

The NatWest Quarterly Survey

of Small Business in Britain

A black and white photograph of a man in a workshop, leaning over a vehicle. The man is wearing a dark jacket and is looking down at something in his hands. The workshop is filled with various tools and equipment, including a bicycle in the background. The overall scene is dimly lit, with the man's face and hands being the primary focus.

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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

- * There has been a marked worsening in reported annual performance and expectations on both sales and employment during the current quarter.
- * The improvement in sales and employment expectations for the second quarter of 1991, reported in the previous survey, were not reflected in actual economic performance and there are signs that investment by small firms has declined.
- * The percentage balance of respondents experiencing an increase in sales over the past year fell to a new low of -9 per cent. The corresponding balance for employment fell even faster, to -16 per cent. Only 13 per cent of small firms reported an increase in employment over the year ended June 1991.
- * The percentage balance reporting an increase in investment over the past year was -16 per cent, significantly down from the -9 per cent reported in the previous survey. Only 19 per cent of respondents increased investment at all in this period.
- * The percentage balance expecting an increase in sales in this quarter fell from +18 per cent in the previous survey to -2 per cent. There has also been a fall in the percentage balance for employment, from -7 to -10 per cent.
- * The balance of respondents expecting to increase investment has also fallen, from -13 per cent to -17 per cent.
- * East Anglia has now joined the South East and the East Midlands as the most pessimistic regions in terms of expected sales over the coming quarter.
- * *Low turnover* is now by far the most important problem facing our respondents. Over 35 per cent of firms now consider that this is the most important problem facing their business, compared with 23 per cent three months ago.
- * The long-term business growth target of over 30 per cent of our respondents (46 per cent of the self-employed with no employees) is for their business to remain at its present size.
- * The aim of 20 per cent of businesses is to expand indefinitely, whilst 18 per cent want to grow to a certain size (generally double their present size). The most common size target for those with limited ambitions is 5-24 employees.
- * Over 69 per cent of the firms in our sample are owned by men, 25 per cent are jointly owned and only 5 per cent are solely owned by women. Almost all of those owned by women employ less than 10 employees.

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1. THE SMALL BUSINESS OUTLOOK

THIRD QUARTER

Respondents were asked as usual to indicate whether their sales turnover and average employment were up, down or the same in the quarter just ended (April, May, June 1991) compared with the same quarter a year ago, and also to indicate what they expect for the next quarter (July, August, September 1991) compared with the second quarter. 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.

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

	Actual Change on Year				Expected Change on Previous Quarter			
	1990/3 on 1989/3	1990/4 on 1989/4	1991/1 on 1990/1	1991/2 on 1990/2	1990/4	1991/1	1991/2	1991/3
	25	26	27	28	25	26	27	28
Survey Number	25	26	27	28	25	26	27	28
	SALES				SALES			
Up	48.7%	38.5%	37.4%	36.2%	39.2%	26.5%	42.0%	32.2%
Down	29.5%	41.2%	41.2%	45.3%	34.1%	43.2%	24.2%	34.6%
Same	19.4%	19.5%	18.1%	17.2%	22.2%	26.8%	24.7%	28.0%
No Response	2.5%	0.7%	3.3%	1.3%	4.5%	3.5%	9.0%	5.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	19.2%	-2.8	-3.7%	-9.1%	5.1%	-16.7%	17.8%	-2.4%
	EMPLOYMENT				EMPLOYMENT			
Up	20.4%	17.4%	17.0%	13.3%	12.8%	7.1%	12.4%	11.6%
Down	15.6%	23.0%	25.6%	29.2%	14.8%	22.7%	19.0%	21.1%
Same	51.9%	54.9%	50.7%	53.2%	56.4%	61.4%	56.9%	58.5%
No Response	12.0%	4.7%	6.8%	4.3%	16.1%	8.3%	11.7%	8.9%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Balance	4.8%	-5.6%	-8.6%	-15.9%	-2.0%	-15.6%	-6.5%	-9.5%
	INVESTMENT				INVESTMENT			
Up	-	-	24.6%	18.6%	-	-	16.4%	12.9%
Down	-	-	33.1%	34.7%	-	-	28.9%	30.3%
Same	-	-	35.4%	41.6%	-	-	42.7%	47.7%
No Response	-	-	6.9%	5.1%	-	-	11.9%	9.0%
Total	-	-	100.0%	100.0%	-	-	100.0%	100.0%
Balance	-	-	-8.5%	-16.1%	-	-	-12.5%	-17.4%
Base	1250	1239	984	1718	1250	1239	984	1718

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

	Survey 26 (1990/4)		Survey 27 (1991/1)		Survey 28 (1991/2)	
	Number	Per Cent	Number	Per Cent	Number	Per Cent
Expanding Firms	182	14.7%	139	14.2%	193	11.3%
Declining Firm	227	18.3%	182	18.5%	381	22.2%
Remaining Respondents	830	67.0%	663	67.3%	1144	66.6%
All Respondents	1239	100.0%	984	100.0%	1718	100.0%

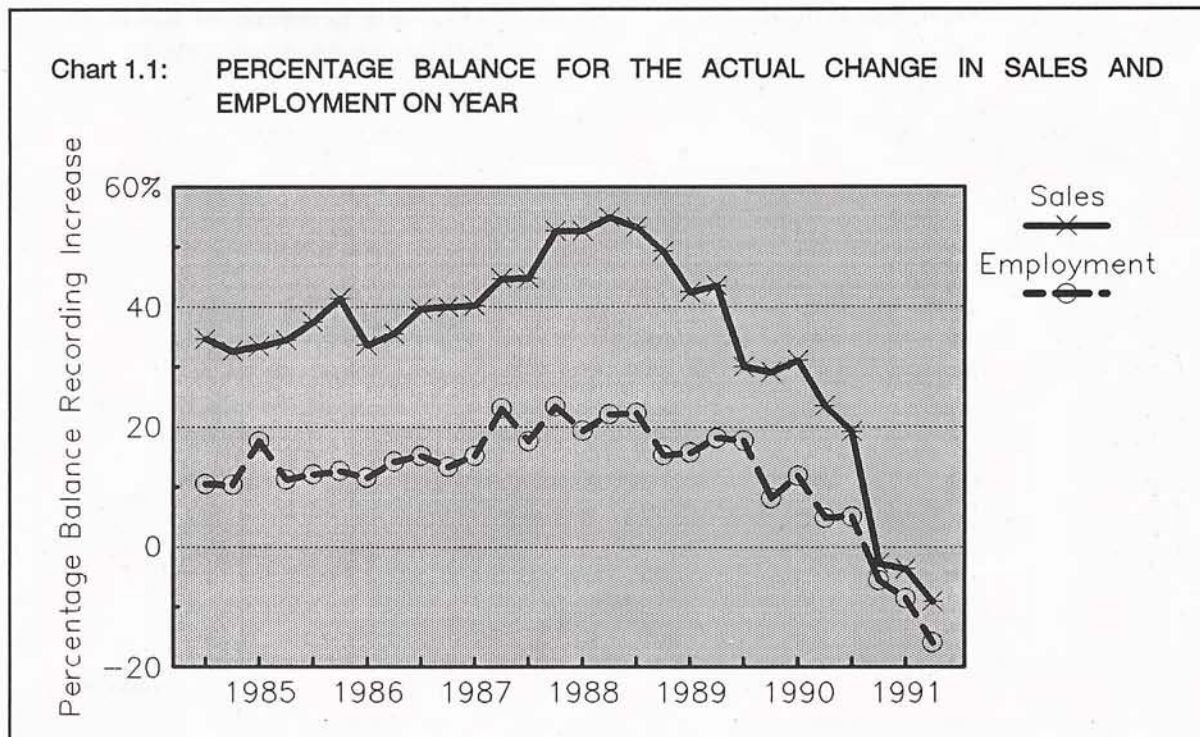
Note: All figures shown in these tables are weighted to the 1989 VAT sectoral distribution.

Actual Performance

For *sales*, the percentage balance recorded for the "actual change on year" has continued to deteriorate, from -3.7 per cent at the time of the previous survey to -9.1 per cent now. Some 45.3 per cent of firms report falling sales and only 36.2 per cent report increased sales over the past year.

For *employment*, the previous negative balance has also worsened, from -8.6 per cent to -15.9 per cent. Employment levels were unchanged over the year in 53.2 per cent of firms, rose in 13.3 per cent and fell in 29.2 per cent.

The year-by-year comparisons of actual changes in the sales and employment balances, shown in Chart 1.1, demonstrate that economic performance of the respondents to this survey continued to deteriorate during the second quarter of 1991.



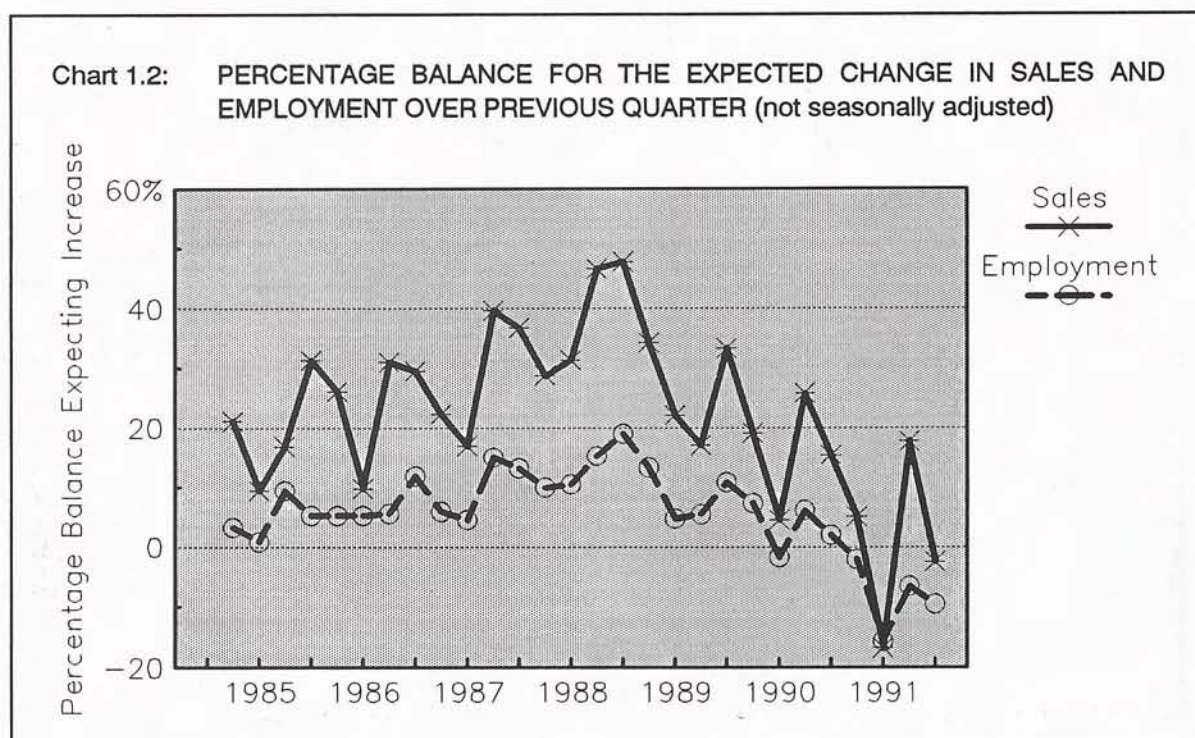
The corollary of these falls is that the ratio of 'expanding' firms (those experiencing both increased sales and employment) to 'contracting' firms (those experiencing both decreased sales and employment) has also fallen. Over the past year only 11.3 per cent of firms were expanding whilst 22.2 per cent were contracting. As table 1.2 shows, this represents a substantial worsening since the previous survey. In the previous survey the proportions had remained virtually unchanged compared with the survey carried out at the end of 1989. It must also be remembered that our survey only covers surviving firms and therefore any which have been contracting and have now ceased to trade will not be included in our results.

For *investment*, the percentage balance of firms reporting increased investment compared with one year earlier fell from -8.5 per cent in the previous survey (the first time the question was asked) to -16.1 per cent in this survey.

Expectations

Chart 1.2 shows that the percentage balances expecting increased turnover and employment in the third quarter of 1991 compared to the second quarter are lower than the corresponding balances for the second quarter compared to the first quarter, which were reported in the previous survey. As reported in Table 1.1, the balance expecting an increase in sales turnover has fallen from +17.8 per cent to -2.4 per cent. The balance expecting an increase in employment has also fallen, though less sharply, from an already negative -6.5 per cent to -9.5 per cent.

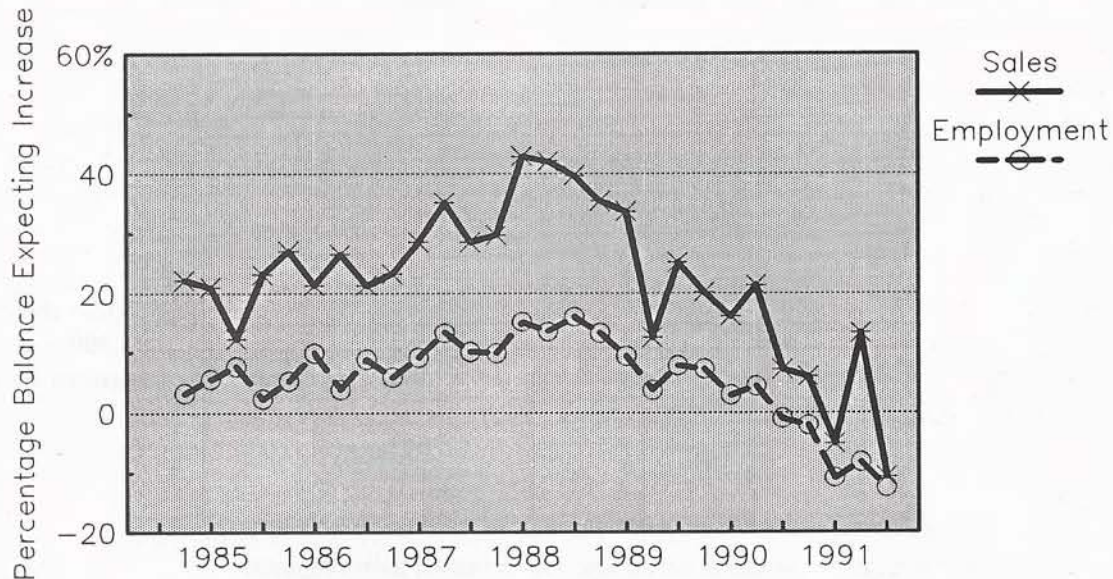
The falls in these balances represent a considerable decline after increases reported in the previous survey, which themselves followed three successive quarters of sharp falls in both balances.



It is clear, however, from studying Chart 1.2 that there is a pronounced seasonal variation in these balances. This is to be expected as many businesses, particularly those in certain parts of the service sector, such as tourism and leisure activities, always have higher sales and employment in certain months of the year than in others. The balances are generally low in the first and last quarters of the year and high during the second and third.

Chart 1.3 shows the balances for expected changes in sales and employment once an adjustment has been made to minimise the effects of this seasonal variation (details of the adjustment formula are available on request). On this basis, the balance for sales turnover fell from +13.3 per cent at the time of the previous survey to -10.6 per cent. This is the lowest balance since the survey began in 1984 (see Table A.1). The adjusted balance for expected increases in employment fell from -8.2 per cent to -12.5 per cent, also a new low.

Chart 1.3: PERCENTAGE BALANCE FOR THE EXPECTED CHANGE IN SALES AND EMPLOYMENT OVER PREVIOUS QUARTER (seasonally adjusted)



It can be seen from the adjusted figures in chart 1.3 that there was a genuine upturn in business confidence at the time of the last survey, far in excess of any normal seasonal variation. This was confirmed by the results of surveys from other sources. The improvement was probably due to a combination of factors, including the ending of the Gulf war and falling interest rates.

The evidence of chart 1.1, however, indicates that this increase in expectations did not result in improved economic performance during the second quarter of 1991. This realisation has, no doubt, caused a downward revision of the expectations of business men and women, as revealed by the figures shown in chart 1.3. This means that widely expressed hopes for a swift end to the recession, prompted by the increased business confidence in the second quarter of 1991, were somewhat premature.

The balance of companies expecting to increase investment over the next quarter fell from -12.5 per cent to -17.4 per cent. Whilst 30.3 per cent of firms expect to invest less in the third quarter of 1991 than the second, only 12.9 per cent expect to invest more. This question was only asked for the first time in the previous survey and so we cannot estimate a seasonally adjusted figure for the investment balance. We expect, however, that a seasonally adjusted investment balance would still show a fall. This provides further evidence for the low level of business confidence.

Comparison across size bands

Table 1.3 shows the balances of sales and employment expectations for July-September 1991 by size of business and compares these with the equivalent results from the previous two surveys. This shows that there has been a fall in the expected sales balance in all sizes of business but that the fall has been most marked in the very smallest businesses (a fall of 39.9 percentage points in the balance for businesses with a turnover of less than £20,000). These smaller businesses had the greatest increase in sales expectations in the previous survey and their expectations have now fallen back to almost the same levels that they were six months ago.

Larger firms are now more optimistic than the smaller, and also more optimistic than they were six months ago. A positive balance of companies with a turnover above £750,000 expect to increase turnover during the third quarter of 1991. There is, however, no clear pattern between firm size and employment expectations.

Table 1.3 EXPECTED CHANGE IN SALES AND EMPLOYMENT BY TURNOVER
(Current Survey No.28 compared with Previous Surveys)

Percentage balance

Turnover size band	EXPECTED SALES BALANCE			EXPECTED EMPLOYMENT BALANCE			Sample Size (Survey 28)
	Survey Number			Survey Number			
	26	27	28	26	27	28	
Less than £20,000	-10.7%	29.1%	-10.8%	-1.5%	0.0%	-10.2%	167
£20,000 - 49,999	0.0%	14.3%	-0.7%	0.5%	0.6%	-4.2%	286
£50,000 - 149,999	-7.5%	11.1%	-4.3%	-7.1%	-8.9%	-9.2%	422
£150,000 - 349,999	-6.4%	6.5%	-0.3%	-2.8%	-7.0%	-6.5%	354
£350,000 - 749,999	-16.6%	4.1%	-9.4%	-26.8%	-1.6%	-12.3%	212
£750,000 - 1,499,999	3.8%	22.0%	6.7%	-15.2%	-5.0%	-15.3%	150
£1,500,000 and over	-9.3%	14.8%	4.0%	-19.8%	-8.6%	-7.3%	124
No Response	18.2%	0.0%	-50.0%	0.0%	0.0%	0.0%	4
Total	-6.5%	12.7%	-2.7%	-8.4%	-4.9%	-8.7%	1719

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 unweighted, neither are they seasonally adjusted.

Comparison across business sectors

In comparing the expectations of firms in different business sectors we must be aware that the sample sizes in some of the sectors are so small that the results may not be statistically significant. All sectors are recorded in table 1.4 for the sake of completeness, but we refrain from drawing conclusions about any of the sectors with a small sample size. This leaves for consideration *Manufacturing, Mining and Processing, Construction, Wholesale Trade, Retail Trade, Business Services* and *Other Services*, all of which have over 100 respondents.

Of these, all sectors experienced a drop in sales expectations. This was most marked in the *Business Services* sector, but because the balance here was the highest in the previous survey, it remains one of only two significant sectors to have a positive balance (+2.7 per cent, down from +23.5 per cent). The other sector with a positive balance for expected sales is *Other Services*. *Wholesale Trade* also suffered a large fall in the balance expecting an increase in sales, after an improvement in the previous survey. The fall in confidence in 'Retail Trade' was the smallest, down from -2.5 per cent to -3.4 per cent. Because of this, the retail sector is now still significantly less pessimistic in terms of sales expectations than six months ago, when the balance was -23.1 per cent. The most pessimistic sector in terms of sales expectations is still construction, where now a balance of -20.7 per cent of firms expect increased sales during the third quarter.

Expectations about employment prospects have remained relatively unchanged in *Manufacturing, Mining, Processing, Retail Trade* and *Other Services*. The balances have fallen by over five percentage points in *Construction*, which is still the most pessimistic significant sector, and there were even larger declines in *Wholesale Trade* and *Business Services*. A balance of respondents in all significant business sectors now expect employment to fall over the next quarter. Compared with six months ago, firms in *Manufacturing, Mining and Processing* and *Construction* are somewhat less pessimistic but those in *Business Services* are considerably more so.

Table 1.4 EXPECTED CHANGE IN SALES AND EMPLOYMENT BY BUSINESS SECTOR
(Current Survey No.28 compared with Previous Surveys)

Business Sector	EXPECTED SALES BALANCE			EXPECTED EMPLOYMENT BALANCE			Sample Size (Survey 28)
	Survey Number			Survey Number			
	26	27	28	26	27	28	
Agriculture, Forestry, Fisheries	-40.9%	50.0%	-6.9%	-27.3%	0.0%	-24.1%	29
Manufacturing, Mining, Processing	-5.9%	10.9%	-1.9%	-10.5%	-5.2%	-5.0%	359
Transport	-37.0%	30.0%	0.0%	-37.0%	-15.0%	-5.3%	38
Construction	-30.7%	-10.5%	-20.7%	-28.7%	-17.5%	-23.1%	121
Wholesale Trade	-9.6%	10.2%	-9.0%	-7.7%	-3.4%	-10.2%	167
Retail Trade	-23.1%	-2.5%	-3.4%	-15.6%	-13.5%	-13.6%	294
Catering & Restaurants	-36.7%	-6.7%	-13.5%	-20.0%	-26.7%	-10.8%	37
Business Services	13.5%	23.5%	2.0%	5.5%	2.3%	-5.7%	457
Other Services	2.1%	13.0%	2.7%	-5.0%	-2.9%	-4.8%	188
Other	9.1%	37.5%	14.3%	9.1%	9.4%	7.1%	28
No Response	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	1
Total	-6.5%	12.7%	-2.7%	-8.4%	-4.9%	-8.7%	1719

Unweighted, not seasonally adjusted data

Comparison across regions

East Anglia suffered the worst fall in expectations among the regions, the percentage balance expecting increased sales falling by almost 27 percentage points, from +19.8 per cent at the time of the previous survey to -7.1 per cent in this survey. The balance of East Anglian firms expecting increased employment also fell significantly, from +6.2 per cent to -6.3 per cent.

The other regions to experience sharp falls in expectations were the East Midlands, Yorkshire & Humberside and the South East. Although only 49 companies from the East Midlands responded to survey number 27, thus the fall in that region may be somewhat overstated, the East Midlands is now the most pessimistic region in terms of both sales and employment, followed by the South East. In terms of sales expectations, East Anglia is the next most pessimistic, followed by the West Midlands. In terms of employment expectations, East Anglia is still less pessimistic than the West Midlands and Yorkshire & Humberside.

The very large increases in the balances in the North are likely to be unreliable as the sample size for this region was small. Apart from the North, the South West was the only region to become more optimistic about sales prospects in this survey. The North West is now by quite some margin the most optimistic region in terms of sales during the next quarter, followed by the South West and Yorkshire & Humberside. In terms of employment expectations the South West is least pessimistic.

It is tempting to try to generalise these results and to claim that the recession is causing a new phenomenon to emerge in this country; an 'East-West divide' to rival the 'North-South divide', where the West is becoming more prosperous than the East. We do not, however, have large enough samples for reliable information on Wales, the North and Scotland. Nevertheless, the recession continues to cause increasing pessimism in the South East and the East Midlands and has begun to badly affect confidence in East Anglia whilst the South West appears to have regained some confidence and the West Midlands and the North West have suffered less than other regions.

Table 1.5 EXPECTED CHANGE IN SALES AND EMPLOYMENT BY REGION
(Current Survey No.28 compared with Previous Surveys)

Region	EXPECTED SALES BALANCE		EXPECTED EMPLOYMENT BALANCE		Sample Size	
	Survey Number		Survey Number		Survey Number	
	27	28	27	28	27	28
North	6.3%	31.4%	-21.9%	2.0%	32	51
Yorkshire & Humberside	27.6%	4.2%	0.0%	-7.6%	87	144
North West	21.4%	11.7%	-9.2%	-4.3%	98	163
East Midlands	12.5%	-11.0%	-6.3%	-15.7%	49	127
West Midlands	-2.8%	-3.4%	-11.1%	-7.7%	72	117
East Anglia	19.8%	-7.1%	6.2%	-6.3%	81	126
South East	9.2%	-10.1%	-3.8%	-11.8%	392	693
South West	2.2%	4.5%	-8.8%	-2.3%	91	176
Wales	20.0%	-3.7%	6.7%	-11.1%	30	54
Scotland	20.5%	4.8%	-5.1%	-4.8%	39	63
Northern Ireland	25.0%	25.0%	0.0%	0.0%	4	4
No Response	50.0%	0.0%	-30.0%	0.0%	10	1
Total	12.7%	-2.7%	-4.9%	-8.7%	984	1719

Unweighted, not seasonally adjusted data

Conclusion

The improvements in sales and employment expectations for the second quarter of 1991, reported in the previous survey, have not been translated into actual economic performance. Balances for actual sales and employment over the previous year have continued to decline in the second quarter of 1991. Expectations of sales and employment in the third quarter of 1991 have fallen and, after seasonal adjustment, are at the lowest levels recorded since these surveys began in 1984. East Anglia has now joined the South East and the East Midlands as the most pessimistic regions in terms of expected sales over the next quarter.

2. PROBLEMS

General

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.

Table 2.1 MOST IMPORTANT PROBLEM (All Respondents)

Problem	Survey Number				
	24 (V6 No.3)	25 (V6 No.4)	26 (V7 No.1)	27 (V7 No.2)	28 (V7 No.3)
Low Turnover/Lack of Business	15.3 (3)	17.5 (2)	22.2 (2)	23.2 (1)	35.2 (1)
Interest Rates	28.9 (1)	25.4 (1)	28.6 (1)	20.7 (2)	15.1 (2)
Cashflow/Payments/Debtors	15.5 (2)	8.9 (3)	10.7 (3)	16.8 (3)	12.0 (3)
Gov't Regulations & Paperwork	3.5 (7)	6.7 (5)	6.1 (5)	5.1 (5)	6.9 (4)
Total Tax Burden	4.8 (5)	5.2 (6)	3.5 (=7)	4.3 (7)	4.0 (5)
Premises/Rents/Rates	4.6 (=6)	4.6 (8)	3.5 (=7)	8.1 (4)	3.6 (6)
Inflation	4.6 (=6)	8.0 (4)	6.6 (4)	3.5 (8)	3.3 (7)
Competition from Big Business	3.0 (9)	4.6 (8)	2.7 (10)	3.1 (9)	3.0 (8)
Access to Finance	3.3 (8)	1.9 (10)	4.0 (6)	4.5 (6)	2.6 (9)
Lack of Skilled/Trained Employees	5.9 (4)	4.9 (7)	2.9 (9)	2.8 (10)	2.5 (10)
Internal Management Difficulties	1.6 (11)	0.7 (11)	1.2 (11)	0.6 (11)	1.4 (11)
High Rates of Pay	2.1 (10)	0.2 (13)	0.9 (12)	0.4 (12)	1.2 (12)
Shortages of Materials,Supplies,etc	0.0 (12)	0.3 (12)	0.5 (13)	0.2 (13)	0.3 (13)
Other	5.0	8.7	5.0	5.9	7.6
No Response	1.8	2.3	1.7	0.9	1.3
TOTAL	100.0	100.0	100.0	100.0	100.0
BASE	1,024	1,250	1,239	984	1,718

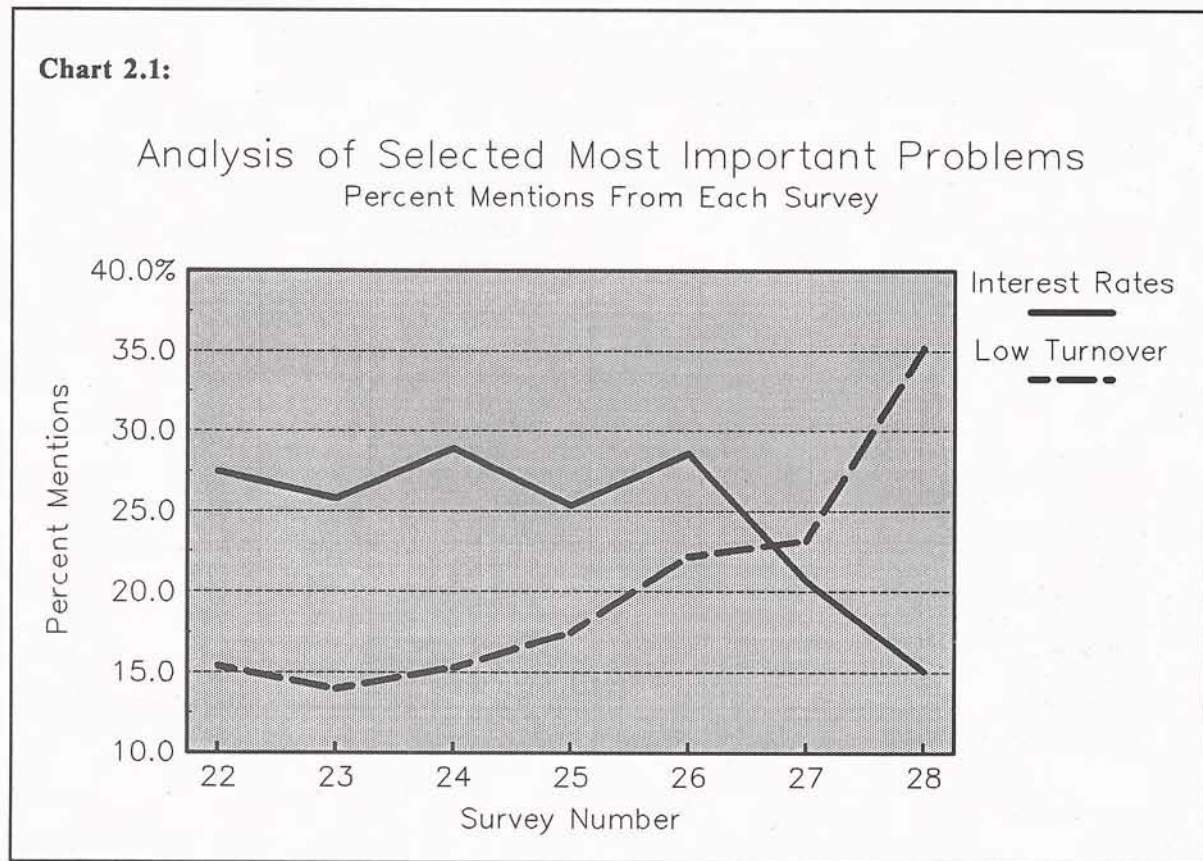
Note: 1 All figures shown in this table are weighted to the VAT sectoral distribution.
2 Number in brackets refers to the problem's ranking each quarter.

Further evidence of the continuing impact of the recession is that *low turnover/lack of business* is now considered the most important problem by 35.2 per cent of our respondents. This is an increase from 23.2 per cent at the time of the previous survey, a jump which means that almost every other problem was mentioned by a smaller proportion of respondents than in the previous survey.

The second and third rankings of *interest rates* and *cashflow/payments/debtors*, were the same as in the previous survey, although a smaller proportion of respondents than last time mentioned each of these. *Government regulations and paperwork* were considered the most important problem by slightly more respondents than in the previous survey and moved up the rankings into fourth place. The *total tax burden* has moved up to fifth place. These two are possibly considered more important because of the adjustments to the increased VAT rate which may have caused some initial administrative difficulties.

Premises/rents/rates has declined in importance as a problem after a sharp increase in the previous survey, presumably due to the business rating revision. *Access to finance* has become a relatively less important problem, moving down the rankings from sixth to ninth place. *Inflation* and *competition from big business* remain relatively unimportant small business problems.

Chart 2.1 shows, for recent surveys, the rapid increase in the proportion of respondents selecting low turnover as their most important problem compared with the decline in the proportion of respondents selecting interest rates.



Comparison across size and activity bands

Table 2.2 shows how the impact of these problems varies with size of firm as measured by employment size band and Table 2.3 shows how it varies by sector of activity.

There seems to be no particular relationship between size of firm and the relative importance attached to *low turnover / lack of business* as a problem. The very smallest firms, the self-employed with no employees, are the most concerned about this problem, but those with three or four employees are the least concerned. Firms with 15 to 24 employees are more concerned than the average about low turnover.

Interest rates seem to be of most concern to those firms employing between 3 and 14 employees. Surprisingly, the larger firms in our sample (those employing over 15 people) seem to have greater problems with *access to finance* than the smaller firms. This may, however, be because they have a greater need to attract new finance than the small firms, rather than greater difficulty in obtaining it. *High rates of pay* is a problem which only seems to affect the larger firms in our sample. Smaller firms seem more concerned with *premises/rent/rates* than larger firms.

We have too few respondents in certain sectors to be able to have confidence in all of the figures in table 2.3. Confining ourselves only to those where we have a reasonable sample size, however, it seems that firms in *Construction, Manufacturing* and *Wholesale Trade* are most concerned about *low turnover*, whilst those in *Other Services* are less concerned. Firms in *Retail Trade* and *Construction* are more likely to consider *interest rates* their most important problem, whilst those in *Business Services* and *Other Services* are less likely to find this their main problem. *Cashflow/payments/debtors* is more of a problem for those in *Business Services, Wholesale Trade* and *Construction*, less so for those in *Other Services* and *Retail Trade*, no doubt because of the cash based transactions in these sectors. Unsurprisingly, *premises/rents/rates* are more of a problem for those in *Retail Trade* and also those in *Other Services*. *Government regulations* are currently a particular problem for those firms in *Business Services* and *Other Services*.

Table 2.2 MOST IMPORTANT PROBLEM BY EMPLOYMENT SIZE BAND

Problem	Number of people who work in the business								No Response	All
	1	2	3 - 4	5 - 9	10 - 14	15 - 24	25 - 49	50+		
Inflation	2.0%	4.0%	2.9%	3.0%	4.4%	2.5%	1.6%	4.0%	25.0%	3.1%
Interest Rates	9.9%	11.3%	15.1%	17.2%	16.4%	10.2%	14.5%	12.0%	25.0%	13.8%
Access to Finance	2.0%	3.0%	2.9%	3.0%	2.5%	5.1%	4.0%	4.0%	0.0%	3.0%
Lack of Skill	1.6%	1.3%	3.4%	3.3%	5.0%	3.4%	4.0%	2.0%	0.0%	2.9%
Total Tax Burden	5.5%	3.7%	2.3%	5.0%	4.4%	5.9%	3.2%	6.0%	0.0%	4.2%
Low Turnover	47.8%	37.3%	32.6%	36.0%	35.2%	39.8%	35.5%	36.0%	0.0%	37.3%
Competition from big business	2.4%	2.3%	2.9%	2.2%	1.9%	2.5%	4.0%	2.0%	0.0%	2.5%
Gov't Regs	2.4%	7.3%	5.4%	5.0%	4.4%	10.2%	8.1%	10.0%	0.0%	5.8%
High Pay	0.0%	0.0%	1.1%	1.1%	0.6%	0.0%	2.4%	2.0%	0.0%	0.8%
Shortages of Materials	1.6%	0.0%	0.0%	0.3%	0.0%	0.0%	0.0%	2.0%	0.0%	0.3%
Internal Difficulties	0.4%	0.3%	0.9%	1.4%	1.9%	1.7%	1.6%	2.0%	0.0%	1.0%
Cashflow/Payments/Debtors	9.9%	14.0%	16.0%	12.2%	13.2%	11.9%	11.3%	14.0%	25.0%	13.0%
Premises/Rent/Rates	4.3%	4.7%	4.3%	3.9%	1.9%	2.5%	1.6%	2.0%	0.0%	3.7%
Other	7.1%	8.0%	9.1%	6.1%	6.9%	4.2%	6.5%	0.0%	0.0%	7.0%
N/R	3.2%	2.7%	1.1%	0.3%	1.3%	0.0%	1.6%	2.0%	25.0%	1.6%
Base	253	300	350	361	159	118	124	50	4	1,719

Unweighted data

Table 2.3 MOST IMPORTANT PROBLEM BY BUSINESS ACTIVITY

Problem	Agriculture	Manufacturing	Transport	Construction	Wholesale	Retail	Catering	Business Services	Other Services	Other	No Response	All
Inflation	3.4%	3.1%	0.0%	0.8%	1.8%	5.4%	2.7%	1.8%	5.3%	7.1%	0.0%	3.1%
Interest Rates	20.7%	13.4%	18.4%	17.4%	13.2%	18.0%	16.2%	11.2%	10.1%	14.3%	0.0%	13.8%
Access to Finance	3.4%	4.5%	0.0%	2.5%	3.6%	2.7%	5.4%	2.4%	1.6%	7.1%	0.0%	3.0%
Lack of Skill	0.0%	4.2%	2.6%	0.8%	1.8%	2.0%	2.7%	3.5%	2.7%	7.1%	0.0%	2.9%
Total Tax Burden	6.9%	3.9%	0.0%	5.0%	6.6%	4.1%	8.1%	3.3%	3.7%	7.1%	0.0%	4.2%
Low Turnover	31.0%	40.4%	34.2%	48.8%	39.5%	35.7%	48.6%	35.7%	30.3%	21.4%	100.0%	37.3%
Competition from big business	0.0%	1.4%	5.3%	0.8%	4.2%	3.7%	0.0%	1.8%	3.7%	7.1%	0.0%	2.5%
Gov't Regs	10.3%	2.8%	5.3%	2.5%	3.6%	4.8%	10.8%	7.4%	11.2%	7.1%	0.0%	5.8%
High Pay	6.9%	0.8%	0.0%	0.8%	0.6%	0.0%	0.0%	0.9%	0.5%	3.6%	0.0%	0.8%
Shortages of Materials	0.0%	0.6%	0.0%	0.0%	0.6%	1.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%
Internal Difficulties	3.4%	2.2%	2.6%	0.8%	0.0%	0.3%	2.7%	0.9%	0.5%	0.0%	0.0%	1.0%
Cashflow/Payments/Debtors	6.9%	13.4%	21.1%	14.0%	15.6%	7.1%	0.0%	17.9%	8.5%	14.3%	0.0%	13.0%
Premises/Rent/Rates	0.0%	2.8%	2.6%	1.7%	2.4%	7.8%	0.0%	2.6%	5.9%	0.0%	0.0%	3.7%
Other	6.9%	5.6%	7.9%	2.5%	6.0%	5.1%	0.0%	8.8%	13.8%	3.6%	0.0%	7.0%
N/R	0.0%	1.1%	0.0%	1.7%	0.6%	2.0%	2.7%	2.0%	2.1%	0.0%	0.0%	1.6%
Base	29	359	38	121	167	294	37	457	188	28	1	1,719
Check	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.1%

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3. LONG-TERM BUSINESS GROWTH TARGETS

Growth Aspirations

In this survey, a question was asked about the current long-term business growth targets of our respondents. The replies to this question are analysed by employment size band and business activity in tables 3.1 and 3.2. Overall, over 30 per cent of respondents want their firm to stay at its present size and one percent wish to contract. Less than 20 per cent wish to expand indefinitely. A further 18 per cent wish to expand, but not without limit. Over 11 per cent of respondents wish to sell their business eventually and a further three per cent aim to merge with another business. Over six per cent of respondents reported that they had no growth targets, another five per cent said that they did not know. Five per cent mentioned other targets, the most common of these was simply to survive.

It is clear from table 3.1 that the very small firms are those most likely to want to remain at the present size (46.2 per cent of the firms with no employees other than the owner), and the least likely to want to expand indefinitely or grow to a certain size. This is to be expected, as most of the companies in our sample who wish to grow significantly will have already set out on that path, leaving the firms which are happy to remain small in the smallest size bands. The larger firms, those with 15 employees or more, are also those most likely to want to contract. Obviously, the smaller firms have less scope for contraction. Although this suggests that some of the firms which have grown may have regretted the move, preferring a smaller operation, the number of companies involved is relatively small. Only four per cent of the companies with over 50 employees have contraction as a long-term business target.

There is some evidence that the larger firms in our sample were more likely to be aiming to sell their business or merge with another business than the small, but this is not strong and is likely to reflect greater opportunity as well as greater desire for this course of action. Larger firms seem to have more clearly defined growth targets than the small, the number of respondents reporting 'No growth targets' or 'Do not know' decreasing with firm size.

Again, some of the business activities had too few respondents for detailed analysis. Amongst those with reasonable sample sizes, those in *Manufacturing* and *Wholesale Trade* were the most likely to wish to expand indefinitely. The same sectors, with the addition of those in *Construction*, were also most likely to contain firms who wish to grow to a certain size. Those in *Construction*, *Retail Trade* and *Business and Other Services* were more likely to wish to remain at their present size. Over 18 per cent of firms in *retailing* reported that their long term target was to sell their business.

Table 3.1 LONG TERM BUSINESS GROWTH TARGETS, BY EMPLOYMENT SIZE BAND

	Number of employees									No Response	All
	1	2	3 - 4	5 - 9	10 - 14	15 - 24	25 - 49	50+			
Remain at present size	46.2%	39.3%	30.9%	27.1%	18.9%	16.1%	19.4%	22.0%	25.0%	30.6%	
Expand indefinitely	9.1%	14.3%	17.4%	20.2%	25.2%	31.4%	37.1%	28.0%	0.0%	19.6%	
Grow to a certain size	10.7%	15.3%	17.7%	21.6%	22.0%	21.2%	21.8%	20.0%	25.0%	18.1%	
Contract to a certain size	0.4%	1.3%	0.6%	1.1%	0.6%	2.5%	2.4%	4.0%	0.0%	1.2%	
Merge with another business	2.4%	2.0%	4.0%	2.5%	1.3%	5.1%	4.8%	2.0%	0.0%	2.9%	
Sell your business	5.1%	9.3%	13.7%	13.0%	17.0%	13.6%	8.9%	14.0%	0.0%	11.5%	
No growth targets	11.1%	8.7%	6.3%	5.0%	8.2%	2.5%	2.4%	2.0%	0.0%	6.6%	
Do not know	6.7%	3.3%	5.1%	5.0%	3.1%	5.9%	2.4%	2.0%	25.0%	4.7%	
Other	7.9%	6.3%	4.0%	4.2%	3.1%	1.7%	0.8%	6.0%	0.0%	4.6%	
No Response	0.4%	0.0%	0.3%	0.3%	0.6%	0.0%	0.0%	0.0%	25.0%	0.3%	
Sample size	253	300	350	361	159	118	124	50	4	1,719	

Table 3.2 LONG TERM BUSINESS GROWTH TARGETS, BY BUSINESS ACTIVITY

	Agriculture	Manufacturing	Transport	Construction	Wholesale	Retail	Catering	Business Services	Other Services	Other	No Response	All
Remain at present size	48.3%	21.4%	39.5%	38.8%	23.4%	34.0%	21.6%	31.9%	35.6%	42.9%	100.0%	30.6%
Expand indefinitely	20.7%	25.9%	2.6%	14.9%	23.4%	18.0%	18.9%	19.0%	15.4%	14.3%	0.0%	19.6%
Grow to a certain size	10.3%	22.6%	26.3%	19.8%	19.2%	12.9%	16.2%	18.8%	13.8%	17.9%	0.0%	18.1%
Contract to a certain size	6.9%	1.1%	0.0%	1.7%	1.2%	0.3%	0.0%	1.1%	1.6%	3.6%	0.0%	1.2%
Merge with another business	0.0%	4.2%	2.6%	3.3%	3.0%	1.0%	2.7%	3.9%	1.1%	3.6%	0.0%	2.9%
Sell your business	6.9%	11.1%	13.2%	7.4%	14.4%	18.4%	29.7%	5.9%	12.2%	7.1%	0.0%	11.5%
No growth targets	3.4%	7.0%	5.3%	5.0%	6.0%	6.1%	5.4%	7.0%	8.5%	7.1%	0.0%	6.6%
Do not know	0.0%	4.2%	5.3%	5.0%	5.4%	5.1%	2.7%	5.3%	4.3%	0.0%	0.0%	4.7%
Other	3.4%	2.5%	5.3%	4.1%	3.6%	3.4%	2.7%	6.8%	6.9%	3.6%	0.0%	4.6%
No Response	0.0%	0.0%	0.0%	0.0%	0.6%	0.7%	0.0%	0.2%	0.5%	0.0%	0.0%	0.3%
Sample size	29	359	38	121	167	294	37	457	188	28	1	1,719

Table 3.3 is a breakdown of the 311 firms who reported that they want to grow to a certain size. The columns show the size band that each of the firms is currently in. The rows show what size the firm would like to be, in terms of numbers of employees. The diagonal is shown by the numbers in bold type and contains those firms who wish to grow, but not enough to put them into the next size band.¹ The fact that the bottom left hand corner of the table is practically empty shows that most firms who wish to grow, but only to a certain size, are quite conservative, generally wanting to move up only one or two size bands.

It is only in the very smallest categories that a reasonable proportion of firms wish to more than double the number of employees in their firm. For instance, of the 54 firms where three to four people currently work and who stated a size to which they wanted to grow, 29 want to grow to employ five to nine people and only 20 want to grow more than this. In using these figures, however, it must be remembered that table 3.3 refers only to those firms who wished to grow to a certain size. Another 17.4 per cent of the firms in this size group (61 firms) wanted to expand indefinitely.

Table 3.3 RESPONDENTS WHO WISH TO GROW TO A CERTAIN SIZE - DESIRED SIZE BY CURRENT SIZE

		Current number of employees								
		1	2	3 - 4	5 - 9	10 - 14	15 - 24	25 - 49	50 - 99	100+
Desired number of employees	1	2	0	0	0	0	0	0	0	0
	2	1	2	0	0	0	0	0	0	0
	3-4	8	9	5	1	0	0	0	0	0
	5-9	5	20	29	17	0	0	0	0	0
	10-14	3	5	13	28	1	0	1	0	0
	15-24	2	2	6	24	20	6	0	0	0
	25-49	0	2	1	2	13	13	11	0	0
	50-99	0	0	0	0	1	3	10	2	0
	100+	0	0	0	1	0	2	3	7	1
	Total		21	40	54	73	35	24	25	9

¹ The two firms who can be seen above the diagonal have said that they wish to grow, but the desired number of employees is less than the current number of people who work in the business. This is because the current number of people in the business includes part time workers. These two respondents seem not to have included part time workers in the desired number of employees.

Conclusion

The very large increase in the number of very small firms in the UK in the past decade has yet to result in a corresponding increase in the number of medium sized firms. According to recent estimates, the overall increase in the number of enterprises with fewer than 20 employees between 1979 and 1986 was 40 per cent, in the 20-49 size band the number fell by almost 5 per cent and in the 20-199 size band the increase was 1.5 per cent.² Certainly small firms continue to account for a smaller proportion of output and employment than in other advanced countries. Germany, for example, has 70,000 enterprises employing 20-49 people compared with less than 43,000 in Britain.³

It may be that in time many more of the surviving small firms in the lower size brackets in Britain will move up the size distribution. After all, only a minority of 32 per cent seem set against growth and if the self-employed without employees were excluded, the proportions in favour of growth would be higher. In our survey, we have found that overall, only 38 per cent of small firms positively wish to expand in the long term, however, and of these, 18 percentage points placed a limit on that expansion. Among this group the most common growth limit was 5-24 employees.

It does not follow from these results that the smaller average size of UK small firms compared with Germany and other countries is the result of lack of ambition. It could be a lack of management skills, the presence of external barriers to growth or other factors. In an earlier SBRT survey (Vol 6 No 2, 1990) we found that only 19 per cent of respondents said that their main motive in running a business was making money; for the majority it was a desire for independence or self expression. However this also seems to be true of SME owners in other countries.

We have no recent internationally comparable survey data on the growth ambitions of small firms. The 1984 eleven country survey by SKIM⁴, which included a much simpler question on growth than ours, found a higher percentage of respondents in the UK wanting to grow than in any other developed country. It could be that relative attitudes have changed, but the proportion of firms wanting to remain the same size or contract, at 29 per cent, is remarkably similar to our present finding (32 per cent). This is an important subject to which we plan to return in future issues.

² Size Distribution of UK Firms, Graham Bannock & Michael Daly, Employment Gazette, May 1990

³ Small Business Policy in Europe, Graham Bannock and Horst Albach, Anglo-German Foundation, 1991

⁴ Dirk Huisman, SKIM Industrial Market Research Rotterdam, mimeo. See Surveys of Forum Members, Graham Bannock for the Forum of Private Business, 1984.

4. GENDER

A question was asked about the gender of the owner of the business. Over 69 per cent of firms were owned by males, 5.4 per cent by females and 25 per cent are jointly owned by males and females. Table 4.1 shows, however, that females are far less likely than this to own firms with more than 10 employees.

Table 4.2 shows the gender of the owner of the business by sector. There are practically no construction and wholesale firms owned by women and they are also under-represented in the ownership of manufacturing firms. Although the sample size is too small to rely on the precise figure quoted in table 4.4, it is clear that *catering* has a very high proportion of jointly owned firms.

Table 4.1 GENDER OF THE OWNER OF THE BUSINESS, BY EMPLOYMENT SIZE BAND

Ownership	Number of employees									No Response	All
	1	2	3 - 4	5 - 9	10 - 14	15 - 24	25 - 49	50+			
Solely Male	87.4%	66.0%	66.9%	63.2%	62.9%	63.6%	75.8%	72.0%	75.0%	69.2%	
Solely Female	8.7%	6.3%	7.7%	4.7%	1.3%	1.7%	1.6%	2.0%	25.0%	5.4%	
Joint	4.0%	27.3%	24.6%	32.1%	35.8%	33.9%	21.0%	26.0%	0.0%	25.0%	
No response	0.0%	0.3%	0.9%	0.0%	0.0%	0.8%	1.6%	0.0%	0.0%	0.4%	
Sample size	253	300	350	361	159	118	124	50	4	1,719	

Table 4.2 GENDER OF THE OWNER OF THE BUSINESS, BY BUSINESS ACTIVITY

Ownership	Agriculture	Manufacturing	Transport	Construction	Wholesale	Retail	Catering	Business Services	Other Services	Other	No Response	All
Solely Male	79.3%	74.1%	76.3%	76.9%	71.9%	54.8%	35.1%	75.3%	64.9%	64.3%	0.0%	69.2%
Solely Female	6.9%	3.6%	7.9%	0.0%	0.6%	7.1%	5.4%	7.7%	7.4%	7.1%	0.0%	5.4%
Joint	13.8%	21.7%	15.8%	23.1%	27.5%	37.4%	59.5%	16.6%	27.1%	28.6%	100.0%	25.0%
No response	0.0%	0.6%	0.0%	0.0%	0.0%	0.7%	0.0%	0.4%	0.5%	0.0%	0.0%	0.4%
Sample size	29	359	38	121	167	294	37	457	188	28	1	1,719

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 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 the AIB, and from survey 21 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 |

Future Plans

Our next Survey, the fourth of 1991 (No 29), will include special questions on the sources of small business finance, which are to be analysed with the support of the Association of British Factors and Discounters.

TABLE A.1: CHANGES AND EXPECTED CHANGES IN SALES AND EMPLOYMENT, PERCENTAGE BALANCE 1984/3
- 1991/3

	Actual Change on year				Expected Change on Quarter						Number of Replies Analysed
	Sales		Employment		Sales			Employment			
	UW	W	UW	W	UW	W	S	UW	W	S	
1984/3	34.7		10.5								
1984/4	32.6		10.4		21.2		22.2	3.3		3.3	3,056
1985/1	33.4		17.6		9.5		21.1	0.9		5.6	1,795
1985/2	34.4		11.2		16.9		12.4	9.5		7.8	1,181
1985/3	37.4		12.1		31.4		23.2	5.3		2.3	1,090
1985/4	41.4		12.6		26.2		27.2	5.3		5.3	1,072
1986/1	33.6		11.6		9.8		21.4	5.3		10.0	1,326
1986/2	35.5		14.2		31.1		26.6	5.6		3.9	1,052
1986/3	39.7		15.2		29.6		21.4	11.9		8.9	1,285
1986/4	40.0		13.4		22.3		23.3	6.0		6.0	1,435
1987/1	40.2		15.2		17.0		28.6	4.6		9.3	1,116
1987/2	44.7		23.1		39.7		35.2	15.1		13.4	1,746
1987/3	44.8		17.6		36.8		28.6	13.2		10.2	1,113
1987/4	52.7		23.4		28.8		29.8	10.0		10.0	977
1988/1	52.7		19.3		31.4		43.0	10.5		15.2	1,042
1988/2	55.0		22.0		46.7		42.2	15.3		13.6	933
1988/3	54.9		22.3		47.9		39.7	19.1		16.1	983
1988/4	48.1	49.2	16.6	15.3	34.4		35.4	13.3		13.3	950
1989/1	34.9	42.4	9.3	15.7	25.5	22.1	33.7	6.8	4.8	9.5	1,523
1989/2	42.3	43.5	17.5	18.2	26.3	17.1	12.6	7.1	5.5	3.8	947
1989/3	35.3	30.0	15.9	17.7	32.7	33.4	25.2	11.1	10.9	7.9	2,236
1989/4		29.1		8.2	25.9	19.2	20.2	9.1	7.3	7.3	792
1990/1		31.0		11.9		4.6	16.2		-1.7	3.0	1,064
1990/2		23.5		4.9		25.9	21.4		6.2	4.5	1,344
1990/3		19.2		4.8		15.4	7.2		2.0	-1.0	1,024
1990/4		-2.8		-5.6		5.1	6.1		-2.0	-2.0	1,250
1991/1		-3.7		-8.6		-16.7	-5.1		-15.6	-10.9	1,239
1991/2		-9.1		-15.9		17.8	13.3		-6.5	-8.2	984
1991/3						-2.4	-10.6		-9.5	-12.5	1,718

Key: UW - Unweighted
W - Weighted to VAT sectoral distribution.
S - Seasonally adjusted

Table A.2:

PROBLEMS EXPERIENCED BY RESPONDENTS 1991/3

Survey Number	Access to Finance	Interest Rates	Total Tax Burden	Competition From Big Business	Lack of Skilled Employees	Low T/over Or Lack of Business	Cashflow & Payments	Govt Regs and Paperwork	Shortage of Material & Supplies	High Rates of Pay	Premises, Rents & Inflation	Other	No Response	Number of Replies Analysed
1984/4		17.1	15.9	12.0	5.4	15.3		12.6	10.9	4.2		10.9	1.4	3,056
1985/1		19.4	15.9	10.0	4.4	14.5		15.7	1.3	3.4		9.5	1.5	1,795
1985/2		22.1	16.1	10.8	4.3	14.3		12.5	1.3	2.4		9.1	1.5	1,181
1985/3		23.6	12.8	11.2	4.9	13.8		13.1	1.9	3.7		8.6	3.8	1,090
1985/4		24.0	16.6	11.1	5.6	15.7		10.2	0.9	2.0		9.2	2.0	1,072
1986/1		21.4	17.1	11.7	7.2	14.4		9.6	1.8	2.0		9.9	1.3	1,326
1986/2		29.9	16.3	9.1	7.3	12.6		9.9	1.2	2.2		9.4	0.6	1,052
1986/3		21.3	16.6	11.5	7.3	17.0		7.3	0.9	1.4		13.7	2.0	1,285
1986/4		25.0	17.7	11.8	7.2	14.7		6.8	1.3	1.3		10.0	3.1	1,435
1987/1		26.4	16.0	12.0	8.0	13.0		7.4	1.3	1.6		9.1	4.2	1,166
1987/2		23.7	17.7	10.7	9.6	12.0		7.6	1.5	2.6		10.3	3.3	1,746
1987/3		20.3	17.9	11.5	11.8	12.9		6.6	2.2	1.9		10.5	3.5	1,113
1987/4		18.0	21.3	12.5	11.1	13.0		6.3	1.3	1.3		9.6	4.5	977
1988/1		21.6	20.1	11.4	11.1	9.6		6.1	1.9	2.3		14.9	0.3	1,042
1988/2		19.4	15.5	14.4	12.7	10.2		8.0	2.3	1.8		13.7	1.4	933
1988/3		17.6	13.7	11.4	17.7	11.3		8.3	2.7	2.4		11.4	2.4	983
1988/4		25.5	12.5	10.4	16.9	8.7		6.0	3.3	1.3		10.6	1.9	950
1989/1 ^A		25.1	11.2	1.2	13.2	7.2		8.4	0.4	5.9		17.4	4.7	1,523
1989/2		26.1	13.0	6.0	13.4	8.0		6.7	0.8	0.6		14.4	4.7	947
1989/3		33.5	6.0	7.0	12.9	12.2		6.2	0.5	1.6		12.2	1.5	2,236
1989/4		38.1	5.2	5.8	9.4	13.8		5.5	0.4	1.2		12.3	1.2	792
1990/1	3.0	27.5	4.2	-	5.8	15.4	13.5	6.2	0.6	3.0	9.7	4.6	2.0	1,064
1990/2	3.9	25.8	2.6	-	6.4	14.0	12.4	6.5	0.4	1.4	7.6	8.6	1.3	1,344
1990/3	3.3	28.9	4.8	3.0	5.9	15.3	15.5	3.5	0.0	2.1	4.6	5.0	1.8	1,027
1990/4	1.9	25.4	5.2	4.6	4.9	17.5	8.9	6.7	0.3	0.2	4.6	8.0	2.3	1,250
1991/1	4.0	28.6	3.5	2.7	2.9	22.2	10.7	6.1	0.5	0.9	3.5	6.6	1.3	1,239
1991/2	4.5	20.7	4.3	3.1	2.8	23.2	16.8	5.1	0.2	0.4	8.1	5.9	0.9	984
1991/3	2.6	15.1	4.0	3.0	2.5	35.2	12.0	6.9	0.3	1.2	3.6	7.6	1.3	1,718

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
- b. Yorkshire & Humberside
- c. North West
- d. East Midlands
- e. West Midlands
- f. East Anglia
- g. South East
- h. South West
- i. Wales
- j. Scotland
- k. Northern Ireland

What is your Postcode?

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
- 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

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

5 Please classify your business activity by circling one or more of these categories:

- a. Agriculture, Forestry, Fisheries
 - b. Manufacturing, Mining, Processing
 - c. Transport
 - d. Construction
 - e. Wholesale Trade
 - f. Retail Trade
 - g. Catering & Restaurants
 - h. Business Services (Finance, Consultants, Designers, etc)
 - i. Other Services
 - j. Other, not included above:
- (Please specify)

Please describe in a few words the precise nature of your business (e.g. manufacturing electronic equipment, hairdressing, etc.) If you are involved in more than one field, please state that which constitutes the major proportion of your turnover:

6 What are your current long-term business growth targets?

- (please choose one option only)
- a. Remain at present size
 - b. Expand indefinitely
 - c. Grow to a certain size (please state number of employees)
 - d. Contract to a certain size (please state number of employees)
 - e. Merge with another business
 - f. Sell your business
 - g. No growth targets
 - h. Do not know
 - i. Other (please specify)

7 How did your sales turnover, average employment and investment (in plant, equipment & premises) in the past quarter compare with the same period in 1990? What do you expect to happen in the next quarter?

Please complete the following table by ticking 6 boxes only.

	April, May, June 1991 compared with the same period 1990			July, Aug, Sept 1991 compared with April, May, June 1991		
	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 of the following:

- 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 Material, Supplies, etc.
- k. Internal Management Difficulties
- l. Cashflow/Payments/Debtors
- m. Premises, Rents and Rates
- n. Other (Please specify)

9 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 July 1991.
 Please note that this is a FREEPOST address (no stamp required).