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**Survey**

**of Small**

**Business**

**In Britain**

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**QUARTERLY SURVEY OF**  
**SMALL BUSINESS IN BRITAIN**

**Vol 11, No 3**

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

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## HIGHLIGHTS

*Small firms have seen the pace of economic recovery slow and expect fewer improvements over the next quarter than at any time since the end of 1992. Low turnover and uncertainty about the future are the main barriers to the recruitment of more employees. Among measures that would encourage recruitment, 42 per cent of respondents would like to see tax reliefs for the retention of funds in the business.*

- \* The balance of firms increasing sales over the past year fell noticeably, from +19.8 per cent to +14.0 per cent. The balance had been relatively unchanged for the previous three surveys.
- \* The smallest firms are still experiencing the worst trading conditions. Firms with a turnover below £150,000 have, on balance, seen their turnover fall and have been cutting employment over the past year. Larger firms have, however, had increases in both turnover and employment (a balance of +56.6 per cent of those with a turnover over £1.5m increased their sales over the year).
- \* Almost two-thirds of firms employ the same number of people as a year ago. The proportion of the sample employing more people exceeded the proportion employing fewer by only 2.1 per cent.
- \* There has been an even more marked fall in confidence about prospects for the third quarter of 1995. The balance of firms expecting an increase in sales is only +15.7 per cent (down from +28.1 per cent in the previous survey). When seasonally adjusted, the balance is at its lowest level since the end of 1992.
- \* Smaller firms are also less optimistic than larger firms. Those with a turnover of less than £150,000 are expecting to continue to cut employment levels.
- \* The most frequently selected problem for respondents remains low turnover/lack of business (36.8 per cent), and this is an even more important problem for the very smallest firms. Over half of those firms where only one or two people work in the business said that lack of sales was the most important problem facing their business.
- \* Some 45.3 per cent of firms state that low turnover is a major barrier to their recruiting more staff. This proportion is as high as 65.1 per cent for one-person businesses.
- \* 63.9 per cent of those who have had to cut employment over the past year blame low turnover. Uncertainty about the economic outlook is the second major barrier and one third of those which have been able to increase employment over the past year cite this as a barrier preventing them from recruiting more.
- \* Measures which would release more money to the business - tax measures to encourage the retention of funds in the business (cited by 42 per cent), reduction in National Insurance Contributions (30 per cent) and reduction in Income/Corporation Tax (23 per cent) - were deemed more likely to encourage recruitment than measures to improve skill levels (improved skills of school leavers (10 per cent), improved government and industry training schemes (7 per cent each).
- \* Many firms said that the most effective inducement for recruitment would be an increase in sales.

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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 (April, May, June 1995) compared with the same quarter a year earlier, and also to indicate what they expect for the next quarter (July, August, September 1995) compared with the second quarter of 1995. 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 the surveys began in the third quarter of 1984.

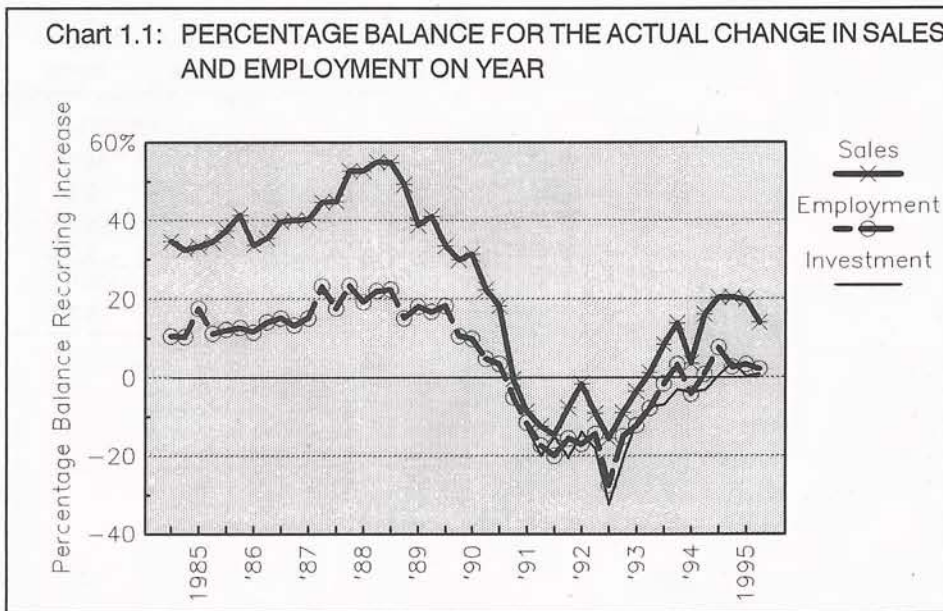
Since 1989, we have been splitting the results of questions on performance, expectations and problems by industrial sector and re-weighting them according to the sectoral distribution of all VAT registered businesses. The aim of this is to ensure that the results are as representative as possible of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

Please note, however, that breakdowns by industrial sector, region and firm size use unweighted data.

## Actual Performance

The firms in this survey have seen the pace of economic recovery slow during recent months. After being almost constant over the past three surveys, the balance of firms reporting an increase in *sales* (for the second quarter of 1995 on a year earlier) fell noticeably in this survey.

The proportion of firms reporting an increase in sales fell from 47.9 per cent to 46.3 per cent, while the proportion reporting a fall increased from 28.1 per cent to 32.3 per cent. The resulting balance of +14.0 per cent compares with +19.8 per cent in the previous survey and is the lowest balance since the first quarter of 1994 (Table 1.1 and Chart 1.1).



The *employment* balance also fell a little, from +3.3 per cent to +2.1 per cent. The proportion of firms increasing employment was down from 19.1 per cent to only 16.8 per cent, but the proportion cutting employment also fell, from 15.8 per cent to 14.7 per cent. Almost 65 per cent of firms reported that their employment levels had been unchanged over the past year.

Largely because so many firms had seen no change in employment over the year, over three quarters are classified as neither *expanding* nor *declining*. Only 14.2 per cent of firms were expanding over the past year (reporting an increase in both sales and employment), and only 9.3 per cent were declining (both sales and employment falling). The balance of expanding compared with declining firms fell somewhat, from +7.1 per cent to +4.9 per cent (Table 1.2).

The balance of firms which have increased investment over the past year is still less than +1.0 per cent. Some 22.9 per cent of firms reported increased investment, but 22.1 per cent reported that investment was down over the year (Table 1.1).

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

	Actual Change on Year				Expected Change on Previous Quarter			
	1994/3 on 1993/3	1994/4 on 1993/4	1995/1 on 1994/1	1995/2 on 1994/2	1994/4	1995/1	1995/2	1995/3
Survey	Vol.10 No.4	Vol.11 No.1	Vol.11 No.2	Vol.11 No.3	Vol.10 No.4	Vol.11 No.1	Vol.11 No.2	Vol.11 No.3
	SALES				SALES			
Up	47.9%	48.9%	47.9%	46.3%	39.6%	39.9%	46.1%	38.9%
Down	27.5%	28.6%	28.1%	32.3%	25.0%	23.0%	18.0%	23.2%
Same	22.4%	21.0%	22.5%	21.0%	32.2%	34.4%	33.8%	37.0%
No Response	2.2%	1.6%	1.5%	0.4%	3.2%	2.7%	2.2%	0.8%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	20.3%	20.3%	19.8%	14.0%	14.6%	17.0%	28.1%	15.7%
	EMPLOYMENT				EMPLOYMENT			
Up	23.0%	20.4%	19.1%	16.8%	13.1%	15.3%	15.7%	14.5%
Down	15.4%	17.6%	15.8%	14.7%	13.2%	11.1%	9.4%	9.7%
Same	57.8%	57.7%	60.9%	64.6%	69.2%	68.0%	69.6%	71.5%
No Response	3.8%	4.3%	4.2%	3.8%	4.5%	5.6%	5.3%	4.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	7.6%	2.7%	3.3%	2.1%	-0.2%	4.2%	6.3%	4.7%
	INVESTMENT				INVESTMENT			
Up	22.8%	22.5%	21.9%	22.9%	20.4%	18.5%	21.1%	18.4%
Down	22.2%	18.4%	21.5%	22.1%	18.5%	16.9%	15.4%	20.4%
Same	50.6%	53.5%	51.6%	51.5%	55.9%	58.3%	57.0%	57.1%
No Response	4.4%	5.6%	5.0%	3.4%	5.1%	6.3%	6.5%	4.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	0.6%	4.0%	0.4%	0.8%	1.9%	1.7%	5.7%	-2.0%
Base	1,046	983	1,295	669	1,046	983	1,295	669

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

	Vol.10 No.4		Vol.11 No.1		Vol.11 No.2		Vol.11 No.3	
	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent
Expanding Firms	204	19.5%	177	18.0%	213	16.5%	95	14.2%
Declining Firms	109	10.4%	111	11.3%	122	9.4%	62	9.3%
Remaining Respondents	733	70.1%	695	70.7%	960	74.1%	512	76.5%
All Respondents	1,046	100.0%	983	100.0%	1,295	100.0%	669	100.0%
Balance		9.1%		6.7%		7.1%		4.9%

Note: All figures shown in these tables are weighted to the VAT sectoral distribution.



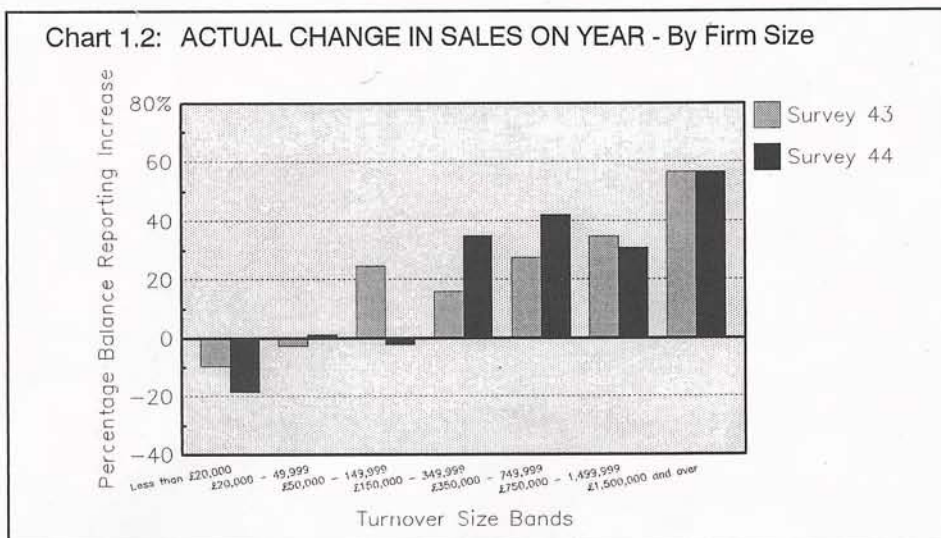
Table 1.3 ACTUAL CHANGE IN SALES, by firm size

Turnover size band	Survey 43	Survey 44	Sample (Survey 44)
Less than £20,000	-9.7%	-18.8%	64
£20,000 - 49,999	-2.8%	0.9%	107
£50,000 - 149,999	24.6%	-2.3%	128
£150,000 - 349,999	15.9%	34.8%	138
£350,000 - 749,999	27.5%	42.2%	109
£750,000 - 1,499,999	34.7%	30.8%	65
£1,500,000 and over	56.5%	56.6%	53
No Response	25.0%	40.0%	5
Total	20.3%	19.7%	669

Table 1.3 and Chart 1.2 show that the very smallest firms are still reporting that conditions are getting worse, not better. If anything, the difference in experience between the smallest and the largest firms is becoming greater. A balance of -18.8 per cent shows that firms with a turnover below £20,000 are experiencing even greater falls in turnover than in the previous survey (when the balance was -9.7 per cent). Although, on balance, firms with a turnover between £20,000 and £49,999 reported marginal increases in sales, those with a turnover of between £50,000 and £149,999, which had experienced significant sales growth in the previous survey, are now finding that sales are falling. Firms with a turnover of under £150,000 have been cutting employment levels, while firms with a turnover above this level have been hiring new staff (Table 1.4).

Table 1.4 ACTUAL CHANGE IN EMPLOYMENT, by firm size

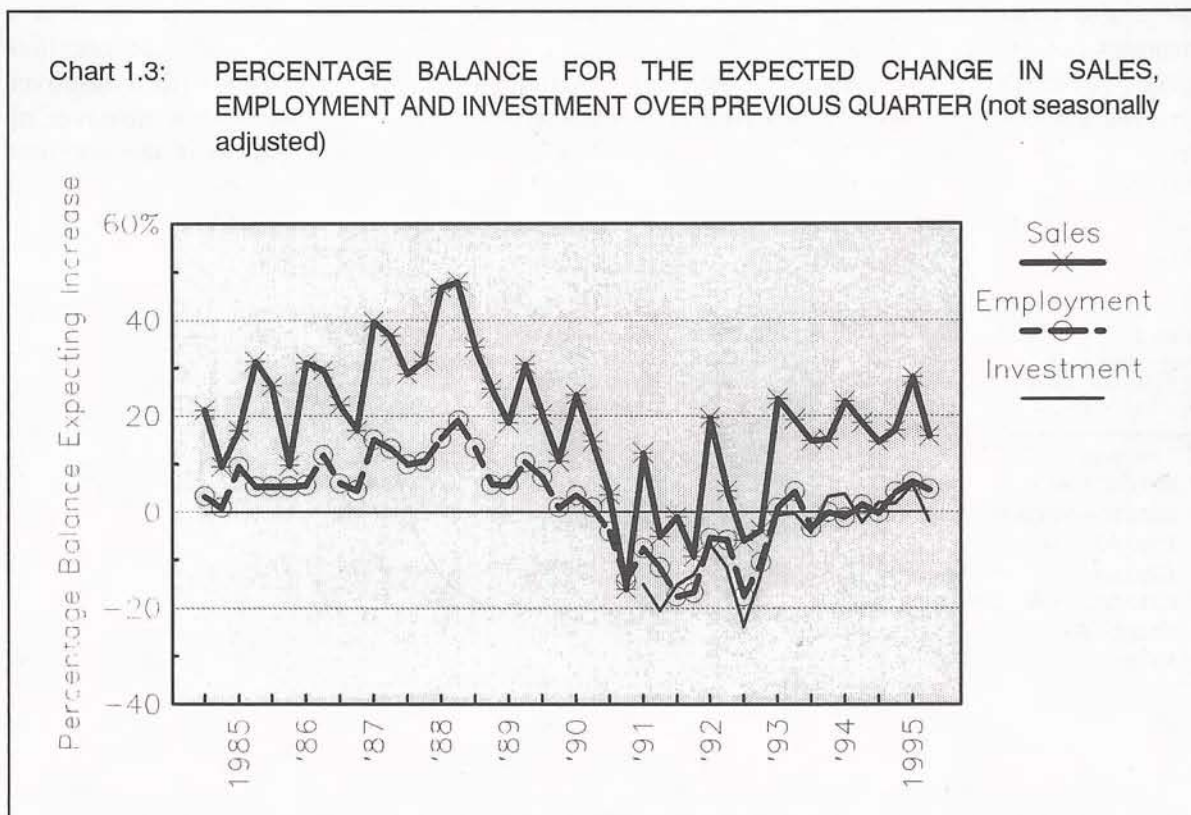
Turnover size band	Employment Balance	Sample
Less than £20,000	-6.3%	64
£20,000 - 49,999	-8.4%	107
£50,000 - 149,999	-3.9%	128
£150,000 - 349,999	9.4%	138
£350,000 - 749,999	19.3%	109
£750,000 - 1,499,999	3.1%	65
£1,500,000 and over	18.9%	53
No Response	20.0%	5
Total	4.3%	669



## Expectations

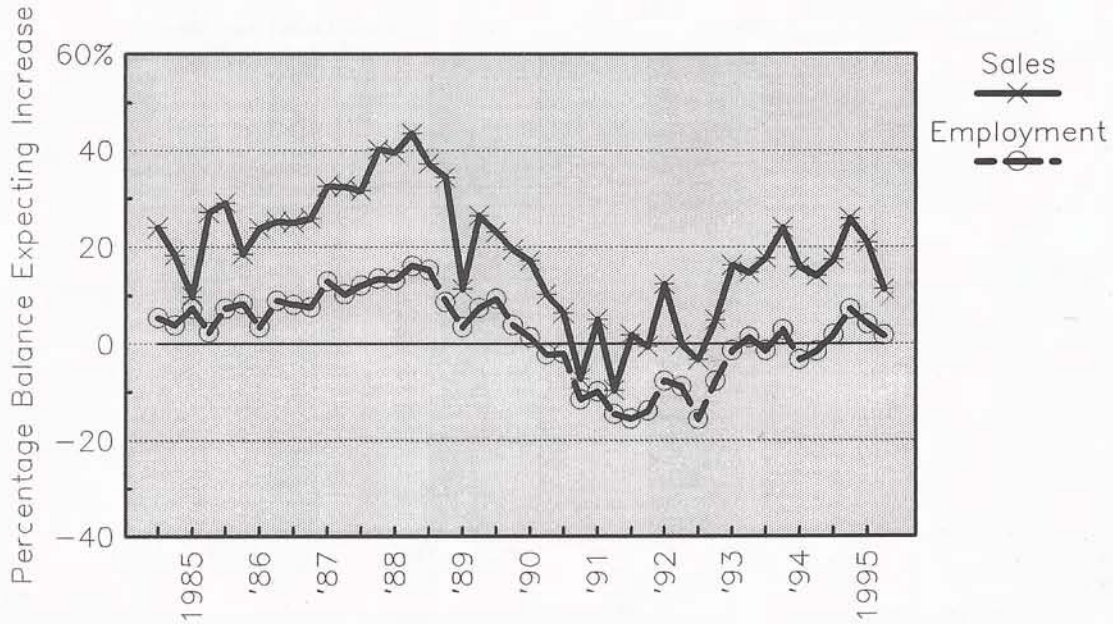
Accompanying the reported slow-down in the pace of recovery over the past year, there has been an even more marked fall in confidence about prospects for the current quarter.

The proportion of respondents expecting increased sales in the current quarter (the third quarter of 1995), compared with the previous quarter, is down from 46.1 per cent to 38.9 per cent, while the proportion expecting sales to fall is up, from 18.0 per cent to 23.2 per cent. As a result the percentage balance fell from +28.1 to only +15.7 per cent (Table 1.1 and Chart 1.3).



When seasonally adjusted, the balance is even lower, at +11.3 per cent. This is the lowest balance since the end of 1992 (Chart 1.4 and Appendix Table A.1).

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



The balance of firms reporting increased employment also fell, although by less than the sales balance. A balance of only +4.7 per cent expect to increase employment during the third quarter, compared with +6.3 per cent in the previous survey. Once again, when seasonally adjusted the balance is lower, at just +1.8 per cent.

After reaching a new peak in the previous survey, the balance of firms expecting to increase investment this time fell, and became negative, down from +5.7 per cent to -2.0 per cent (Table 1.1, Chart 1.3 and Appendix Table A.1). More firms are expecting to cut than are expecting to increase investment during the third quarter of 1995.

## Comparison across size bands

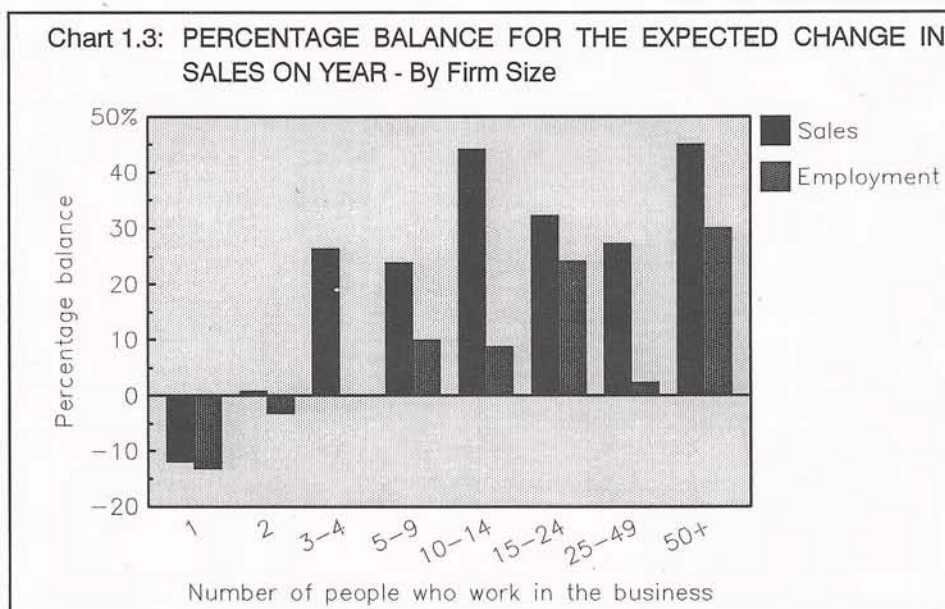
As well as reporting fewer increases over the past year, smaller firms are less optimistic than the larger firms about their sales prospects over the next quarter (Table 1.5). A balance of only +4.7 per cent of the very smallest firms (those with a turnover of less than £20,000 per year) expect their turnover to increase during the third quarter of 1995 and those with a turnover between £20,000 and £49,999 are, on balance, expecting a fall in turnover. The larger firms, however, are expecting increases in turnover.

Table 1.5 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				
	41	42	43	44	41	42	43	44	
Less than £20,000	0.0%	4.3%	8.8%	4.7%	-10.9%	-3.2%	0.9%	-6.3%	64
£20,000 - 49,999	10.4%	12.5%	15.5%	-2.8%	-3.2%	2.8%	-5.0%	-6.5%	107
£50,000 - 149,999	14.8%	11.8%	33.9%	13.3%	-0.8%	-1.9%	5.3%	-5.5%	128
£150,000 - 349,999	17.1%	29.8%	22.1%	37.7%	0.5%	11.7%	1.6%	13.8%	138
£350,000 - 749,999	22.5%	31.2%	28.6%	23.9%	9.3%	12.8%	6.9%	14.7%	109
£750,000 - 1,499,999	37.5%	41.7%	44.4%	30.8%	18.8%	13.5%	22.2%	13.8%	65
£1,500,000 and over	33.8%	46.8%	45.4%	24.5%	9.1%	19.5%	18.5%	3.8%	53
Total	18.2%	23.1%	28.0%	19.4%	2.3%	6.7%	5.9%	4.2%	669

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

As in recent surveys, the employment balance follows a similar, although less optimistic, pattern. Firms with a turnover of less than £150,000 are expecting falls in employment. Chart 1.3 shows that a similar pattern emerges when the balances are analysed by employment size band.



## Comparison across business sectors

Table 1.6 breaks down the expected sales and employment balances by sector but, as usual, we remind readers that the sample sizes for several sectors are too small for comparisons to be statistically valid.

Table 1.6 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				
	41	42	43	44	41	42	43	44	
Agriculture, Forestry, Fisheries	15.4%	31.3%	43.8%	-28.6%	0.0%	12.5%	15.6%	14.3%	7
Manufacturing, Mining, Processing	28.9%	38.6%	34.9%	32.1%	9.8%	15.2%	10.2%	17.1%	140
Transport	33.3%	4.0%	36.4%	33.3%	11.1%	-4.0%	3.0%	22.2%	18
Construction	-5.6%	2.7%	16.0%	11.6%	-18.3%	0.0%	-2.5%	0.0%	43
Wholesale Trade	28.4%	25.6%	31.0%	20.5%	6.8%	11.5%	11.1%	0.0%	44
Retail Trade	14.7%	6.8%	27.6%	21.9%	1.3%	-3.4%	0.0%	-3.1%	96
Catering & Restaurants	-12.5%	-19.0%	34.5%	40.0%	-9.4%	-19.0%	20.7%	6.7%	15
Business Services	16.8%	29.1%	25.9%	8.7%	1.4%	6.7%	4.9%	-2.9%	172
Other Services	17.5%	22.2%	17.7%	20.8%	0.9%	8.7%	4.8%	4.2%	96
Other	26.2%	21.7%	33.3%	13.2%	9.5%	8.3%	2.0%	5.3%	38
Total	18.2%	23.1%	28.0%	19.4%	2.3%	6.7%	5.9%	4.2%	669

Unweighted, not seasonally adjusted data

Firms in business services are noticeably less optimistic than in recent surveys. A balance of only +8.7 per cent expect their turnover to increase during the third quarter of 1995, and a negative balance of -2.9 per cent means that they are expecting to reduce the number of people they employ.

Firms in wholesale and retail trade are also expecting fewer improvements in turnover than in the previous survey and a balance of retailers expect to cut staffing levels. Manufacturers remain more optimistic, however, and a balance of +17.1 per cent implies that they expect considerable increases in employment during the coming quarter.

## Comparison across regions

The balances when analysed by region again show no clear pattern. It should be remembered that the sample sizes for some regions are small and so the balances are subject to considerable variation from survey to survey. In this survey firms in Wales, Yorkshire & Humberside and the West Midlands are most optimistic in terms of sales prospects, with those in Scotland, East Anglia and the East Midlands seeming most pessimistic.

Table 1.7 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				
	41	42	43	44	41	42	43	44	
North	-14.3%	51.9%	21.2%	0.0%	-3.6%	14.8%	6.1%	-22.7%	22
Yorkshire & Humberside	27.4%	10.1%	28.3%	32.8%	0.0%	2.5%	3.0%	9.4%	64
North West	26.9%	11.4%	35.7%	20.0%	12.5%	5.7%	6.3%	0.0%	75
East Midlands	23.4%	18.6%	20.2%	7.3%	5.2%	4.3%	4.8%	2.4%	41
West Midlands	25.7%	25.9%	26.8%	29.2%	9.9%	12.3%	2.7%	14.6%	48
East Anglia	13.5%	23.7%	31.5%	6.1%	2.2%	5.4%	11.3%	-3.0%	33
South East	16.7%	27.9%	22.6%	20.5%	-1.6%	11.0%	6.7%	6.7%	254
South West	11.1%	21.3%	43.3%	16.0%	3.2%	3.9%	7.8%	-1.3%	75
Wales	16.7%	33.3%	44.7%	34.6%	3.3%	5.6%	5.3%	11.5%	26
Scotland	20.0%	23.5%	22.1%	-17.6%	-7.3%	-14.7%	0.0%	-5.9%	17
Northern Ireland	66.7%	-25.0%	0.0%	0.0%	33.3%	-50.0%	-20.0%	0.0%	2
Total	18.2%	23.1%	28.0%	19.4%	2.3%	6.7%	5.9%	4.2%	669

Unweighted, not seasonally adjusted data

## Conclusion

Small firms have seen the pace of economic recovery slow. The balance of firms which have increased their turnover over the past year has fallen markedly. Firms are even less optimistic about their prospects for the third quarter of 1995. When seasonally adjusted, the balance of firms expecting to increase turnover during the current quarter is the lowest it has been since the end of 1992.

Almost three-quarters of firms employ the same number of people as they did twelve months ago. There is expected to be little change in employment levels during the third quarter.

The smaller firms are still experiencing the worst conditions. The smallest firms (those with a turnover of less than £50,000 per annum) on balance saw turnover fall over the past year. Those with a turnover of less than £150,000 per year cut employment over the past year and expect to cut it further during the current quarter.

## 2. PROBLEMS

Respondents were asked to select, from a list of fourteen, the most important problem facing their business on that day. Of course, every firm faces many problems, but we focus in this question on the single most important problem at the time. Their responses in this survey are compared to those in recent surveys in Table 2.1, and analysed by size of firm in Table 2.2. Summary Table A2 towards the end of the report shows the results since the survey began.

Table 2.1 MOST IMPORTANT PROBLEM (All Respondents)

Problem	Survey Number			
	Vol.10 No.4	Vol.11 No.1	Vol.11 No.2	Vol.11 No.3
Low Turnover/Lack of Business	35.7% (1)	36.8% (1)	35.0% (1)	36.8% (1)
Cashflow/Payments/Debtors	12.8% (2)	12.4% (2)	12.5% (2)	11.5% (2)
Competition from Big Business	6.3% (4)	7.2% (3)	6.2% (5)	9.1% (3)
Total Tax Burden	6.3% (5)	5.7% (5)	6.9% (4)	7.0% (4)
Gov't Regulations & Paperwork	10.3% (3)	7.1% (4)	8.9% (3)	6.9% (5)
Premises/Rent/Rates	3.8% (8)	1.8% (10)	3.8% (7)	5.5% (6)
Interest Rates	1.2% (10)	3.0% (8)	2.0% (10)	4.8% (7)
Access to Finance	4.7% (7)	4.4% (7)	3.6% (8)	4.4% (8)
Lack of Skilled/Trained Employees	4.8% (6)	5.4% (6)	4.8% (6)	3.5% (9)
Inflation	1.1% (12)	0.9% (12)	1.2% (11)	1.0% (10)
Internal Management Difficulties	1.6% (9)	3.0% (9)	2.7% (9)	1.0% (11)
Shortages of Materials,Supplies,etc	1.1% (11)	1.2% (11)	0.9% (12)	0.5% (12)
High Rates of Pay	0.1% (13)	0.6% (13)	0.7% (13)	0.4% (13)
Other	7.6%	7.9%	9.7%	7.2%
No Response	2.5%	2.7%	0.9%	0.4%
TOTAL	100.0%	100.0%	100.0%	100.0%
BASE	1,046	983	1,295	669

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.

*Low turnover/lack of business* remains the most frequently selected problem, selected by 36.8 per cent of all respondents (compared with 35.0 per cent in the previous survey). Table 2.2 shows that lack of business remains far more of a problem for the smaller firms than the larger firms, as would be expected, given the results of the questions on turnover experience and expectations.

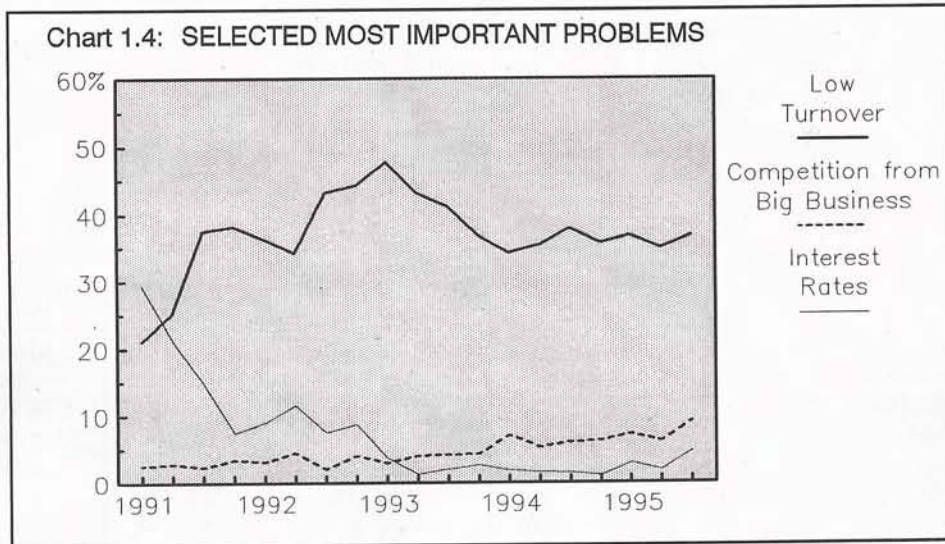
*Cashflow/payments/debtors* is a related and still important problem, with 11.5 per cent selecting it as the most important problem facing their business.

A further reflection of the fact that larger firms seem to be benefiting from recovery far more than small firms is the fact that *competition from big business* has become the most important problem for more firms in this survey. It was selected by 9.1 per cent of respondents (putting it in third place in the rankings), compared with only 6.2 per cent in the previous survey (fifth place). This is the highest proportion selecting this problem since the end of 1988.

The proportion indicating that the most important problem facing their business was the *total tax burden* was relatively unchanged at 7.0 per cent and the proportion selecting *government regulations and paperwork* fell from 8.9 to 6.9 per cent.

Some 5.5 per cent said that *premises/rents/rates* was the most important problem facing their business, the highest balance for this question since the end of 1991.

*Interest rates* have moved up the rankings from tenth to seventh place. Some 4.8 per cent of businesses said that this was their most important problem. Chart 1.4 shows that this is the highest balance since then end of 1992, but it is well below the peak which it reached at the end of the 1980s.



*Access to finance* is the most important problem for 4.4 per cent of firms and is in eighth place, while *lack of skilled/trained employees* has slipped from sixth to ninth place, with only 3.5 per cent of respondents reporting that this is their most important problem. *Inflation, internal management difficulties, shortages of materials and supplies* and *high rates of pay* are each problems for one per cent of respondents or less.



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%	1.8%	2.6%	0.0%	1.6%	4.5%	0.0%	1.3%
Interest Rates	2.4%	0.0%	0.0%	4.0%	5.9%	4.8%	0.0%	0.0%	2.2%
Access to Finance	2.4%	3.3%	4.4%	5.3%	2.9%	6.5%	6.8%	5.0%	4.3%
Lack of Skilled/Trained Employees	2.4%	0.8%	4.4%	4.6%	7.4%	11.3%	2.3%	20.0%	4.8%
Total Tax Burden	2.4%	4.9%	5.3%	7.9%	7.4%	14.5%	4.5%	15.0%	6.7%
Low Turnover/Lack of Business	48.2%	52.8%	40.4%	35.1%	30.9%	19.4%	22.7%	30.0%	37.8%
Competition from Big Business	10.8%	8.1%	7.9%	7.9%	7.4%	1.6%	20.5%	0.0%	8.2%
Gov't Regulations & Paperwork	6.0%	11.4%	6.1%	6.0%	10.3%	8.1%	2.3%	5.0%	7.5%
High Rates of Pay	0.0%	0.8%	0.0%	0.0%	0.0%	3.2%	2.3%	5.0%	0.7%
Shortages of Materials,Supplies,etc	0.0%	0.8%	0.9%	0.7%	0.0%	0.0%	2.3%	5.0%	0.7%
Internal Management Difficulties	0.0%	0.8%	0.0%	1.3%	2.9%	1.6%	2.3%	5.0%	1.2%
Cashflow/Payments/Debtors	6.0%	9.8%	14.0%	12.6%	14.7%	16.1%	13.6%	0.0%	11.7%
Premises/Rent/Rates	6.0%	2.4%	8.8%	6.0%	5.9%	8.1%	4.5%	0.0%	5.7%
Other	12.0%	4.1%	6.1%	6.0%	4.4%	3.2%	11.4%	10.0%	6.7%
No Response	1.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
Base	83	123	114	151	68	62	44	20	669
Check	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Unweighted data

### 3. BARRIERS TO RECRUITMENT

Respondents were asked what barriers were preventing them from recruiting more staff and which measures would be most effective in encouraging them to recruit more.

Table 3.1 shows that the most important barrier to recruitment was *low turnover/lack of business*, cited by 45.3 per cent of firms. Associated with this is *uncertainty about the economic outlook*, indicated as a barrier by 29.6 per cent of firms.

Some 17.6 per cent of firms complained that *suitable staff are not available* and 14.6 per cent had *insufficient capital* to employ more people. Only 8.8 per cent of firms cited *wages too high* as a barrier to their recruitment of more staff.

These results are consistent with those presented in Section 2 of this report, on the question of the most important problem facing the business. There, 36.8 per cent of firms said that the most important problem facing their business was *low turnover/lack of business*, while only 3.5 per cent said that their most important problem was *lack of skilled/trained employees* and only 0.4 per cent complained about *high rates of pay*.

Table 3.1 What are the biggest barriers to your recruiting more staff?

Uncertainty about the economic outlook	198	29.6%
Low turnover/lack of business	303	45.3%
Suitable staff not available	118	17.6%
Wages too high	59	8.8%
Insufficient capital	98	14.6%
Other	109	16.3%
Total	669	100.0%

Table 3.2 shows that for those firms which have increased the number of people they employ over the past twelve months, *uncertainty about the economic outlook* is a barrier to recruiting more staff for almost one-third of firms.

Some 35.0 per cent, however, said that *suitable staff were not available*, making this the biggest barrier for those firms which were doing some recruitment. It is clearly a matter of some concern that, although many firms suffering from low turnover do not think that finding suitable staff would be a problem, over one third of those who actually have recruited new staff over the past year have had such problems.

Table 3.2 What are the biggest barriers to your recruiting more staff? - by employment experience over past year

	Employment change over year		
	Up	Down	Same
Uncertainty about the economic outlook	33.0%	26.4%	29.9%
Low turnover/lack of business	28.0%	63.9%	46.5%
Suitable staff not available	35.0%	15.3%	14.6%
Wages too high	13.0%	8.3%	7.6%
Insufficient capital	22.0%	16.7%	12.7%
Other	8.0%	6.9%	19.1%
Sample	100	72	471

Given that it has been established already in this survey that smaller firms are reporting low turnover as a more serious problem and are recruiting fewer people than the larger firms, it is unsurprising that Table 3.3 shows that *low turnover/lack of business* is by far the biggest barrier to recruitment in smaller firms. Larger firms seem to be increasing their turnover at the moment, and many are recruiting, but *uncertainty about the economic outlook* is a severe barrier preventing them from recruiting more people.

Of the many *other* barriers given, most were firms who simply did not want to expand their business (Volume 7, Number 3 of this survey identified that over 30 per cent of firms aimed to remain at their present size).

Table 3.3 What are the biggest barriers to your recruiting more staff? - by number of employees

	1	2	3 - 4	5 - 9	10 - 14	15 - 24	25 - 49	50+	All
Uncertainty about the economic outlook	22.9%	22.0%	27.2%	33.8%	35.3%	33.9%	36.4%	45.0%	29.6%
Low turnover/lack of business	65.1%	46.3%	53.5%	45.7%	41.2%	25.8%	22.7%	25.0%	45.3%
Suitable staff not available	7.2%	7.3%	18.4%	17.9%	23.5%	29.0%	25.0%	50.0%	17.6%
Wages too high	6.0%	6.5%	7.0%	11.3%	7.4%	11.3%	15.9%	10.0%	8.8%
Insufficient capital	9.6%	13.0%	14.9%	15.2%	22.1%	21.0%	9.1%	10.0%	14.6%
Other	20.5%	22.8%	15.8%	11.9%	10.3%	14.5%	20.5%	10.0%	16.3%
Sample	83	123	114	151	68	62	44	20	669

Table 3.4 What are the biggest barriers to your recruiting more staff? - by sector

	Agriculture	Manufacturing	Transport	Construction	Wholesale	Retailing	Catering	Business Services	Other Services	Other	All
Uncertainty about the economic outlook	42.9%	35.7%	44.4%	44.2%	25.0%	24.0%	40.0%	23.8%	28.1%	26.3%	29.6%
Low turnover/lack of business	71.4%	32.9%	22.2%	41.9%	36.4%	64.6%	53.3%	54.1%	38.5%	36.8%	45.3%
Suitable staff not available	14.3%	25.0%	22.2%	16.3%	13.6%	15.6%	26.7%	11.6%	20.8%	15.8%	17.6%
Wages too high	0.0%	8.6%	11.1%	16.3%	11.4%	11.5%	20.0%	5.8%	5.2%	10.5%	8.8%
Insufficient capital	0.0%	14.3%	16.7%	20.9%	15.9%	10.4%	13.3%	13.4%	16.7%	21.1%	14.6%
Other	28.6%	11.4%	33.3%	18.6%	15.9%	11.5%	0.0%	15.7%	25.0%	21.1%	16.3%
Sample	7	140	18	43	44	96	15	172	96	38	669

Finally, firms were asked which out of a list of measures would encourage recruitment within their firm. Table 3.5 shows that the most popular option was *tax measures to encourage the retention of funds in the business*. It is noteworthy that over 40 per cent of respondents believe that measures of this kind would lead to increased employment. There was some tendency for this proportion to increase with size of firm (Table 3.6). Other options which would save firms tax were also popular, *reduction in National Insurance Contributions* being the next most important measure, followed by *reduction in Income/Corporation Tax*.

Table 3.5 Which of the following measures would encourage recruitment within your firm?

Lower interest rates	128	19.1%
Reduction in legally-required non-wage costs	128	19.1%
Reduction in National Insurance Contributions	198	29.6%
Reduction in Income/Corporation Tax	152	22.7%
Improved skills of school leavers	66	9.9%
Improved government training schemes	45	6.7%
Improved industry training schemes	47	7.0%
Tax measures to encourage the retention of funds in the business	281	42.0%
Other	181	27.1%
Total	669	100.0%

*Reduction in legally-required non-wage costs* would be expected to encourage recruitment by 19.1 per cent of firms, as would *lower interest rates*. Only 9.9 per cent of respondents felt that *improved skills of school leavers* would help and only 7 per cent of respondents thought that *improved government training schemes* or *improved industry training schemes* would encourage employment in their firm.

Most of the respondents who listed *other* measures said that what was needed at the moment was simply an increase in sales.

Table 3.6 Which of the following measures would encourage recruitment within your firm? - by number of employees

	1	2	3 - 4	5 - 9	10 - 14	15 - 24	25 - 49	50+	All
Lower interest rates	16.9%	9.8%	21.1%	23.8%	25.0%	19.4%	22.7%	15.0%	19.1%
Reduction in legally-required non-wage costs	19.3%	21.1%	15.8%	19.2%	26.5%	16.1%	20.5%	10.0%	19.1%
Reduction in National Insurance Contributions	14.5%	21.1%	25.4%	39.7%	33.8%	46.8%	29.5%	30.0%	29.6%
Reduction in Income/Corporation Tax	18.1%	13.8%	21.1%	29.1%	29.4%	33.9%	15.9%	15.0%	22.7%
Improved skills of school leavers	6.0%	4.1%	8.8%	9.9%	16.2%	14.5%	13.6%	25.0%	9.9%
Improved government training schemes	4.8%	5.7%	7.0%	7.9%	8.8%	6.5%	4.5%	10.0%	6.7%
Improved industry training schemes	6.0%	4.9%	4.4%	5.3%	10.3%	12.9%	4.5%	30.0%	7.0%
Tax measures to encourage the retention of funds in the business	21.7%	31.7%	47.4%	48.3%	44.1%	53.2%	54.5%	40.0%	42.0%
Other	28.9%	31.7%	25.4%	27.8%	27.9%	21.0%	25.0%	15.0%	27.1%
Sample	83	123	114	151	68	62	44	20	669

Table 3.7 Which of the following measures would encourage recruitment within your firm? - by sector

	Agriculture	Manufacturing	Transport	Construction	Wholesale	Retailing	Catering	Business Services	Other Services	Other	All
Lower interest rates	14.3%	17.9%	38.9%	25.6%	20.5%	19.8%	26.7%	16.9%	15.6%	21.1%	19.1%
Reduction in legally-required non-wage costs	14.3%	18.6%	22.2%	18.6%	11.4%	30.2%	33.3%	14.0%	18.8%	21.1%	19.1%
Reduction in National Insurance Contributions	14.3%	25.7%	38.9%	23.3%	38.6%	37.5%	53.3%	26.2%	30.2%	23.7%	29.6%
Reduction in Income/Corporation Tax	42.9%	25.0%	38.9%	16.3%	31.8%	22.9%	13.3%	19.2%	21.9%	21.1%	22.7%
Improved skills of school leavers	14.3%	13.6%	5.6%	4.7%	13.6%	8.3%	20.0%	8.1%	10.4%	5.3%	9.9%
Improved government training schemes	0.0%	8.6%	11.1%	2.3%	2.3%	4.2%	6.7%	8.1%	6.3%	10.5%	6.7%
Improved industry training schemes	0.0%	12.9%	5.6%	9.3%	0.0%	3.1%	13.3%	5.2%	6.3%	10.5%	7.0%
Tax measures to encourage the retention of funds in the business	57.1%	49.3%	50.0%	39.5%	45.5%	35.4%	40.0%	36.6%	47.9%	34.2%	42.0%
Other	14.3%	21.4%	27.8%	27.9%	20.5%	30.2%	13.3%	30.2%	29.2%	34.2%	27.1%
Sample	7	140	18	43	44	96	15	172	96	38	669

## APPENDIX

### Organisation of the Survey

This survey (the 44th in the series) was mailed out on 4 July 1995 to 2,500 small firms. By the cut-off date of 4 August 1995, 669 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 the 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 A1. 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 | No 1 | Some Characteristics of the Respondents   |
|      | No 2 | Changes in Employment<br>New Business   |
|      | No 3 | Part-time Employees<br>Computers in Small Firms   |
|      | No 4 | Employment  |
| 1986 | No 1 | Finance<br>Membership of Representative Bodies  |
|      | No 2 | Exports<br>The Business Expansion Scheme  |
|      | No 3 | Employment<br>Skill Shortage  |
|      | No 4 | Incorporated and Unincorporated Business<br>Expanding Firms<br>Small Firms in the Service Sectors       |
| 1987 | No 1 | Domestic versus Business Telephone Usage<br>Employment  |
|      | No 2 | Most Important Problem Facing Declining<br>and Growing Businesses<br>Characteristics of our Respondents |
|      | No 3 | Employment<br>Slow Payment Problems   |
|      | No 4 | Use of Accountants  |
| 1988 | No 1 | Use of Solicitors   |
|      | No 2 | Training background of managers and arrangements<br>for staff training                                  |
|      | No 3 | Access to external information  |
|      | No 4 | Present and future use of Telecommunications products and services<br>Characteristics of Respondents    |
| 1989 | No 1 | Employee Turnover<br>National Chamber of Trade Survey<br>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	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	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	No 1	Co-operatives
	No 2	Exports
	No 3	Quality Standards (BS 5750)
	No 4	Impact of the Recession on Incomes and Prices
1993	No 1	Business Premises and the UBR
	No 2	Rented Business Premises
	No 3	Delayed Payments
	No 4	External Sources of Information
1994	No 1	The Single Market
	No 2	Pensions
	No 3	The Past Ten Years
	No 4	Minimum Wage
1995	No 1	Capacity Utilisation
	No 2	Succession and Ownership
	No 3	Barriers to Recruitment

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	Employment	Investment	Sales		Employment		Investment
						U	S	U	S	U
Vol.1 No.1a	3,056	1984/3	34.7%	10.5%	-	21.2%	24.0%	3.3%	5.4%	-
Vol.1 No.1b	1,795	1984/4	32.6%	10.4%	-	9.5%	18.3%	0.9%	3.9%	-
Vol.1 No.2	1,181	1985/1	33.4%	17.6%	-	16.9%	9.7%	9.5%	7.4%	-
Vol.1 No.3	1,090	1985/2	34.4%	11.2%	-	31.4%	27.0%	5.3%	2.4%	-
Vol.1 No.4	1,072	1985/3	37.4%	12.1%	-	26.2%	29.0%	5.3%	7.4%	-
Vol.2 No.1	1,326	1985/4	41.4%	12.6%	-	9.8%	18.6%	5.3%	8.3%	-
Vol.2 No.2	1,052	1986/1	33.6%	11.6%	-	31.1%	23.9%	5.6%	3.5%	-
Vol.2 No.3	1,285	1986/2	35.5%	14.2%	-	29.6%	25.2%	11.9%	9.0%	-
Vol.2 No.4	1,435	1986/3	39.7%	15.2%	-	22.3%	25.1%	6.0%	8.1%	-
Vol.3 No.1	1,116	1986/4	40.0%	13.4%	-	17.0%	25.8%	4.6%	7.6%	-
Vol.3 No.2	1,746	1987/1	40.2%	15.2%	-	39.7%	32.5%	15.1%	13.0%	-
Vol.3 No.3	1,113	1987/2	44.7%	23.1%	-	36.8%	32.4%	13.2%	10.3%	-
Vol.3 No.4	977	1987/3	44.8%	17.6%	-	28.8%	31.6%	10.0%	12.1%	-
Vol.4 No.1	1,042	1987/4	52.7%	23.4%	-	31.4%	40.2%	10.5%	13.5%	-
Vol.4 No.2	933	1988/1	52.7%	19.3%	-	46.7%	39.5%	15.3%	13.2%	-
Vol.4 No.3	983	1988/2	55.0%	22.0%	-	47.9%	43.5%	19.1%	16.2%	-
Vol.4 No.4	950	1988/3	54.9%	22.3%	-	34.4%	37.2%	13.3%	15.4%	-
Vol.5 No.1A	1,523	1988/4	49.2%	15.1%	-	25.6%	34.4%	5.7%	8.7%	-
Vol.5 No.2	947	1989/1	38.8%	18.1%	-	18.6%	11.4%	5.6%	3.5%	-
Vol.5 No.3	2,274	1989/2	41.1%	16.7%	-	30.8%	26.4%	10.4%	7.5%	-
Vol.5 No.4	795	1989/3	33.5%	18.3%	-	20.2%	23.0%	7.4%	9.4%	-
Vol.6 No.1	1,091	1989/4	29.9%	10.5%	-	10.6%	19.4%	0.9%	3.9%	-
Vol.6 No.2	1,384	1990/1	31.4%	9.9%	-	24.4%	17.2%	3.5%	1.3%	-
Vol.6 No.3	1,043	1990/2	22.3%	4.8%	-	14.7%	10.3%	0.9%	-2.1%	-
Vol.6 No.4	1,312	1990/3	18.2%	3.5%	-	3.6%	6.4%	-4.1%	-2.0%	-
Vol.7 No.1	1,239	1990/4	-0.5%	-5.1%	-	-16.0%	-7.2%	-14.4%	-11.4%	-
Vol.7 No.2	984	1991/1	-8.6%	-11.6%	-12.7%	12.3%	5.1%	-7.6%	-9.8%	-15.0%
Vol.7 No.3	1,718	1991/2	-12.5%	-17.3%	-20.0%	-5.2%	-9.6%	-11.5%	-14.5%	-20.6%
Vol.7 No.4	835	1991/3	-14.8%	-19.9%	-15.0%	-1.0%	1.9%	-17.5%	-15.4%	-15.1%
Vol.8 No.1	1,684	1991/4	-7.7%	-15.5%	-20.4%	-9.3%	-0.5%	-16.8%	-13.8%	-13.2%
Vol.8 No.2	1,359	1992/1	-1.6%	-17.1%	-13.7%	19.6%	12.4%	-5.4%	-7.5%	-6.6%
Vol.8 No.3	1,527	1992/2	-9.1%	-14.4%	-18.4%	4.4%	-0.1%	-5.8%	-8.7%	-11.7%
Vol.8 No.4	921	1992/3	-15.6%	-27.6%	-32.5%	-6.0%	-3.1%	-17.5%	-15.5%	-23.9%
Vol.9 No.1	1,339	1992/4	-9.0%	-15.0%	-20.8%	-3.8%	5.0%	-10.5%	-7.5%	-13.0%
Vol.9 No.2	1,021	1993/1	-3.6%	-12.3%	-11.1%	23.6%	16.3%	0.8%	-1.3%	-0.6%
Vol.9 No.3	1,310	1993/2	1.1%	-7.8%	-7.3%	19.2%	14.8%	4.3%	1.4%	-0.4%
Vol.9 No.4	1,076	1993/3	8.4%	-1.6%	-6.9%	14.8%	17.7%	-3.3%	-1.3%	-4.4%
Vol.10 No.1	1,295	1993/4	13.8%	3.3%	-3.1%	15.1%	24.0%	-0.1%	3.0%	3.3%
Vol.10 No.2	861	1994/1	3.6%	-4.3%	-3.8%	23.1%	15.9%	-1.1%	-3.2%	3.7%
Vol.10 No.3	2,327	1994/2	16.1%	0.8%	-3.3%	18.5%	14.1%	1.5%	-1.4%	-2.3%
Vol.10 No.4	1,046	1994/3	20.3%	7.6%	0.6%	14.6%	17.4%	-0.2%	1.9%	1.9%
Vol.11 No.1	983	1994/4	20.3%	2.7%	4.0%	17.0%	25.8%	4.2%	7.2%	1.7%
Vol.11 No.2	1,295	1995/1	19.8%	3.3%	0.4%	28.1%	20.9%	6.3%	4.1%	5.7%
Vol.11 No.3	669	1995/2	14.0%	2.1%	0.8%	15.7%	11.3%	4.7%	1.8%	-2.0%

Key: U - Unadjusted  
S - Seasonally adjusted

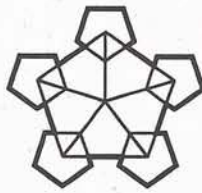
Notes: a,b - The results from two surveys were published in Volume 1 Number 1  
A - From Volume 5 Number 1, all results have been weighted to the VAT sectoral distribution.

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 & 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%	9.0%	5.3%	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%	34.2%	4.5%	5.3%	0.4%	0.3%	1.1%	13.4%	5.1%	7.4%	1.4%	1,359
1992/3	1.6%	7.6%	4.0%	2.9%	5.2%	43.2%	2.1%	8.1%	0.3%	1.0%	0.8%	13.5%	3.1%	5.9%	0.8%	1,527
1992/4	1.0%	8.7%	3.6%	1.6%	6.0%	44.3%	4.0%	8.0%	0.5%	0.3%	0.2%	11.4%	3.0%	5.3%	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%	13.0%	2.9%	8.5%	1.8%	1,339
1993/2	0.5%	1.4%	5.5%	3.4%	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%	6.0%	1.6%	1,310
1993/4	1.0%	2.7%	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	0.5%	1.9%	5.6%	4.1%	6.8%	34.2%	7.0%	11.0%	0.1%	0.6%	1.1%	14.3%	4.1%	6.9%	1.7%	1,295
1994/2	1.1%	1.6%	3.7%	5.4%	6.9%	35.4%	5.3%	13.8%	0.1%	0.4%	1.4%	13.9%	3.2%	6.4%	1.3%	861
1994/3	0.9%	1.5%	3.6%	4.8%	5.9%	37.8%	6.0%	9.6%	0.9%	0.8%	2.1%	13.2%	3.1%	7.6%	2.1%	2,327
1994/4	1.1%	1.2%	4.7%	4.8%	6.3%	35.7%	6.3%	10.3%	0.1%	1.1%	1.6%	12.8%	3.8%	7.6%	2.5%	1,046
1995/1	0.9%	3.0%	4.4%	5.4%	5.7%	36.8%	7.2%	7.1%	0.6%	1.2%	3.0%	12.4%	1.8%	7.9%	2.7%	983
1995/2	1.2%	2.0%	3.6%	4.8%	6.9%	35.0%	6.2%	8.9%	0.7%	0.9%	2.7%	12.5%	3.8%	9.7%	0.9%	1,295
1995/3	1.0%	4.8%	4.4%	3.5%	7.0%	36.8%	9.1%	6.9%	0.4%	0.5%	1.0%	11.5%	5.5%	7.2%	0.4%	669

**SMALL BUSINESS RESEARCH TRUST**



**SMALL BUSINESS RESEARCH TRUST**  
**Survey Section**  
**c/o Graham Bannock & Partners Ltd.**  
**FREEPOST 19**  
**LONDON W1E 1QZ**

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
- b. £20,000-£49,999
- c. £50,000-£149,999
- d. £150,000-£349,999
- e. £350,000-£749,999
- f. £750,000-£1,499,999
- g. £1,500,000 and over

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

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

**5 What are the biggest barriers to your recruiting more staff? (Circle one or more)**

- a. Uncertainty about the economic outlook
- b. Low turnover/lack of business
- c. Suitable staff not available
- d. Wages too high
- e. Insufficient capital
- f. Other (please specify)

**6 Which of the following measures would encourage recruitment within your firm? (Circle one or more)**

- a. Lower interest rates
- b. Reduction in legally required non-wage costs
- c. Reduction in National Insurance Contributions
- d. Reduction in income/corporation tax
- e. Improved skills of school leavers
- f. Improved government training schemes
- g. Improved industry training schemes
- h. Tax measures to encourage the retention of funds in the business
- i. Other (please specify)

**7 How did your sales turnover, average employment and investment (in plant, equipment and premises) in the past quarter compare with the same period in 1994? What do you expect to happen in the NEXT quarter? Please complete the table by ticking 6 boxes only:**

	ACTUAL			EXPECTED		
	April, May, June 1995 compared with the same period 1994			July, August, September 1995 compared with April, May, June 1995		
	UP	DOWN	SAME	UP	DOWN	SAME
Sales Turnover						
Average Employment						
Investment						

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

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

**9 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 20th July 1995.  
 Please note that this is a FREEPOST address (no stamp required).