. These results, of course, do not include the small firms which have failed since the survey began and so are no longer included in our results.

Because firms which started off smaller are less likely to have cut employment, Table 3.1 and Chart 3.1 show that the percentage balance of firms which have increased employment since the survey began falls with original firm size. Although half of the firms which employed 10 or more people in 1984 have since increased employment, almost as many now employ fewer people than they did, meaning that the percentage balance is only +4.8 per cent.

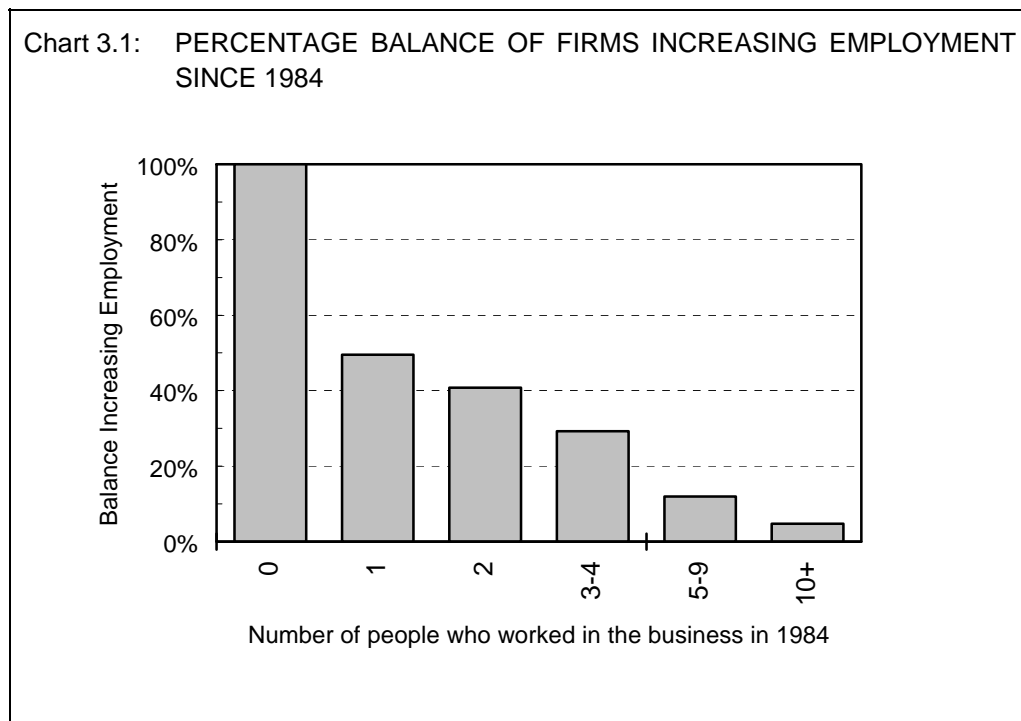


Table 3.1 PROPORTION OF FIRMS INCREASING AND PROPORTION OF FIRMS REDUCING EMPLOYMENT SINCE THE SURVEY BEGAN

Number of people working in the business in 1984	Proportion increasing employment	Proportion with unchanged employment	Proportion with reduced employment	Number of firms	Percentage Balance
0	100.0%	0.0%	0.0%	296	+100.0%
1	49.5%	50.5%	0.0%	101	+49.5%
2	49.5%	41.7%	8.7%	103	+40.8%
3-4	52.8%	23.6%	23.6%	123	+29.3%
5-9	48.6%	14.8%	36.6%	142	+12.0%
10+	50.3%	4.1%	45.6%	147	+4.8%
Total	66.3%	16.4%	17.2%	912	+49.1%

Of these relatively larger firms, however, those which cut employment did so by an average of only 10.5 employees, while those which increased employment did so by an average of 28.4 employees. This means that, despite the low balance, these larger (but still small) firms were on average the largest class of contributors to employment growth, accounting for an average extra 9.5 employees per firm (Chart 3.2 and Table 3.2).

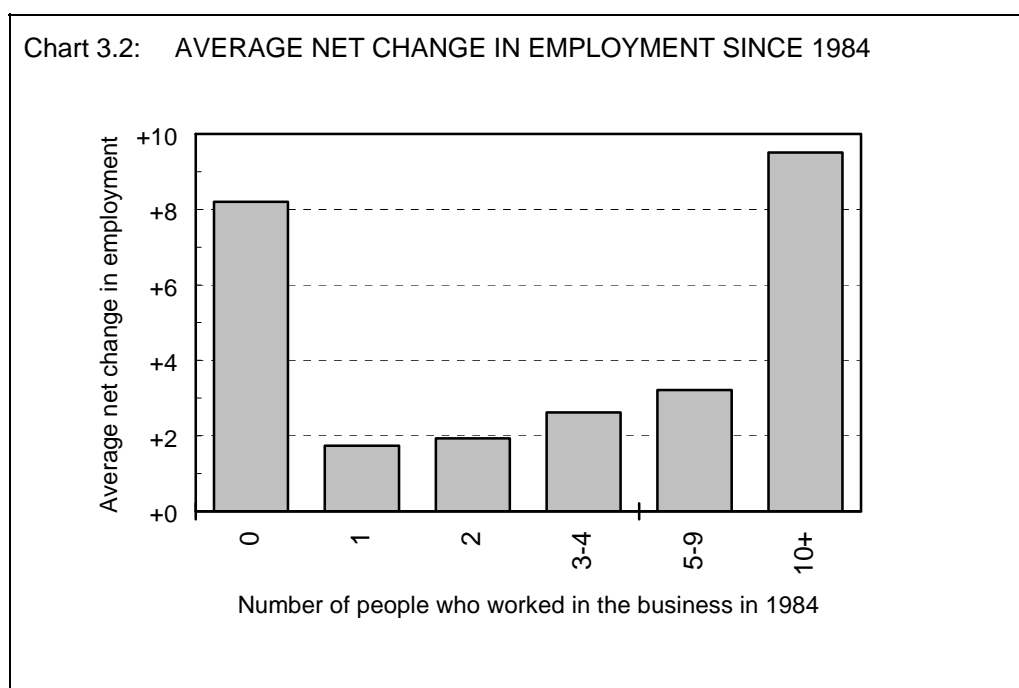


Table 3.2 NET CHANGE IN EMPLOYMENT SINCE THE SURVEY BEGAN

Number of people working in the business in 1984	Total employment in 1984	Total employment now	Net change in employment	Number of firms	Average net change in employment
0	0	2,429	+2,429	296	+8.2
1	101	277	+176	101	+1.7
2	206	405	+199	103	+1.9
3-4	418	740	+322	123	+2.6
5-9	936	1,393	+457	142	+3.2
10+	3,971	5,369	+1,398	147	+9.5
Total	5,632	10,613	+4,981	912	+5.5

In total, the fewer than 1,000 firms taking part in this survey have created almost 5,000 extra jobs since the *NatWest/SBRT Quarterly Survey of Small Business in Britain* began in 1984 (Table 3.2). Just under half of these are due to new firm start-ups (these now employ on average just over 8 people each), but the other half is net employment growth in pre-existing firms. The figures do not, however, count jobs lost by firms which have failed since the survey began. It also needs to be borne in mind that our survey, like all regular surveys, underrepresents the smallest firms

Respondents were next asked what they were doing at the end of 1984. Over 60 per cent were running the same business. Almost 10 per cent were running a different business in 1984, emphasising the serial nature of many entrepreneurial careers (Table 3.3).

Table 3.3 "WHAT WERE YOU DOING AT THE END OF 1984?"

	Replies	%
Running this business	559	61.3%
Running a different business	88	9.6%
Working for a small firm (<100 employees)	79	8.7%
Working for a large firm (>100 employees)	127	13.9%
Unemployed	8	0.9%
Student	10	1.1%
Other	23	2.5%
No response	18	2.0%
Sample	912	100.0%

A little under one-quarter of the owner-managers in our survey were employees in 1984 - about 40 per cent of these working for small firms (fewer than 100 employees) and the remainder for large firms. The ratio of all employees working in firms with 1-99 employees to those working in firms with over 100 employees¹ is also close to 40:60. This suggests that small firm employees have been no more

¹ See "A Business Register - the way to count small business", McCann A D, in *NatWest Review of Small Business Trends*, Volume 5 Number 2, December 1995, SBRT, Milton Keynes.

likely to start their own business than large-firm employees. This finding relates only to respondents from firms in the minority of the sample which did not exist 12 years ago.

Less than one per cent of current owner-managers were unemployed in 1984, despite the fact that unemployment was well over 3 million in that year. This should not be taken to mean, however, that self-employment is not an important means of leaving or avoiding unemployment. Our previous survey found that the main motivation of over 10 per cent of business owners was “no alternative/to avoid unemployment”.

Of the ‘other’ responses, in 1984 five were teachers, five were working in the civil service or local government, four were housewives and four were in HM Forces.

Respondents were next asked how many hours they worked in the business and whether they thought that they worked harder now than at the end of 1984. Table 3.4 shows that the small business owner managers taking part in our survey work in the business on average 51 hours each week. Some clearly only work part-time in the business, but some respondents report working very long hours indeed. The owner/manager of a chauffeuring company claimed to work 126 hours each week (the one respondent who claimed to work 170 hours per week was assumed to have engaged in a little poetic licence and was excluded from the results). Of the other 10 respondents who reported working 100 hours a week or more, half managed hotels, guest houses or public houses.

Table 3.4 “ON AVERAGE, HOW MANY HOURS EACH WEEK DO YOU PERSONALLY WORK IN THE BUSINESS?”

Number of hours	Replies	%
<10 hours	8	0.9%
10-19 hours	21	2.3%
20-29 hours	16	1.8%
30-39 hours	64	7.2%
40-49 hours	218	24.4%
50-59 hours	258	28.8%
60-69 hours	226	25.3%
70-79 hours	53	5.9%
80-89 hours	16	1.8%
90-99 hours	4	0.4%
100+ hours	11	1.2%
Responses	895	
Maximum	126.0	
Average (mean)	51.0	
Median	50.0	
No response	17	

The most recent official estimate available suggests that the average full-time employee in Britain works just under 40 hours per week². Almost 88 per cent of the small-business owner-managers taking part in this survey claim to work longer hours than this.

² *Labour Market Trends*, December 1995, CSO, London. The estimate is for Spring 1995. This series has now been discontinued.

The same source suggests that the average full-time self-employed person works around 46 hours per week. Table 3.4 shows that this is in very close agreement with the hours reported by those self-employed people in this survey who work on their own. As the self-employed without employees make up around three-quarters of the self-employed³, it is appropriate that the official figure should reflect this. Our survey shows, however, that there is a big difference in the average hours worked by owners of firms where four people or fewer work and larger firms. Owner managers of small firms with five or more workers on average work for 53.7 hours each week - a fact not revealed by the official statistics.

Table 3.4 HOURS WORKED, BY SIZE OF BUSINESS

Number of people who work in the business	Average hours worked by owner	Responses
1	46.0	113
2	48.8	151
3-4	48.7	163
5-9	55.0	213
10-14	52.8	93
15-24	52.6	73
25+	52.4	89
Total	51.0	895
No response		17

Over half of all respondents think that they work harder now than they did at the end of 1984, and only 16 per cent think that they work less hard (Table 3.5).

Table 3.5 "DO YOU THINK THAT YOU WORK HARDER NOW THAN YOU DID AT THE END OF 1984?"

	Replies	%
Work harder now	477	52.3%
Work less hard now	146	16.0%
Work about the same	271	29.7%
No response	18	2.0%
Sample	912	100.0%
Balance		+36.3%

³ Labour Force Survey, quoted in *NatWest Review of Small Business Trends*, Volume 5 Number 2, December, 1995, SBRT, Milton Keynes.

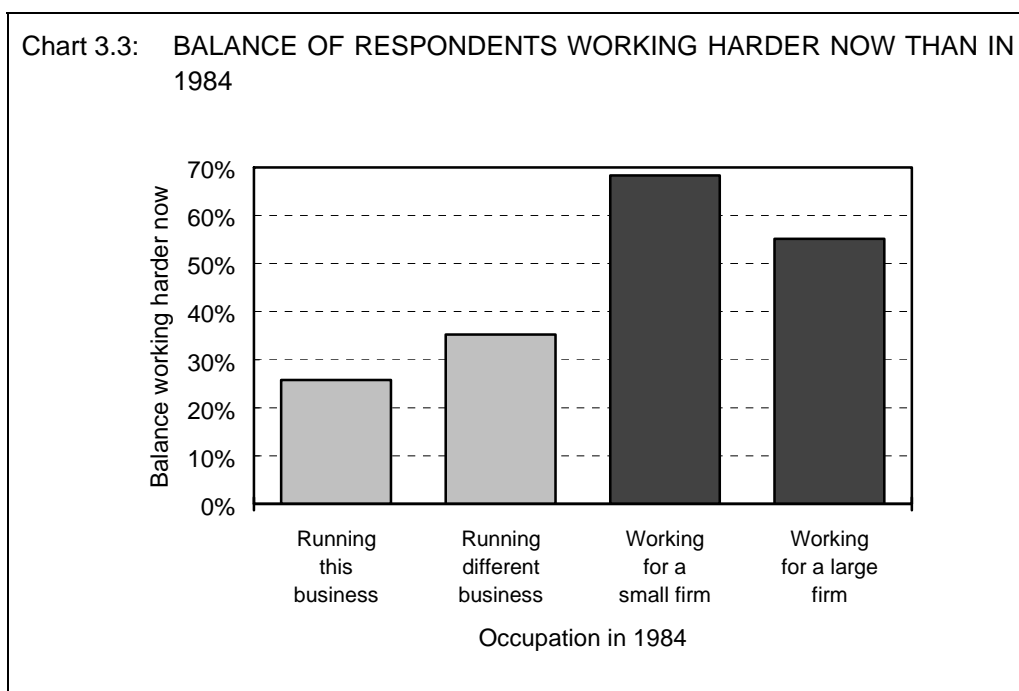


Chart 3.3 and Table 3.6 shows that most respondents who were employed in 1984 clearly feel that it is harder work running their own business. Although a balance of +25.8 per cent of those who were running the same business in 1984 and +35.2 per cent of those who were running a different business think that they work harder now than in 1984, the equivalent figures for those who were previously employed in small and large firms are +68.4 and +55.1 per cent.

Table 3.6 "DO YOU THINK THAT YOU WORK HARDER NOW THAN YOU DID AT THE END OF 1984?" - BY OCCUPATION AT END 1984

Occupation in 1984	Harder	Less hard	About same	Responses	Percentage Balance
Running this business	46.2%	20.4%	32.4%	559	+25.8%
Running a different business	50.0%	14.8%	34.1%	88	+35.2%
Working for a small firm	72.2%	3.8%	22.8%	79	+68.4%
Working for a large firm	64.6%	9.4%	25.2%	127	+55.1%

Table 3.7 "OVERALL, HOW GLAD ARE YOU TO BE MANAGING YOUR OWN FIRM?"

	Replies	%
Very glad	505	55.4%
Mixed feelings	343	37.6%
Not happy	27	3.0%
Would prefer to be a paid employee	19	2.1%
No response	18	2.0%
Sample	912	100.0%

Although respondents feel that running their own business is harder work than being an employee, only 2.1 per cent would prefer to be employed by someone else (Table 3.7). Although a further three per cent are *not happy* and well over one-third have *mixed feelings*, the majority of respondents are *very glad* to be running their own business.

APPENDIX

Organisation of the Survey

This survey (the 50th in the series) was mailed out on 16 December 1996 to 2,500 small firms. By the cut-off date of 29 January 1997, 912 completed questionnaires had been received.

Up to and including Survey 17, the regular SBRT surveys were carried out via postal questionnaires and personal interviews of members of three small business representative organisations:

- The Federation of Small Businesses (FSB) - formerly The National Federation of the Self Employed and Small Business Ltd
- The Association of Independent Business (AIB)
- The Forum of Private Business

These surveys have been supplemented by responses from readers of the National Westminster Small Business Digest.

From Survey 18, we have included responses from members of the National Chamber of Trade (NCT) as well as from the FSB and, until survey 23, the AIB. From time to time, small firms recruited through Local Enterprise Agencies have also been included. The SBRT would welcome additions to the sample from similar sources, including Training and Enterprise Councils (TECs) and Local Enterprise Companies (LECs).

A copy of the current questionnaire used is included at the end of this Appendix.

Further details of sample size, response and a discussion of representativeness have been included in earlier issues of the Quarterly Survey of Small Business in Britain (see, for example, Vol.3 No.2, 1987, Vol.4 No.4, 1988 and Vol.5 No.1, 1989). It should be noted that the SBRT survey is not a panel, nor is it fully random among the total membership of the bodies listed above.

Note that from the first quarter of 1989 onwards the overall balances have been weighted, using VAT registration data, by sector. This is so that a change in the importance of any particular sector, for instance manufacturers, in our sample will not affect the percentage balances and also so that the results are more representative of the UK economy as a whole. This means, however, that in tables showing the breakdowns by size, sector and region (which are unweighted) the overall balances are not strictly comparable with Table 1.1. In addition, where not all respondents indicate the nature of their business some firms may be excluded from the weighted results.

Because the balances referring to the expected sales turnover and employment in the next quarter have a pronounced seasonal trend we have also constructed seasonally-adjusted figures for these balances. These are listed in Appendix Table A.1. Again, the breakdowns by size, sector and region are not seasonally adjusted, neither are the figures in Table 1.1.

Special Topics

The survey reports in each issue on changes in sales and employment and on the ranking of most important problems experienced by small firms. The percentage balances for sales and employment are shown in Appendix Table A.1 and the percentage mention of problems are shown in Appendix Table A.2 for each of the surveys carried out to date.

In addition, each issue covers one or more special topics, based upon the survey results, designed to contribute to knowledge about small business in Britain.

The following topics have been examined to date:

1985	Vol. 1	No 1	Some Characteristics of the Respondents
		No 2	Changes in Employment New Business
		No 3	Part-time Employees Computers in Small Firms
		No 4	Employment
1986	Vol. 2	No 1	Finance Membership of Representative Bodies
		No 2	Exports The Business Expansion Scheme
		No 3	Employment Skill Shortage
		No 4	Incorporated and Unincorporated Business Expanding Firms Small Firms in the Service Sectors
1987	Vol. 3	No 1	Domestic versus Business Telephone Usage Employment
		No 2	Most Important Problem Facing Declining and Growing Businesses Characteristics of our Respondents
		No 3	Employment Slow Payment Problems
		No 4	Use of Accountants
1988	Vol. 4	No 1	Use of Solicitors
		No 2	Training background of managers and arrangements for staff training
		No 3	Access to external information
		No 4	Present and future use of Telecommunications products and services Characteristics of Respondents
1989	Vol. 5	No 1	Employee Turnover National Chamber of Trade Survey National Westminster Digest Survey
		No 2	The effects of 1992 on small firms
		No 3	Intergenerational and previous business background of respondents
		No 4	Origins of new employees
1990	Vol. 6	No 1	European Community Special Directorate DG23

		No 2	Motivation and Objectives of respondents for setting up their own business
		No 3	School-leaver Training
		No 4	School-leaver Training Problems
1991	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
1992	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
1993	Vol.9	No 1	Business Premises and the UBR
		No 2	Rented Business Premises
		No 3	Delayed Payments
		No 4	External Sources of Information
1994	Vol. 10	No 1	The Single Market
		No 2	Pensions
		No 3	The Past Ten Years
		No 4	Minimum Wage
1995	Vol. 11	No 1	Capacity Utilisation
		No 2	Succession and Ownership
		No 3	Staff Recruitment
		No 4	Employee Turnover and Training
1996	Vol. 12	No 1	Compliance Costs
		No 2	IT - Communications and Computers
		No 3	Business Support Organisations
		No 4	Motivations, Objectives and Targets
1997	Vol. 13	No 1	The 50 th Survey (employment change, hours worked, satisfaction)

Appendix Tables

TABLE A.1: CHANGES AND EXPECTED CHANGES IN SALES AND EMPLOYMENT, PERCENTAGE BALANCE

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	Investment		Sales		Employment		Investment
			Employment			U	S	U	S	U
Vol.1 No.1a	3,056	1984/3	34.7%	10.5%	-	21.2%	23.6%	3.3%	5.2%	-
Vol.1 No.1b	1,795	1984/4	32.6%	10.4%	-	9.5%	18.3%	0.9%	4.3%	-
Vol.1 No.2	1,181	1985/1	33.4%	17.6%	-	16.9%	9.3%	9.5%	7.2%	-
Vol.1 No.3	1,090	1985/2	34.4%	11.2%	-	31.4%	27.8%	5.3%	2.4%	-
Vol.1 No.4	1,072	1985/3	37.4%	12.1%	-	26.2%	28.6%	5.3%	7.2%	-
Vol.2 No.1	1,326	1985/4	41.4%	12.6%	-	9.8%	18.6%	5.3%	8.7%	-
Vol.2 No.2	1,052	1986/1	33.6%	11.6%	-	31.1%	23.5%	5.6%	3.3%	-
Vol.2 No.3	1,285	1986/2	35.5%	14.2%	-	29.6%	26.0%	11.9%	9.0%	-
Vol.2 No.4	1,435	1986/3	39.7%	15.2%	-	22.3%	24.7%	6.0%	7.9%	-
Vol.3 No.1	1,116	1986/4	40.0%	13.4%	-	17.0%	25.8%	4.6%	8.0%	-
Vol.3 No.2	1,746	1987/1	40.2%	15.2%	-	39.7%	32.1%	15.1%	12.8%	-
Vol.3 No.3	1,113	1987/2	44.7%	23.1%	-	36.8%	33.2%	13.2%	10.3%	-
Vol.3 No.4	977	1987/3	44.8%	17.6%	-	28.8%	31.2%	10.0%	11.9%	-
Vol.4 No.1	1,042	1987/4	52.7%	23.4%	-	31.4%	40.2%	10.5%	13.9%	-
Vol.4 No.2	933	1988/1	52.7%	19.3%	-	46.7%	39.1%	15.3%	13.0%	-
Vol.4 No.3	983	1988/2	55.0%	22.0%	-	47.9%	44.3%	19.1%	16.2%	-
Vol.4 No.4	950	1988/3	54.9%	22.3%	-	34.4%	36.8%	13.3%	15.2%	-
Vol.5 No.1A	1,523	1988/4	49.2%	15.1%	-	25.6%	34.4%	5.7%	9.1%	-
Vol.5 No.2	947	1989/1	38.8%	18.1%	-	18.6%	11.1%	5.6%	3.3%	-
Vol.5 No.3	2,274	1989/2	41.1%	16.7%	-	30.8%	27.2%	10.4%	7.5%	-
Vol.5 No.4	795	1989/3	33.5%	18.3%	-	20.2%	22.6%	7.4%	9.2%	-
Vol.6 No.1	1,091	1989/4	29.9%	10.5%	-	10.6%	19.3%	0.9%	4.3%	-
Vol.6 No.2	1,384	1990/1	31.4%	9.9%	-	24.4%	16.9%	3.5%	1.1%	-
Vol.6 No.3	1,043	1990/2	22.3%	4.8%	-	14.7%	11.1%	0.9%	-2.0%	-
Vol.6 No.4	1,312	1990/3	18.2%	3.5%	-	3.6%	6.0%	-4.1%	-2.2%	-
Vol.7 No.1	1,239	1990/4	-0.5%	-5.1%	-	-16.0%	-7.2%	-14.4%	-11.0%	-
Vol.7 No.2	984	1991/1	-8.6%	-11.6%	-12.7%	12.3%	4.8%	-7.6%	-10.0%	-15.0%
Vol.7 No.3	1,718	1991/2	-12.5%	-17.3%	-20.0%	-5.2%	-8.8%	-11.5%	-14.4%	-20.6%
Vol.7 No.4	835	1991/3	-14.8%	-19.9%	-15.0%	-1.0%	1.5%	-17.5%	-15.6%	-15.1%
Vol.8 No.1	1,684	1991/4	-7.9%	-15.6%	-20.5%	-9.4%	-0.6%	-16.9%	-13.5%	-13.3%
Vol.8 No.2	1,359	1992/1	-1.8%	-17.2%	-13.9%	19.5%	11.9%	-5.5%	-7.8%	-6.8%
Vol.8 No.3	1,527	1992/2	-9.2%	-14.6%	-18.7%	4.2%	0.6%	-5.9%	-8.8%	-11.8%
Vol.8 No.4	921	1992/3	-15.9%	-27.8%	-32.7%	-6.2%	-3.7%	-17.7%	-15.9%	-24.1%
Vol.9 No.1	1,339	1992/4	-9.1%	-15.1%	-21.0%	-4.0%	4.8%	-10.7%	-7.3%	-13.1%
Vol.9 No.2	1,021	1993/1	-3.8%	-12.4%	-11.3%	23.5%	15.9%	0.7%	-1.6%	-0.8%
Vol.9 No.3	1,310	1993/2	0.9%	-7.9%	-7.4%	19.1%	15.5%	4.3%	1.4%	-0.5%
Vol.9 No.4	1,076	1993/3	8.3%	-1.6%	-7.0%	14.7%	17.1%	-3.4%	-1.5%	-4.5%
Vol.10 No.1	1,295	1993/4	13.8%	3.5%	-3.3%	15.1%	23.9%	-0.2%	3.2%	3.3%
Vol.10 No.2	861	1994/1	3.6%	-4.3%	-3.8%	23.0%	15.4%	-1.1%	-3.5%	3.7%
Vol.10 No.3	2,327	1994/2	16.2%	0.8%	-3.3%	18.4%	14.8%	1.6%	-1.3%	-2.2%
Vol.10 No.4	1,046	1994/3	20.3%	7.6%	0.6%	14.6%	17.0%	-0.2%	1.6%	1.9%
Vol.11 No.1	983	1994/4	20.4%	2.8%	4.1%	17.0%	25.7%	4.2%	7.6%	1.7%
Vol.11 No.2	1,295	1995/1	19.8%	3.3%	0.3%	28.0%	20.4%	6.2%	3.9%	5.7%
Vol.11 No.3	669	1995/2	14.0%	2.1%	0.8%	15.7%	12.0%	4.8%	1.9%	-1.8%
Vol.11 No.4	1,047	1995/3	14.8%	4.9%	2.2%	12.4%	14.9%	-1.8%	0.0%	-2.3%
Vol.12 No.1	700	1995/4	8.5%	-5.5%	1.5%	1.5%	10.2%	-10.0%	-6.6%	-8.0%
Vol.12 No.2	1,099	1996/1	13.8%	3.5%	0.6%	20.0%	12.4%	1.7%	-0.6%	-2.0%
Vol.12 No.3	742	1996/2	9.1%	5.1%	4.8%	14.4%	10.7%	2.2%	-0.7%	-5.6%
Vol.12 No.4	753	1996/3	24.6%	9.0%	7.2%	24.6%	27.1%	4.1%	6.0%	5.3%
Vol.13 No.1	912	1996/4	19.6%	11.1%	10.9%	16.2%	25.0%	5.1%	8.5%	7.3%

Key: U - Unadjusted, S - Seasonally adjusted

Notes: a, b- The results from two surveys were published in Volume 1 Number 1

A - From Volume 5 Number 1, all results have been weighted to the VAT sectoral distribution.

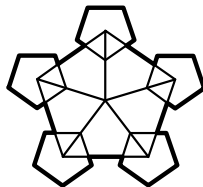
Table A.2: PROBLEMS EXPERIENCED BY RESPONDENTS - Note: From Survey 18 (1989/1), all figures shown in this table have been weighted to the VAT sectoral distribution.

	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 Material & Supplies	Internal Management Difficulties	Cashflow and Payments	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%	3,056
1985/1	3.8%	19.4%	-	4.4%	15.9%	14.5%	10.0%	15.7%	3.4%	1.3%	-	-	-	9.5%	1.5%	1,795
1985/2	5.0%	22.1%	-	4.3%	16.1%	14.3%	10.8%	12.5%	2.4%	1.3%	-	-	-	9.1%	1.5%	1,181
1985/3	2.0%	23.6%	-	4.9%	12.8%	13.8%	11.2%	13.1%	3.7%	1.9%	-	-	-	8.6%	3.8%	1,090
1985/4	2.2%	24.0%	-	5.6%	16.6%	15.7%	11.0%	10.2%	2.0%	0.9%	-	-	-	9.2%	2.0%	1,072
1986/1	3.0%	21.4%	-	7.2%	17.1%	14.4%	11.7%	9.6%	2.0%	1.8%	-	-	-	9.9%	1.3%	1,326
1986/2	1.7%	29.9%	-	7.3%	16.3%	12.6%	9.1%	9.9%	2.2%	1.2%	-	-	-	9.4%	0.6%	1,052
1986/3	0.9%	21.3%	-	7.3%	16.6%	17.0%	11.5%	7.3%	1.4%	0.9%	-	-	-	13.7%	2.0%	1,285
1986/4	1.1%	25.0%	-	7.2%	17.7%	14.7%	11.8%	6.8%	1.3%	1.3%	-	-	-	10.0%	3.1%	1,435
1987/1	0.9%	26.4%	-	8.0%	16.0%	13.0%	12.0%	7.4%	1.6%	1.3%	-	-	-	9.1%	4.2%	1,166
1987/2	1.0%	23.7%	-	9.6%	17.7%	12.0%	10.7%	7.6%	2.6%	1.5%	-	-	-	10.3%	3.3%	1,746
1987/3	1.1%	20.3%	-	11.8%	17.9%	12.9%	11.5%	6.6%	1.9%	2.2%	-	-	-	10.5%	3.5%	1,113
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%	1,042
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
1989/1	5.3%	23.4%	-	16.4%	11.1%	5.7%	5.9%	7.2%	1.4%	0.3%	-	-	-	19.0%	4.3%	1,523
1989/2	6.3%	28.4%	-	14.0%	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%	2,274
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%	1,091
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%	8.2%	1.4%	1,384
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%	1,043
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%	1,250
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%	1,239
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%	6.7%	1.5%	1,718
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%	1,684
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%	1,359
1992/3	1.6%	7.6%	3.9%	2.9%	5.1%	43.3%	2.1%	8.1%	0.3%	1.0%	0.8%	13.5%	3.0%	5.9%	0.8%	1,527
1992/4	1.0%	8.8%	3.6%	1.6%	6.0%	44.3%	4.0%	8.0%	0.5%	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%	1,339
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%	1,021
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%	1,310
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%	1,076
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%	1,295
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%	6.4%	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%	2,327
1994/4	1.1%	1.2%	4.7%	4.8%	6.4%	35.7%	6.3%	10.4%	0.1%	1.1%	1.6%	12.9%	3.8%	7.6%	2.5%	1,046
1995/1	0.9%	3.0%	4.4%	5.4%	5.7%	36.8%	7.1%	7.1%	0.6%	1.2%	3.0%	12.4%	1.8%	8.0%	2.6%	983
1995/2	1.2%	2.0%	3.6%	4.8%	7.0%	35.0%	6.2%	9.0%	0.7%	0.8%	2.7%	12.6%	3.8%	9.8%	0.9%	1,295
1995/3	1.0%	4.8%	4.5%	3.5%	7.0%	36.7%	9.0%	6.9%	0.4%	0.5%	1.0%	11.6%	5.4%	7.2%	0.4%	669
1995/4	1.1%	0.9%	3.2%	6.0%	5.9%	36.2%	6.2%	9.9%	0.9%	0.2%	3.3%	12.5%	2.9%	9.9%	0.9%	1,047

continued ...

Table A.2 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 Material & Supplies	Internal Management Difficulties	Cashflow and Payments	Premises, Rents & Rates	Other	No Response	Number of Replies Analysed
1996/1	3.0%	0.5%	4.2%	4.2%	5.8%	36.0%	7.1%	5.2%	0.3%	0.7%	2.0%	12.7%	3.7%	12.7%	2.1%	700
1996/2	0.4%	0.8%	2.5%	3.8%	6.4%	34.7%	6.3%	10.1%	0.5%	0.4%	2.6%	13.6%	3.4%	13.6%	0.7%	1,099
1996/3	0.1%	0.7%	3.8%	5.2%	6.1%	29.8%	8.0%	8.1%	0.4%	0.6%	1.7%	12.3%	5.1%	15.9%	2.2%	742
1996/4	1.1%	1.1%	2.6%	7.7%	6.2%	32.8%	7.2%	11.2%	0.8%	0.2%	2.6%	9.5%	3.9%	12.3%	0.9%	753
1997/1	0.3%	2.1%	3.2%	8.4%	6.8%	28.5%	7.2%	10.9%	0.3%	0.5%	2.1%	14.6%	3.9%	10.5%	0.8%	912



Please circle the appropriate numbers or fill in the blanks.
Your answers will remain confidential.

- 1 Please Indicate Your Firm's Annual Turnover (excluding VAT):**
- | | | |
|----------------------|----------------------|------------------------|
| a. Less than £20,000 | d. £150,000-£349,999 | f. £750,000-£1,499,999 |
| b. £20,000-£49,999 | e. £350,000-£749,999 | g. £1,500,000 and over |
| c. £50,000-£149,999 | | |

2a Employment: The number of people (including yourself) who work in the business:

2b The number of these who work part-time:

2c The number of outworkers and freelancers:

3a How many years have you owned and managed businesses?

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

4a Please classify your business activity by circling one of these categories:

- | | | |
|--------------------------------------|--|-------------------|
| a. Agriculture, Forestry, Fisheries | e. Wholesale | i. Other Services |
| b. Manufacturing, Mining, Processing | f. Retail Trade | j. Other |
| c. Transport | g. Catering & Restaurants | |
| d. Construction | h. Business Services (Finance, Consultants, Designers, etc.) | |

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

This is the 50th SBRT Quarterly Survey Questionnaire. We are interested in what has happened to you and your business since the survey began at the end of 1984.

5 Roughly how many people (including yourself) worked in this business at the end of 1984? (If your present business only started after 1984, please put "0")

- 6** If you can remember, what were you doing at the end of 1984?
- | | |
|--|--------------------------------|
| a. Running this business | e. Unemployed |
| b. Running a different business | f. Student |
| c. Working for a small firm (<100 employees) | g. Other (please specify)..... |
| d. Working for a large firm (>100 employees) | |

7 On average, how many hours each week do you personally work in the business?

8 Do you think that you work harder now than you did at the end of 1984?

a. Work harder now
b. Work less hard now
c. Work about the same

9 Overall, how glad are you to be managing your own firm?

a. Very glad	c. Not happy
b. Mixed feelings	d. Would prefer to be a paid employee

10 How did your sales turnover, average employment and investment (in plant, equipment and premises) in the past quarter compare with the same period in 1995? What do you expect to happen in the NEXT quarter? Please complete the table by ticking 6 boxes only:

	ACTUAL			EXPECTED		
	October, November, December 1996 compared with the same period 1995			January, February, March 1997 compared with October, November, December 1996		
	UP	DOWN	SAME	UP	DOWN	SAME
Sales Turnover						
Average Employment						
Investment						

11 What is the MOST important problem facing your business today? Please circle ONE only:

- | | | |
|--------------------------------------|--|-------------------------------------|
| a. Inflation | f. Low Turnover/Lack of Business | k. Internal Management Difficulties |
| b. Interest Rates | g. Competition from Big Business | l. Cashflow/Payments/Debtors |
| c. Access to Finance | h. Gov't Regulations and Paperwork | m. Premises, Rents, Rates |
| d. Lack of Skilled/Trained Employees | i. High Rates of Pay | n. Other (Please specify) |
| e. Total Tax Burden | j. Shortage of Materials, Supplies, etc. | |

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

- | | | |
|---------|-----------|--------------------------------|
| a. Male | b. Female | c. Joint Male/Female ownership |
|---------|-----------|--------------------------------|

Thank you for completing this confidential survey questionnaire.
Please return it to the Small Business Research Trust by 15th January 1997.
Please note that this is a FREEPOST address (no stamp required).