

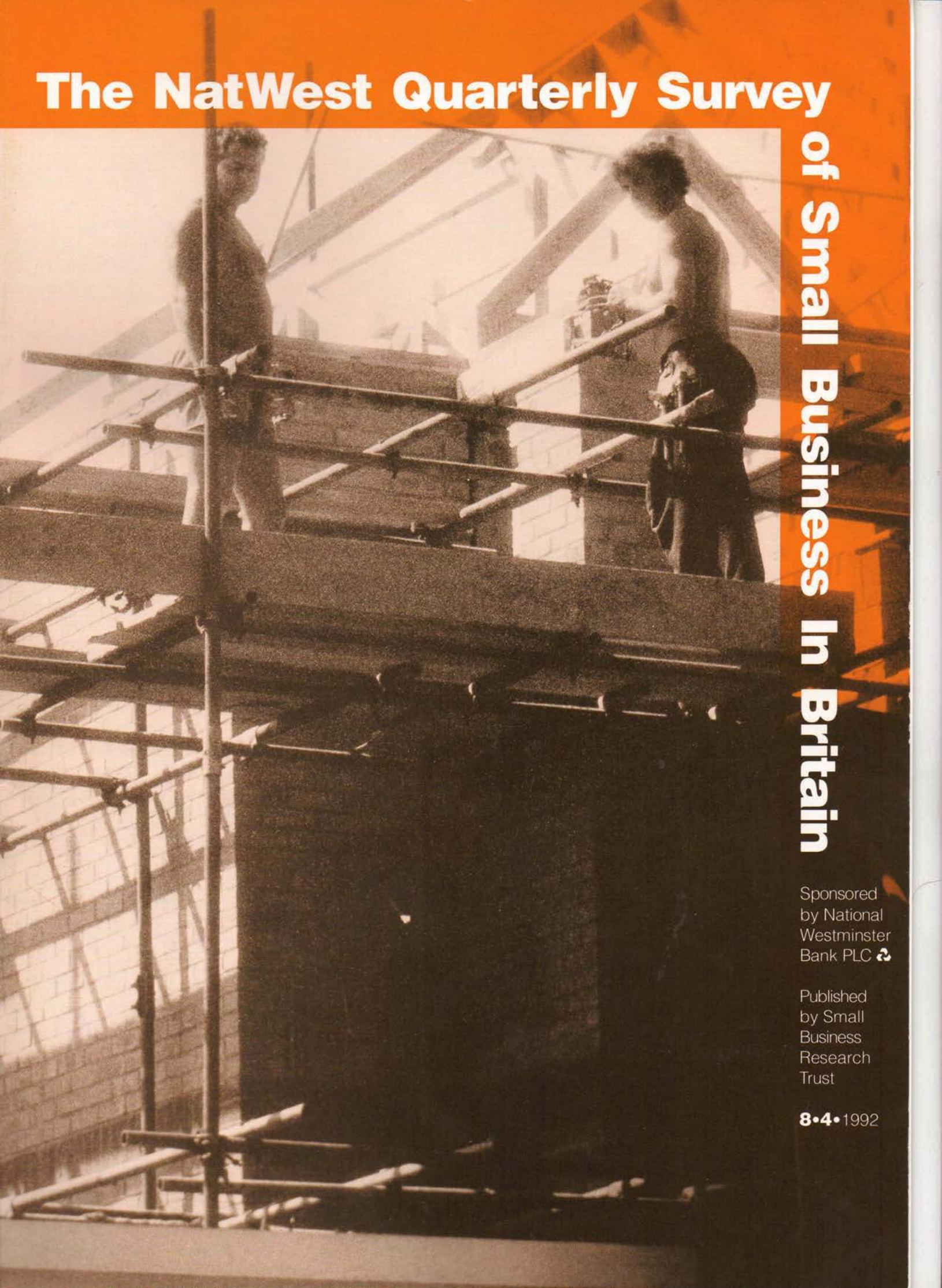
The NatWest Quarterly Survey

of Small Business In Britain

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THE NatWest

QUARTERLY SURVEY OF

SMALL BUSINESS IN BRITAIN

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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

The proportion of small firms reporting falling sales continues to rise and employment is being reduced at an unprecedented rate. Firms are now more pessimistic about the immediate outlook than they were a year ago. Real earnings of small business owners have fallen by 4 per cent over the past year.

- * The proportion of small firms reporting an increase in sales fell again from 34 per cent to 32 per cent in the 12 months ended September 1992 compared with our previous survey. The percentage reporting a decline rose from 43 to 48 per cent, giving a negative balance of -16.5 per cent compared with -9.6 per cent last time.
- * The percentage balance for employment fell from -14.8 to -28.2 per cent. Less than 8 per cent of respondents increased both sales and employment in the past year.
- * The percentage balance of respondents expecting increased sales in the next (fourth) quarter of 1992 fell from +4.0 to -6.6 per cent. The percentage balance for expected employment also fell, from -6.1 to -18.0 per cent.
- * On balance, firms in all size bands and most regions are less optimistic about sales prospects than in the previous survey.
- * The proportion of respondents considering *low turnover/lack of business* to be their most important problem rose slightly to 44 per cent. The related problem of *cashflow/payments/debtors* came next, with 12 per cent, and *interest rates* third with 9 per cent.
- * In money terms, over two thirds of respondents reported a reduction or no increase in earnings over the past year. One fifth have experienced a fall in income of 20 per cent or more.
- * After allowance for inflation, average real earnings of surviving small business owners have fallen by more than 7 per cent in the past year and by almost 15 per cent in the past three years. Average real earnings of all employees in employment have risen by nearly 1.5 per cent in the past year and over 5 per cent in the past three years.
- * Selling prices by our respondent firms rose by only just over 1 per cent in the past year and 8.5 per cent over three years. These changes represent declines in real terms of over 2 per cent and 9 per cent respectively. Over 19 per cent of respondents have reduced their average selling prices in the past 12 months.
- * These adverse changes in prices and incomes have affected firms in all size ranges and activity sectors. Firms in construction have been the worst hit, while business services have done better than average.
- * Action taken over the past three years has included reduced personal drawings (59 per cent of respondents), attempts to speed up payments (66 per cent), reduced investment (49 per cent) and reduced marketing expenditure (44 per cent).
- * 74 per cent of respondents said the recession was the worst they had experienced, only 15 per cent claimed not to be affected.

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1. THE SMALL BUSINESS OUTLOOK

FOURTH QUARTER

Respondents were asked as usual to indicate whether their sales turnover, average employment and investment were up, down or the same in the quarter just ended (July, August, September 1992) compared with the same quarter a year ago, and also to indicate what they expect for the next quarter (October, November, December 1992) compared with the third quarter of 1992. 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 these questions 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.

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

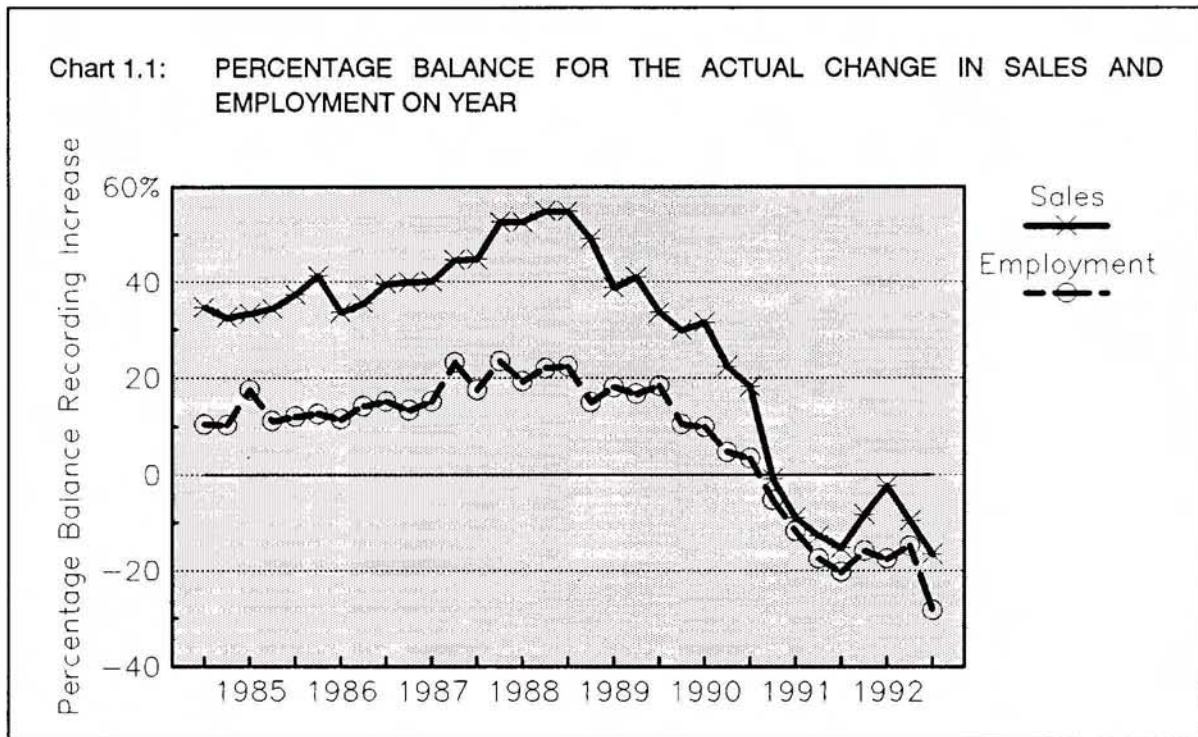
	Actual Change on Year				Expected Change on Previous Quarter			
	1991/4	1992/1	1992/2	1992/3	1992/1	1992/2	1992/3	1992/4
	on 1990/4	on 1991/1	on 1991/2	on 1991/3				
Survey	Vol.8 No.1	Vol.8 No.2	Vol.8 No.3	Vol.8 No.4	Vol.8 No.1	Vol.8 No.2	Vol.8 No.3	Vol.8 No.4
	SALES				SALES			
Up	35.2%	38.2%	33.8%	31.6%	28.9%	43.3%	32.9%	30.9%
Down	43.5%	40.5%	43.3%	48.1%	38.7%	24.2%	28.9%	37.6%
Same	17.1%	17.3%	21.3%	17.8%	26.7%	28.6%	35.7%	27.4%
No Response	4.2%	4.0%	1.6%	2.5%	5.7%	3.9%	2.5%	4.0%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	-8.3%	-2.3%	-9.6%	-16.5%	-9.7%	19.2%	4.0%	-6.6%
	EMPLOYMENT				EMPLOYMENT			
Up	12.2%	12.0%	11.7%	8.7%	7.7%	11.1%	9.4%	6.2%
Down	28.0%	29.5%	26.5%	36.9%	24.6%	16.7%	15.5%	24.2%
Same	53.3%	52.1%	57.5%	49.4%	60.6%	65.8%	70.0%	62.9%
No Response	6.4%	6.4%	4.4%	5.0%	7.1%	6.4%	5.1%	6.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	-15.8%	-17.5%	-14.8%	-28.2%	-17.0%	-5.6%	-6.1%	-18.0%
	INVESTMENT				INVESTMENT			
Up	14.9%	19.2%	16.7%	14.6%	15.4%	17.5%	14.8%	11.3%
Down	35.6%	33.5%	35.7%	47.7%	28.9%	24.5%	26.8%	35.8%
Same	42.3%	40.5%	43.0%	31.8%	47.7%	51.4%	53.4%	45.6%
No Response	7.2%	6.8%	4.6%	5.9%	8.1%	6.6%	5.0%	7.3%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	-20.7%	-14.3%	-19.1%	-33.1%	-13.5%	-7.0%	-12.0%	-24.5%
Base	1,684	1,359	1,527	921	1,684	1,359	1,527	921

	Vol.8 No.1		Vol.8 No.2		Vol.8 No.3		Vol.8 No.4	
	Number	Per Cent	Number	Per Cent	Number	Per Cent	Number	Per Cent
Expanding Firms	174	10.3%	132	9.7%	152	10.0%	73	7.9%
Declining Firms	376	22.3%	292	21.5%	290	19.0%	244	26.5%
Remaining Respondents	1,135	67.4%	936	68.8%	1,085	71.0%	604	65.6%
All Respondents	1,684	100.0%	1,359	100.0%	1,527	100.0%	921	100.0%
Balance		-12.0%		-11.8%		-9.0%		-18.6%

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

Actual Performance

Once again, the percentage balance recorded for the actual change in *sales* during the past year (third quarter 1992 compared with a year earlier) shows a drop. The balance has fallen to -16.5 per cent, compared with -9.6 per cent in the previous survey (Table 1.1). Some 48.1 per cent of firms report turnover lower in the third quarter of 1992 than at the same time in 1991, while only 31.6 per cent report that turnover was higher. Chart 1.1 shows that this is the lowest percentage balance for this question since the surveys began in 1984. The previous worst balance was -15.2 per cent, recorded at this time last year.



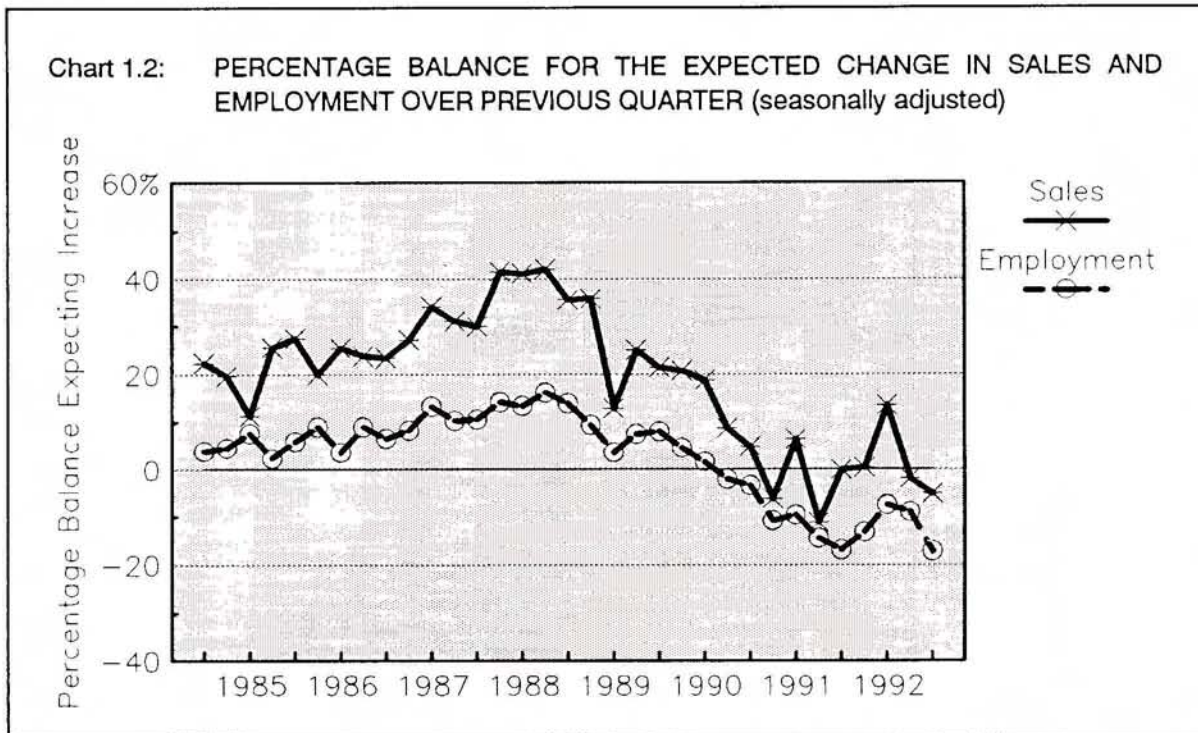
The *employment* balance worsened even more precipitously, from -14.8 per cent to -28.2 per cent. Well over a third of firms (36.9 per cent) had reduced employment over the year, only 8.7 per cent had increased employment. Once again, this is the worst ever recorded balance for this question, the previous worst being -20.2 per cent at this time last year.

As a consequence of the falls in the balances of firms reporting increased sales and employment, the percentage of *declining* firms increased dramatically. Over one quarter (26.5 per cent) of firms reported a fall in *both* sales and employment during the year to September 1992 (Table 1.2). Only 7.9 per cent of firms reported an increase in both sales and employment

Investment performance over the past twelve months has also worsened to give the lowest percentage balance since this question was first asked at the beginning of 1991. The percentage balance fell from -19.1 per cent to -33.1 per cent. Only 14.6 per cent of respondents reported higher investment in the third quarter of 1992 than in the third quarter of 1991 and 47.7 percent reported lower investment than one year ago.

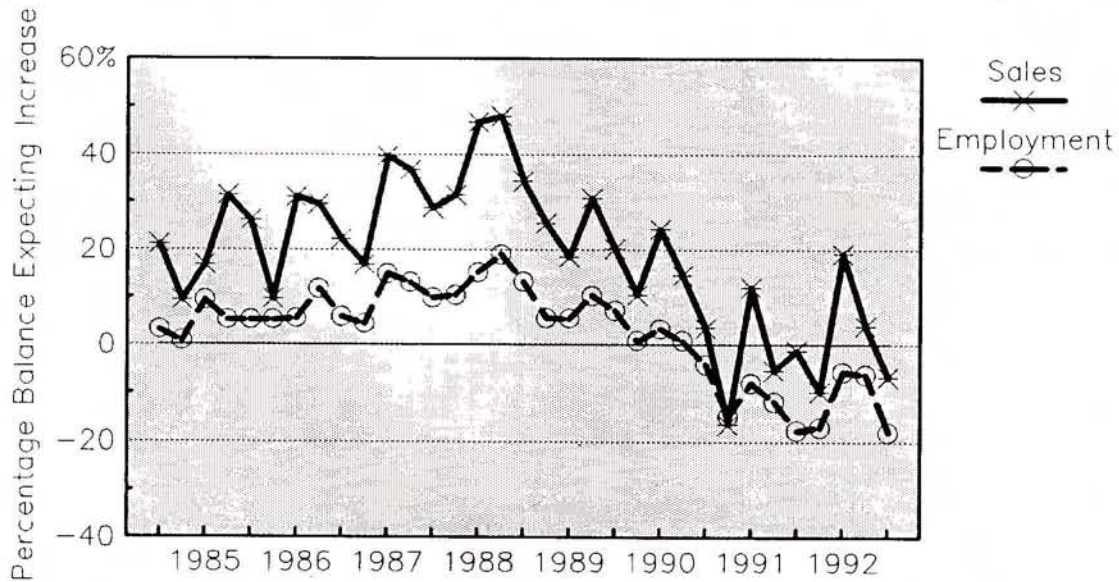
Expectations

The percentage balance of respondents expecting increased *sales* in the fourth quarter of 1992 fell compared to the previous surveys's percentage balance expecting an increase. The balance fell from +4.0 per cent to -6.6 per cent (Table 1.1). This deterioration represents a small fall in the proportion of firms expecting sales to be up (30.9 per cent compared with 32.9 per cent) and a larger rise in the proportion of firms expecting sales to be down (37.6 per cent compared with 28.9 per cent). Although this balance is lower than that recorded at this time last year, it is considerably better than the balance of -16.4 per cent which had been expecting an increase back in the first quarter of 1991.



After taking into account seasonal variation, the fall in the balance is less marked, falling from -1.8 per cent to -5.0 per cent. (Compare Charts 1.2 and 1.3: the adjusted and unadjusted balances are given in Table A.1).

Chart 1.3: PERCENTAGE BALANCE FOR THE EXPECTED CHANGE IN SALES AND EMPLOYMENT OVER PREVIOUS QUARTER (not seasonally adjusted)



The percentage balance for employment expectations also fell - to its lowest level ever recorded. On an unadjusted basis, the balance for expected increases in employment fell from -6.1 per cent to -18.0 per cent. On the same basis there was also a marked deterioration in the percentage balance expecting to increase investment, from -12.0 per cent to -24.5 per cent (Table 1.1).

Comparison across size bands

Table 1.3 shows that on balance, firms in all size bands are less optimistic in expectations for sales and employment in October-December 1992 than they were in their expectations for the previous quarter.

Table 1.3 EXPECTED CHANGE IN SALES AND EMPLOYMENT BY TURNOVER
(Current Survey No.33 compared with Previous Surveys)

Percentage balance

Turnover size band	EXPECTED SALES BALANCE				EXPECTED EMPLOYMENT BALANCE				Sample Size (Survey 33)
	Survey Number				Survey Number				
	30	31	32	33	30	31	32	33	
Less than £20,000	-14.4%	21.7%	-3.8%	-13.3%	-9.8%	-4.2%	0.0%	-12.2%	90
£20,000 - 49,999	1.7%	19.2%	13.2%	-0.8%	-6.7%	-3.7%	0.0%	-8.7%	127
£50,000 - 149,999	-16.1%	17.7%	7.1%	-7.0%	-12.1%	-4.2%	-4.1%	-18.6%	215
£150,000 - 349,999	-15.3%	15.9%	9.0%	-1.0%	-20.4%	-2.4%	-8.3%	-12.6%	198
£350,000 - 749,999	4.8%	16.7%	16.2%	3.1%	-11.4%	-7.2%	-3.2%	-11.6%	129
£750,000 - 1,499,999	-0.7%	23.7%	-0.8%	-3.1%	-14.2%	2.5%	-6.0%	-20.4%	98
£1,500,000 and over	1.6%	37.5%	12.4%	11.5%	-11.9%	3.1%	-2.3%	-14.8%	61
No Response	37.5%	0.0%	0.0%	-40.0%	0.0%	0.0%	0.0%	0.0%	5
Total	-7.2%	19.8%	8.3%	-2.6%	-12.6%	-3.1%	-3.7%	-14.2%	923

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

Comparison across business sectors

Table 1.4 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 1.4 EXPECTED CHANGE IN SALES AND EMPLOYMENT BY BUSINESS SECTOR
(Current Survey No.33 compared with Previous Surveys)

Business Sector	EXPECTED SALES BALANCE				EXPECTED EMPLOYMENT BALANCE				Sample Size (Survey 33)
	Survey Number				Survey Number				
	30	31	32	33	30	31	32	33	
Agriculture, Forestry, Fisheries	-2.6%	28.0%	7.4%	0.0%	-30.8%	-8.0%	-3.7%	-24.0%	25
Manufacturing, Mining, Processing	-6.7%	14.7%	13.9%	2.9%	-10.1%	0.6%	-3.3%	-6.4%	172
Transport	-24.2%	12.9%	-14.7%	-15.2%	-21.2%	-3.2%	0.0%	-15.2%	33
Construction	-17.4%	3.1%	-6.7%	-35.8%	-19.8%	-12.2%	-18.5%	-37.7%	53
Wholesale Trade	-0.5%	28.4%	3.1%	-10.1%	-9.6%	0.6%	-7.5%	-6.3%	79
Retail Trade	-23.2%	20.8%	-0.5%	0.6%	-21.5%	-6.8%	-9.0%	-21.7%	175
Catering & Restaurants	-16.0%	19.5%	-2.6%	4.8%	-24.0%	-14.6%	-15.4%	-9.5%	21
Business Services	2.2%	22.8%	16.4%	2.2%	-5.3%	-2.5%	3.4%	-11.3%	230
Other Services	-3.3%	21.0%	11.3%	-4.1%	-16.0%	-1.6%	1.4%	-13.9%	122
Other	3.6%	42.9%	4.0%	18.2%	7.1%	-4.8%	0.0%	-9.1%	11
No Response	-33.3%	50.0%	0.0%	-50.0%	-33.3%	50.0%	0.0%	0.0%	2
Total	-7.2%	19.8%	8.3%	-2.6%	-12.6%	-3.1%	-3.7%	-14.2%	923

Unweighted, not seasonally adjusted data

For *expected sales*, firms involved in retail trade appear not to have become any more pessimistic about their prospects for the final quarter of 1992. This is, however, only to be expected in the run-up to Christmas and, in fact, the balance of +0.6 per cent is exactly the same as that recorded at this time last year. In manufacturing, the balance has fallen considerably, although this remains one of the more optimistic sectors. Although the relatively small number of construction firms in our survey means that their responses may not be representative, it is clear that they are particularly pessimistic.

Firms in wholesale trade and manufacturing are now the least pessimistic about employment prospects in their firms, although on balance firms in all sectors expect to reduce employment over the coming quarter.

Comparison across regions

Firms in most regions have become less optimistic about sales prospects than in the previous survey. Firms in East Anglia and the West Midlands, which were more optimistic than the average in the previous survey are now among the most pessimistic.

Firms in every region have become more pessimistic about employment expectations and, on balance, they all expect overall falls in employment during the final quarter of 1992.

Table 1.5 EXPECTED CHANGE IN SALES AND EMPLOYMENT BY REGION
(Current Survey No.33 compared with Previous Surveys)

Region	EXPECTED SALES BALANCE				EXPECTED EMPLOYMENT BALANCE				Sample Size (Survey 33)
	Survey Number				Survey Number				
	30	31	32	33	30	31	32	33	
North	12.8%	19.4%	20.4%	-26.3%	-2.6%	-2.8%	10.2%	-10.5%	19
Yorkshire & Humberside	-21.7%	17.6%	7.1%	2.4%	-14.5%	2.2%	-0.9%	-11.0%	82
North West	-7.5%	21.2%	7.6%	11.1%	-15.5%	3.8%	-3.5%	-4.0%	99
East Midlands	-11.2%	10.0%	-3.0%	-1.9%	-14.4%	-3.6%	-9.7%	-18.5%	54
West Midlands	-2.5%	23.5%	18.6%	-11.6%	-12.3%	0.8%	1.7%	-21.1%	95
East Anglia	3.3%	23.9%	28.4%	-9.1%	-8.2%	5.4%	4.2%	-19.5%	77
South East	-7.9%	18.8%	6.1%	-2.1%	-13.8%	-8.0%	-4.9%	-13.3%	331
South West	-11.7%	21.9%	4.4%	-8.0%	-11.1%	-4.1%	-8.9%	-17.0%	88
Wales	7.8%	37.3%	19.6%	0.0%	-7.8%	2.0%	0.0%	-10.3%	29
Scotland	-1.3%	14.5%	-1.6%	2.3%	-6.7%	-4.3%	-6.6%	-18.6%	43
Northern Ireland	-14.3%	25.0%	-25.0%	0.0%	-42.9%	-25.0%	0.0%	-20.0%	5
No Response	-40.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1
Total	-7.2%	19.8%	8.3%	-2.6%	-12.6%	-3.1%	-3.7%	-14.2%	923

Unweighted, not seasonally adjusted data

Conclusion

The depressing economic climate reported in the previous survey has become even worse. The proportion of firms reporting falling sales continues to rise. Firms are reducing employment at an unprecedented rate.

Although firms' expectations about the fourth quarter have not fallen as dramatically as their experience during the third might have led us to expect, the outlook remains bleak. Firms are now more pessimistic about sales and employment than they were at this time last year.

2. PROBLEMS

General

As usual, respondents were asked to select, from a list of fourteen, the most important problem facing their business on that day. Their responses in this survey are compared to those in recent surveys in Table 2.1, and analysed by business sector in Table 2.2.

Table 2.1 MOST IMPORTANT PROBLEM (All Respondents)

Problem	Survey Number			
	Vol.8 No.1	Vol.8 No.2	Vol.8 No.3	Vol.8 No.4
Low Turnover/Lack of Business	36.3% (1)	34.6% (1)	43.7% (1)	44.4% (1)
Cashflow/Payments/Debtors	15.9% (2)	13.4% (2)	13.6% (2)	11.6% (2)
Interest Rates	9.2% (3)	11.7% (3)	7.6% (4)	8.8% (3)
Gov't Regulations & Paperwork	5.5% (5)	5.2% (5)	8.0% (3)	8.0% (4)
Total Tax Burden	5.6% (4)	5.4% (4)	5.1% (5)	5.9% (5)
Competition from Big Business	3.3% (8)	4.4% (7)	2.1% (9)	3.9% (6)
Access to Finance	5.2% (6)	4.3% (8)	3.9% (6)	3.6% (7)
Premises/Rent/Rates	4.0% (7)	5.0% (6)	3.0% (7)	3.0% (8)
Lack of Skilled Employees	2.1% (9)	3.4% (9)	2.8% (8)	1.6% (9)
Inflation	1.9% (10)	2.2% (10)	1.6% (10)	1.0% (10)
High Rates of Pay	0.5% (12)	0.4% (12)	0.3% (13)	0.5% (11)
Shortages of Materials	0.4% (13)	0.3% (13)	0.9% (11)	0.3% (12)
Internal Management Difficulties	1.2% (11)	1.0% (11)	0.8% (12)	0.2% (13)
Other	7.0%	7.3%	5.8%	5.2%
No Response	1.8%	1.3%	0.8%	2.1%
TOTAL	100.0%	100.0%	100.0%	100.0%
BASE	1,684	1,359	1,527	921

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.

The proportion of respondents considering *low turnover/lack of business* to be their most important problem continued to increase, from 43.7 per cent, already the greatest proportion of respondents ever to agree on a single problem, to 44.4 per cent. *Cash flow/payments/debtors* was once again the second most frequently chosen response, although the proportion of respondents selecting this problem fell a little, from 13.6 per cent to 11.6 per cent. As in previous surveys, payments problems are most acute among firms in construction and least important in cash-based businesses such as retail trade and catering.

The percentage of respondents selecting *interest rates* rose slightly, from 7.6 per cent to 8.8 per cent and moves back up from fourth to third place in the rankings. The vast majority of responses to this survey would have been completed before the interest rate cut from 9 per cent to 8 per cent on October 16th. The proportion of respondents considering *government regulations and paperwork* to be their most important problem is unchanged at 8.0 per cent, but the increase in the proportion selecting interest rates means that this is now only fourth most frequently selected problem. There was a modest increase in the proportion of firms selecting *competition from big business*, up from 2.1 per cent to 3.9 per cent, but otherwise there were few significant changes in the proportion of firms selecting the other options.

Table 2.2 MOST IMPORTANT PROBLEM BY BUSINESS ACTIVITY

Problem	Agriculture	Manufacturing	Transport	Construction	Wholesale	Retail	Catering	Business Services	Other Services	Other	All
Inflation	0.0%	0.6%	0.0%	1.9%	2.5%	2.3%	0.0%	0.9%	0.0%	0.0%	1.1%
Interest Rates	8.0%	8.1%	12.1%	11.3%	6.3%	10.3%	9.5%	5.2%	9.0%	0.0%	8.0%
Access to Finance	4.0%	4.7%	6.1%	1.9%	5.1%	2.9%	4.8%	2.2%	4.1%	0.0%	3.5%
Lack of Skilled Employees	0.0%	1.2%	0.0%	1.9%	1.3%	1.7%	0.0%	2.2%	2.5%	9.1%	1.7%
Total Tax Burden	8.0%	7.6%	18.2%	3.8%	5.1%	4.6%	4.8%	3.9%	5.7%	9.1%	5.7%
Low Turnover/Lack of Business	24.0%	44.8%	36.4%	47.2%	41.8%	54.9%	57.1%	52.2%	40.2%	27.3%	47.0%
Competition from Big Business	4.0%	4.1%	3.0%	0.0%	11.4%	4.0%	4.8%	2.6%	4.9%	0.0%	4.1%
Gov't Regulations & Paperwork	24.0%	4.1%	3.0%	5.7%	5.1%	2.9%	4.8%	3.0%	13.9%	0.0%	5.5%
High Rates of Pay	4.0%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	0.4%	0.0%	0.0%	0.3%
Shortages of Materials	0.0%	0.0%	0.0%	0.0%	0.0%	1.1%	0.0%	0.0%	0.0%	9.1%	0.3%
Internal Management Difficulties	0.0%	0.6%	0.0%	0.0%	0.0%	0.0%	0.0%	1.3%	0.0%	0.0%	0.4%
Cashflow/Payments/Debtors	16.0%	14.5%	6.1%	20.8%	10.1%	5.7%	4.8%	12.6%	9.0%	9.1%	11.2%
Premises/Rent/Rates	0.0%	4.1%	6.1%	0.0%	1.3%	4.0%	9.5%	3.0%	3.3%	0.0%	3.3%
Other	8.0%	3.5%	9.1%	1.9%	8.9%	3.4%	0.0%	7.8%	4.9%	27.3%	5.6%
N/R	0.0%	1.7%	0.0%	3.8%	1.3%	2.3%	0.0%	2.6%	2.5%	9.1%	2.2%
None	25	172	33	53	79	175	21	230	122	11	923
Check	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Unweighted data

3. IMPACT OF THE RECESSION

The severe impact of the recession on prices and earnings among owners of surviving small firms is revealed for the first time in our survey.

In the past year, 40.8 per cent of respondents reported an actual drop in their income (drawings) compared with the previous year and 36.9 per cent reported lower earnings this year than three years ago. Over two-thirds of respondents reported a reduction or no increase in earnings over the past year and over half have seen a fall or no change in earnings since 1989 (Table 3.1).

Table 3.1 BY ROUGHLY WHAT PERCENTAGE HAVE YOUR INCOME FROM THE BUSINESS AND YOUR AVERAGE PRICES CHANGED OVER THE PAST YEAR AND OVER THE PAST THREE YEARS - By Percentage Increase Bands

Percentage Increase	Income		Prices	
	Past Year	Past Three Years	Past Year	Past Three Years
-100.00%	1.1%	2.0%	0.0%	0.0%
-99.99% to -90.00%	0.2%	0.4%	0.0%	0.0%
-89.99% to -80.00%	0.3%	1.1%	0.0%	0.2%
-79.99% to -70.00%	0.8%	1.2%	0.0%	0.1%
-69.99% to -60.00%	1.1%	1.9%	0.1%	0.0%
-59.99% to -50.00%	3.6%	4.8%	0.2%	1.1%
-49.99% to -40.00%	1.6%	1.6%	0.7%	0.9%
-39.99% to -30.00%	4.0%	3.8%	1.2%	1.5%
-29.99% to -25.00%	3.5%	3.6%	1.0%	0.9%
-24.99% to -20.00%	6.5%	6.2%	1.4%	2.1%
-19.99% to -15.00%	3.5%	3.1%	2.8%	1.8%
-14.99% to -10.00%	9.9%	4.5%	6.6%	3.8%
-9.99% to -5.00%	4.1%	1.9%	4.4%	2.2%
-4.99% to 0.00%	27.3%	16.2%	32.5%	14.7%
0.01% to 5.00%	9.1%	5.4%	25.6%	9.9%
5.01% to 10.00%	9.7%	10.2%	16.2%	20.2%
10.01% to 15.00%	2.2%	6.7%	3.7%	16.5%
15.01% to 20.00%	2.9%	7.2%	1.7%	12.5%
20.01% to 25.00%	2.5%	2.9%	0.5%	3.4%
25.01% to 30.00%	1.6%	2.9%	0.6%	3.0%
30.01% to 40.00%	0.9%	2.2%	0.5%	1.7%
40.01% to 50.00%	1.2%	4.5%	0.2%	1.7%
50.01% to 60.00%	0.2%	0.8%	0.0%	0.4%
60.01% to 70.00%	0.3%	0.6%	0.0%	0.4%
70.01% to 80.00%	0.1%	0.2%	0.0%	0.2%
80.01% to 90.00%	0.2%	0.1%	0.1%	0.1%
90.01% to 100.00%	1.4%	2.5%	0.0%	0.4%
100.01% to 200.00%	0.1%	1.3%	0.0%	0.2%
over 200.00%	0.0%	0.1%	0.0%	0.0%
Total	883	850	883	846
Minimum	-100.00	-100.00	-60.00	-80.00
Average (mean)	-4.14	1.80	1.27	8.50
Maximum	120.00	500.00	85.00	150.00
No change	236	130	281	121
No response	40	73	40	77

Over one-fifth of respondents have experienced a fall in income of 20 per cent or more in the past year. On average, the business incomes of our respondents have fallen by 4.1 per cent in the past year and are up only 1.8 per cent compared with three years ago.

This impact on earnings reflects continuing increases in some costs, lack of sales (see Section 2) and an inability to raise prices in line with inflation. Indeed, 19.1 per cent of respondents have *reduced* their selling prices in the past 12 months. On average, selling prices have risen by only 1.3 per cent in the past year and only 8.5 per cent over three years. All this is against the background of an increase in consumer prices of 3.6 per cent in the past year and almost 20 per cent over three years.

Table 3.2 summarises the average changes in prices and incomes among our respondents and compares them with changes in the Retail Price Index (RPI) and average earnings in the whole economy, including the public sector.

Table 3.2 CHANGES IN PRICES AND INCOMES COMPARED WITH THE WHOLE ECONOMY

	Past Year	Past Three Years
Prices		
Whole Economy	3.6%	19.6%
Small Firms	1.3%	8.5%
Small Firm Prices relative to RPI	-2.2%	-9.2%
Earnings		
Whole Economy	5.0%	25.8%
Small Firm Owners	-4.1%	1.8%
Real Earnings		
Whole Economy	1.4%	5.3%
Small Firm Owners	-7.4%	-14.9%

SOURCES: RPI, All Items; Sept 1991-Sept 1992, Sept 1989-Sept 1992; Economic Trends, CSO and CSO Press Release
Earnings, Whole Economy, Great Britain; Aug 1991-Aug 1992, Aug 1989-Aug 1992 (Sept 1992 not yet available); Monthly Digest of Statistics, CSO and UK Employment Department Press Release

In the year to September (when the questionnaires were mailed out) the RPI had risen by 3.6 per cent, while small firm selling prices have, as reported above, risen by only 1.3 per cent, giving a reduction in real terms of 2.2 per cent. Over the past three years our respondents' selling prices have fallen by 9.2 per cent in real terms (i.e. compared with the RPI).

While average earnings for all employees rose by 5.0 per cent in the past year and 25.8 per cent in the past three years, our respondents, as shown, reported a fall over one year of 4.1 per cent and a rise over three years of only 1.8 per cent. After adjustment for inflation, average real earnings for all those in employment rose by 1.4 per cent over twelve months and 5.3 per cent over three years, but our respondents experienced declines in real earnings of 7.4 per cent and 14.9 per cent respectively.

Changes by firm size, activity and years in business

These adverse changes in prices and incomes have affected firms in all size ranges and in all sectors (Table 3.3). Firms in construction have been the worst hit by a clear margin, while business services have done better than average. Firms in wholesaling, retailing and catering have been able to increase their prices more than the average and have reduced drawings by less than the average over the past year, although drawings in these three sectors have risen less than the average over three years.

Table 3.3 BY ROUGHLY WHAT PERCENTAGE HAVE YOUR INCOME FROM THE BUSINESS AND YOUR AVERAGE PRICES CHANGED OVER THE PAST YEAR AND OVER THE PAST THREE YEARS - Averages by Activity, Size and Years in Business

Averages by business activity	Agriculture	Manufacturing	Transport	Construction	Wholesale	Retail	Catering	Business Services	Other Services	Other	All
Drawings, past year	-3.1	-6.1	-4.0	-10.2	-0.9	-4.0	-3.1	-2.0	-5.6	-1.8	-4.1
Drawings, past 3 years	13.0	4.3	-6.8	-13.7	-0.2	-1.2	-1.0	6.8	1.9	5.0	1.8
Prices, past year	-0.2	0.6	-1.1	-3.4	1.6	2.6	4.6	1.5	2.0	6.1	1.3
Prices, past 3 years	6.1	7.4	4.8	0.5	5.7	9.2	13.5	11.5	9.5	14.6	8.5
Sample	25	172	33	53	79	175	21	230	122	11	923

Averages by employment size band	1	2	3 - 4	5 - 9	10 - 14	15 - 24	25 - 49	50+	All
Drawings, past year	-3.3	-5.7	-3.5	-6.5	-2.2	-3.9	3.4	-3.2	-4.1
Drawings, past 3 years	-3.1	3.3	0.9	0.7	4.9	1.7	5.8	8.3	1.8
Prices, past year	-0.2	2.6	0.2	1.9	1.4	0.5	0.9	1.7	1.3
Prices, past 3 years	7.0	11.5	5.7	7.9	8.1	10.2	8.5	12.4	8.5
Sample	115	146	155	236	101	79	55	34	923

Averages by years in business	Under 5	5-9	10-15	16-20	over 20	All
Drawings, past year	-0.6	-2.7	-3.3	-7.3	-6.4	-4.1
Drawings, past 3 years	9.0	7.3	1.6	-5.3	-2.2	1.8
Prices, past year	1.3	1.4	1.5	0.0	1.7	1.3
Prices, past 3 years	6.5	11.5	7.8	5.5	8.6	8.5
Sample	112	235	223	135	218	923

Younger firms have done rather better than long established firms, though in the past year on average there have been reduced drawings for all business age bands.

Action Taken

Overall, 59.0 per cent of respondents have cut personal drawings at some point over the past three years, 65.5 per cent have tried to speed up late payments, particularly among the larger firms (Table 3.4). Larger firms have also attached more importance to obtaining better terms from suppliers. For obvious reasons, a higher proportion of larger firms (60 per cent for those with 25 or more employees) had reduced employment than smaller firms (45 per cent in the 3-4 employee band). However, almost 22 per cent of one person businesses had reduced employment and were now on their own.

In all but one size band, where the number of responses was low, between 40 and 50 per cent had reduced investment and marketing expenditure.

In all sectors except retailing, catering and other services, which are mainly cash trades, well over 70 per cent had tried to speed payments. About 50 per cent or more had reduced drawings in all sectors except agriculture and other services (both with small samples); in transport and construction more than 70 per cent had reduced drawings.

Views of the Recession

When asked to select one of three statements about the recession, 74 per cent chose, 'This is the worst I have experienced'; 15 per cent, 'My business has not been affected,' and only 9 per cent, 'I have experienced worse'. The smallest firms were somewhat more likely to say that they had not been affected (Table 3.5). The lowest proportion of firms not affected was in the 15-49 employee size band and in transport, construction and catering, though all three sectors had small samples.

The largest significant proportions of firms claiming their business had not been affected were: wholesaling (22.8 per cent), business services (19.6 per cent) and other services (17.2 per cent) against an average of 15.1 per cent. Some 79.1 per cent of manufacturers, 76.0 per cent of retailers and 84.9 per cent of firms in construction chose 'worst I have experienced,' against an average of 74.0 per cent.

More respondents in the Midlands (10.6 per cent) and North (12.1 per cent) than in the South (6.2 per cent) had experienced worse, but about 70 per cent or more of respondents in all regions claimed that the recession was the worst experienced. As would be expected, more experienced and generally older respondents were more likely to have experienced worse.

Table 3.4 HAVE YOU TAKEN ANY OF THE FOLLOWING ACTIONS IN THE PAST THREE YEARS?

Analysis by business activity	Agriculture	Manufacturing	Transport	Construction	Wholesale	Retail	Catering	Business Services	Other Services	Other	All
Reduced no. of employees	40.0%	50.6%	57.6%	56.6%	38.0%	52.6%	66.7%	38.3%	43.4%	27.3%	46.3%
Cut personal drawings	44.0%	57.0%	72.7%	75.5%	49.4%	58.3%	66.7%	60.9%	57.4%	45.5%	59.0%
Reduced marketing expend.	28.0%	40.1%	39.4%	43.4%	38.0%	52.0%	38.1%	45.7%	50.0%	9.1%	44.3%
Reduced investment expend.	52.0%	56.4%	60.6%	60.4%	35.4%	50.9%	76.2%	42.2%	46.7%	36.4%	49.3%
Better supplier terms	52.0%	45.9%	45.5%	56.6%	49.4%	47.4%	61.9%	27.4%	37.7%	36.4%	41.7%
Tried to speed payments	76.0%	79.1%	75.8%	73.6%	78.5%	38.3%	23.8%	73.9%	61.5%	54.5%	65.5%
Sample	25	172	33	53	79	175	21	230	122	11	923

Analysis by employment size band	1	2	3 - 4	5 - 9	10 - 14	15 - 24	25 - 49	50+	All
Reduced no. of employees	21.7%	23.3%	45.2%	57.6%	58.4%	62.0%	69.1%	44.1%	46.3%
Cut personal drawings	65.2%	57.5%	56.1%	62.7%	57.4%	64.6%	49.1%	41.2%	59.0%
Reduced marketing expend.	42.6%	41.8%	49.7%	42.8%	51.5%	45.6%	40.0%	29.4%	44.3%
Reduced investment expend.	42.6%	41.8%	45.2%	54.2%	49.5%	64.6%	49.1%	50.0%	49.3%
Better supplier terms	23.5%	24.7%	40.0%	46.6%	50.5%	50.6%	60.0%	73.5%	41.7%
Tried to speed payments	53.9%	59.6%	63.9%	66.9%	68.3%	70.9%	85.5%	76.5%	65.5%
Sample	115	146	155	236	101	79	55	34	923

Table 3.5 WHICH OF THE FOLLOWING STATEMENTS COMES CLOSEST TO YOUR VIEW OF THE RECESSION?

Analysis by business activity	Agriculture	Manufacturing	Transport	Construction	Wholesale	Retail	Catering	Business Services	Other Services	Other	All
I have experienced worse	16.0%	11.6%	21.2%	1.9%	8.9%	9.7%	14.3%	6.1%	7.4%	9.1%	9.0%
Worst I have experienced	64.0%	79.1%	75.8%	84.9%	68.4%	76.0%	76.2%	71.7%	70.5%	45.5%	74.0%
My business not affected	20.0%	8.7%	3.0%	11.3%	22.8%	12.6%	9.5%	19.6%	17.2%	36.4%	15.1%
No Response	0.0%	0.6%	0.0%	1.9%	0.0%	1.7%	0.0%	2.6%	4.9%	9.1%	2.0%
Sample	25	172	33	53	79	175	21	230	122	11	923

Analysis by employment size band	1	2	3 - 4	5 - 9	10 - 14	15 - 24	25 - 49	50+	All
I have experienced worse	6.1%	4.8%	8.4%	10.2%	12.9%	7.6%	16.4%	8.8%	9.0%
Worst I have experienced	73.9%	72.6%	71.0%	76.3%	72.3%	82.3%	72.7%	67.6%	74.0%
My business not affected	18.3%	19.9%	17.4%	11.0%	14.9%	10.1%	10.9%	20.6%	15.1%
No Response	1.7%	2.7%	3.2%	2.5%	0.0%	0.0%	0.0%	2.9%	2.0%
Sample	115	146	155	236	101	79	55	34	923

By years in business	Under 5	5-9	10-15	16-20	over 20	All
I have experienced worse	6.3%	5.5%	7.2%	11.1%	14.7%	9.0%
Worst I have experienced	68.8%	74.5%	77.1%	73.3%	73.4%	74.0%
My business not affected	19.6%	17.0%	15.2%	14.1%	11.0%	15.1%
No Response	5.4%	3.0%	0.4%	1.5%	0.9%	2.0%
Sample	112	235	223	135	218	923

Analysis by region	NORTH	MIDLANDS	SOUTH	ALL
I have experienced worse	12.1%	10.6%	6.2%	9.0%
Worst I have experienced	69.4%	72.5%	77.6%	74.0%
My business not affected	17.3%	13.7%	14.6%	15.1%
No Response	1.2%	3.1%	1.7%	2.0%
Sample	248	255	419	923

NORTH=North, Yorkshire & Humber, North West, Scotland, Northern Ireland
MIDLANDS=East Midlands, West Midlands, Wales
SOUTH=South East, South West

APPENDIX

Organisation of the Survey

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 - formerly The National Federation of the Self Employed and Small Business Ltd (NFSESB)
- * 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 NFSESB and, until survey 23, the AIB. From survey 21, we have also been able to include responses from small firms recruited through local Enterprise Agencies via Business in the Community.

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
New Business |
| | No 3 | Part-time Employees
Computers in Small Firms |
| | No 4 | Employment |
| 1986 | 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 | 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 | 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 | 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	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
	No 4	Impact of the Recession on Incomes and Prices

Future Plans

Our next Survey (No 34), will include special questions on business premises and the Uniform Business Rate.

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%	22.4%	3.3%	4.0%	-
Vol.1 No.1b	1,795	1984/4	32.6%	10.4%	-	9.5%	19.7%	0.9%	4.7%	-
Vol.1 No.2	1,181	1985/1	33.4%	17.6%	-	16.9%	11.3%	9.5%	7.7%	-
Vol.1 No.3	1,090	1985/2	34.4%	11.2%	-	31.4%	25.6%	5.3%	2.5%	-
Vol.1 No.4	1,072	1985/3	37.4%	12.1%	-	26.2%	27.4%	5.3%	6.0%	-
Vol.2 No.1	1,326	1985/4	41.4%	12.6%	-	9.8%	20.0%	5.3%	9.1%	-
Vol.2 No.2	1,052	1986/1	33.6%	11.6%	-	31.1%	25.5%	5.6%	3.8%	-
Vol.2 No.3	1,285	1986/2	35.5%	14.2%	-	29.6%	23.8%	11.9%	9.1%	-
Vol.2 No.4	1,435	1986/3	39.7%	15.2%	-	22.3%	23.5%	6.0%	6.7%	-
Vol.3 No.1	1,116	1986/4	40.0%	13.4%	-	17.0%	27.2%	4.6%	8.4%	-
Vol.3 No.2	1,746	1987/1	40.2%	15.2%	-	39.7%	34.1%	15.1%	13.3%	-
Vol.3 No.3	1,113	1987/2	44.7%	23.1%	-	36.8%	31.0%	13.2%	10.4%	-
Vol.3 No.4	977	1987/3	44.8%	17.6%	-	28.8%	30.0%	10.0%	10.7%	-
Vol.4 No.1	1,042	1987/4	52.7%	23.4%	-	31.4%	41.6%	10.5%	14.3%	-
Vol.4 No.2	933	1988/1	52.7%	19.3%	-	46.7%	41.1%	15.3%	13.5%	-
Vol.4 No.3	983	1988/2	55.0%	22.0%	-	47.9%	42.1%	19.1%	16.3%	-
Vol.4 No.4	950	1988/3	54.9%	22.3%	-	34.4%	35.6%	13.3%	14.0%	-
Vol.5 No.1A	1,523	1988/4	49.1%	15.0%	-	25.6%	35.8%	5.7%	9.5%	-
Vol.5 No.2	947	1989/1	38.8%	18.1%	-	18.6%	13.0%	5.6%	3.8%	-
Vol.5 No.3	2,274	1989/2	41.1%	16.7%	-	30.8%	25.0%	10.4%	7.6%	-
Vol.5 No.4	795	1989/3	33.6%	18.4%	-	20.2%	21.4%	7.4%	8.1%	-
Vol.6 No.1	1,091	1989/4	29.9%	10.5%	-	10.6%	20.8%	0.9%	4.7%	-
Vol.6 No.2	1,384	1990/1	31.5%	9.9%	-	24.4%	18.8%	3.5%	1.7%	-
Vol.6 No.3	1,043	1990/2	22.3%	4.8%	-	14.7%	8.8%	0.9%	-1.9%	-
Vol.6 No.4	1,312	1990/3	18.2%	3.5%	-	3.6%	4.9%	-4.0%	-3.3%	-
Vol.7 No.1	1,239	1990/4	-0.8%	-5.2%	-	-16.4%	-6.1%	-14.7%	-10.8%	-
Vol.7 No.2	984	1991/1	-8.9%	-11.8%	-12.8%	12.2%	6.5%	-7.8%	-9.6%	-15.2%
Vol.7 No.3	1,718	1991/2	-12.7%	-17.5%	-20.2%	-5.3%	-11.1%	-11.7%	-14.5%	-20.7%
Vol.7 No.4	835	1991/3	-15.2%	-20.2%	-15.3%	-1.2%	0.0%	-17.7%	-16.9%	-15.3%
Vol.8 No.1	1,684	1991/4	-8.3%	-15.8%	-20.7%	-9.7%	0.5%	-17.0%	-13.2%	-13.5%
Vol.8 No.2	1,359	1992/1	-2.3%	-17.5%	-14.3%	19.2%	13.6%	-5.6%	-7.4%	-7.0%
Vol.8 No.3	1,527	1992/2	-9.6%	-14.8%	-19.1%	4.0%	-1.8%	-6.1%	-8.9%	-12.0%
Vol.8 No.4	921	1992/3	-16.5%	-28.2%	-33.1%	-6.6%	-5.0%	-18.0%	-17.2%	-24.5%

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

	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%	7.1%	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%	5.9%	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%	3.3%	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%	30.0%	3.6%	6.4%	3.7%	14.7%	3.1%	4.3%	1.6%	0.0%	1.9%	13.7%	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%	29.6%	2.6%	3.4%	4.2%	21.1%	2.6%	5.6%	0.9%	0.5%	0.8%	11.4%	4.2%	5.4%	1.9%	1,239
1991/2	4.0%	21.3%	4.3%	2.8%	5.1%	25.3%	2.9%	4.0%	0.4%	0.4%	0.6%	14.9%	7.1%	5.9%	1.0%	984
1991/3	3.2%	15.1%	3.0%	2.3%	4.7%	37.6%	2.4%	6.6%	1.2%	0.3%	1.2%	10.9%	3.3%	6.6%	1.5%	1,718
1991/4	1.2%	7.5%	4.6%	4.5%	4.1%	38.2%	3.4%	3.8%	0.7%	0.3%	1.3%	13.2%	5.7%	10.7%	0.8%	835
1992/1	1.9%	9.2%	5.2%	2.1%	5.6%	36.3%	3.3%	5.5%	0.5%	0.4%	1.2%	15.9%	4.0%	7.0%	1.8%	1,684
1992/2	2.2%	11.7%	4.3%	3.4%	5.4%	34.6%	4.4%	5.2%	0.4%	0.3%	1.0%	13.4%	5.0%	7.3%	1.3%	1,359
1992/3	1.6%	7.6%	3.9%	2.8%	5.1%	43.7%	2.1%	8.0%	0.3%	0.9%	0.8%	13.6%	3.0%	5.8%	0.8%	1,527
1992/4	1.0%	8.8%	3.6%	1.6%	5.9%	44.4%	3.9%	8.0%	0.5%	0.3%	0.2%	11.6%	3.0%	5.2%	2.1%	921

Note: A From Survey 18 (1989/1), all figures shown in this table have been weighted to the VAT sectoral distribution.

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 the location of your business:**
- | | | |
|---------------------------|------------------|---------------------|
| a. North | e. West Midlands | i. Wales |
| b. Yorkshire & Humberside | f. East Anglia | j. Scotland |
| c. North West | g. South East | k. Northern Ireland |
| d. East Midlands | h. South West | |

- 2 Employment:**
 The number of people (including yourself) who work in the business
 The number of these who work part-time
 The number of outworkers and freelancers
- | |
|-----------------|
| a. Number |
| b. Number |
| c. Number |

- 3 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 | | |

- 4**
- | | |
|--|-------|
| a. How many years have you owned & managed businesses? | |
| b. How many years has your <u>present</u> business been trading? | |

- 5 Please classify your business activity by circling one of these categories:**
- | | | |
|--------------------------------------|---|-------------------------------|
| a. Agriculture, Forestry, Fisheries | e. Wholesale Trade | i. Other Services |
| b. Manufacturing, Mining, Processing | f. Retail Trade | j. Other, not included above: |
| c. Transport | g. Catering & Restaurants | |
| d. Construction | h. Business Services (Finance, Consultants, Designers, etc) | (Please specify) |

- 6 By roughly what percentage has your income (drawings) from the business changed over the past year and the past three years? (eg 'UP 20%' or 'DOWN 15%')**
- | | |
|---|--|
| PAST YEAR: Income in past 12 months compared with 1990-91 | PAST 3 YEARS: Income in past 12 months compared with 1988-89 |
|---|--|

- 7 By roughly what percentage have your average selling prices changed over the past year and the past three years? (eg 'UP 20%' or 'DOWN 15%')**
- | | |
|---|--|
| PAST YEAR: Prices in past 12 months compared with 1990-91 | PAST 3 YEARS: Prices in past 12 months compared with 1988-89 |
|---|--|

- 8 Which of the following statements comes closest to your view of the recession?**
- | | | |
|-----------------------------|---|--------------------------------------|
| a. I have experienced worse | b. This is the worst I have experienced | c. My business has not been affected |
|-----------------------------|---|--------------------------------------|

- 9 Have you taken any of the following actions in the past 3 years? Please circle as appropriate.**
- | | | | | | |
|--------------------------------|--------------------------|-------------------------------------|--------------------------------------|---|------------------------------------|
| a. Reduced number of employees | b. Cut personal drawings | c. Reduced expenditure on marketing | d. Reduced expenditure on investment | e. Obtained better terms from suppliers | f. Tried to speed up late payments |
|--------------------------------|--------------------------|-------------------------------------|--------------------------------------|---|------------------------------------|

- 10 How did your sales turnover, average employment and investment (in plant, equipment & premises) in the past quarter compare with the same period in 1991? What do you expect to happen in the NEXT quarter? Please complete the table by ticking 6 boxes only.**

	ACTUAL			EXPECTED		
	Jul, Aug, Sept 1992 compared with the same period 1991			Oct, Nov, Dec 1992 compared with Jul, Aug, Sept 1992		
	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 and Rates |
| d. Lack of Skilled/Trained Employees | i. High Rates of Pay | n. Other (Please specify) |
| e. Total Tax Burden | j. Shortage of Material Supplies, etc. | |

- 12 Please indicate the gender of the owner of the business:**
- | | | |
|---------|-----------|----------------------|
| a. Male | b. Female | c. Joint male/female |
|---------|-----------|----------------------|

Thank you for completing this confidential survey questionnaire.
 Please return to the Small Business Research Trust by 15th October 1992.
 Please note that this is a FREEPOST address (no stamp required).