



LONGITUDINAL SMALL BUSINESS SURVEY 2017: SME EMPLOYERS (BUSINESSES WITH 1-249 EMPLOYEES)

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Summary

- **Thirty-six per cent of SME employers reported growth in turnover** (value of sales) since a year previously. Forty-three per cent had approximately the same turnover and 19 per cent had a fall in turnover. These proportions were similar to those seen in 2016 and 2015.
- **Forty per cent of SME employers expected turnover to increase in the next 12 months**, 47 per cent thought it would remain roughly the same and eleven per cent thought it would be lower. These proportions were almost exactly the same as those seen in 2016.
- **Thirty-seven per cent of SME employers employed more people than 12 months previously**. This proportion was significantly lower than 2016, down eight percentage points, and was mostly seen in a decline in the proportion for micro businesses (down ten percentage points on 2016). Thirty-two per cent employed the same number and 31 per cent employed fewer.
- **Around thirty-five per cent of SME employers introduced new or significantly improved goods or services, twenty per cent introduced new or significantly improved processes**. These levels are consistent with 2016, but lower than 2015. Just over one in four of the goods or services innovations were new to market, and one in five of the process innovations were new to industry.
- **Forty-nine per cent of SME employers had arranged or funded training in the previous year**. This was six percentage points lower than in 2016, and the lowest proportion of SME employers funding training since the surveys began in 2010.
- **Thirteen per cent of SME employers had sought external finance in the 12 months preceding interview**. This was the same proportion as in 2016, but demand for finance has been in decline since 2010, when the proportion that sought finance was double that in 2017.

- **Twenty-nine per cent of SME employers had sought external information or advice in the last 12 months**, and this was more likely for larger SMEs. This was a slight increase on 2016.
- **Sixty-two per cent of businesses planned to grow their turnover over the next three years**. This was the lowest figure yet seen since the survey began in 2007/08 - four percentage points lower than in 2016, and seven percentage points lower than in 2015. This fall on 2016 was most notable for micro businesses – where the proportion seeking growth was four percentage points lower than in 2016.
- **The most commonly cited obstacle to business success was competition in the market**, which was mentioned by about half of SME employers. As in the previous year, the three other most cited obstacles were **regulations and red tape, taxation, and staff recruitment and skills**.
- **Nearly two thirds of SME employers either considered that UK exit from the EU would not have an impact on their business or did not know**. About one quarter thought it would be detrimental and one tenth thought it would be beneficial. This was roughly the same as in 2016.
- **Forty-two percent of SME employers that considered EU Exit to be either beneficial or detrimental to their business said they felt prepared for it**, compared with 26 per cent who felt they were unprepared.
- **Nineteen per cent of SME employers were majority-led by women**. This figure was just one percentage point lower than in 2016, but two percentage points lower than in 2015.
- **Four per cent of SME employers were majority led by people of a minority ethnic group (MEG-led)**. There was no statistically significant difference in the overall proportion of MEG-led businesses between 2015 and 2017.
- **Ten per cent of SME employers were social enterprises**, 16 per cent socially-orientated SMEs, and five per cent were traditional non-profit organisationsⁱ.

All differences discussed in this report are statistically significant at the 95% confidence level, unless otherwise stated.

SME employers are defined as businesses with between one and 249 employees.

ⁱ See notes pages for definitions (see paragraph 190 for more details).

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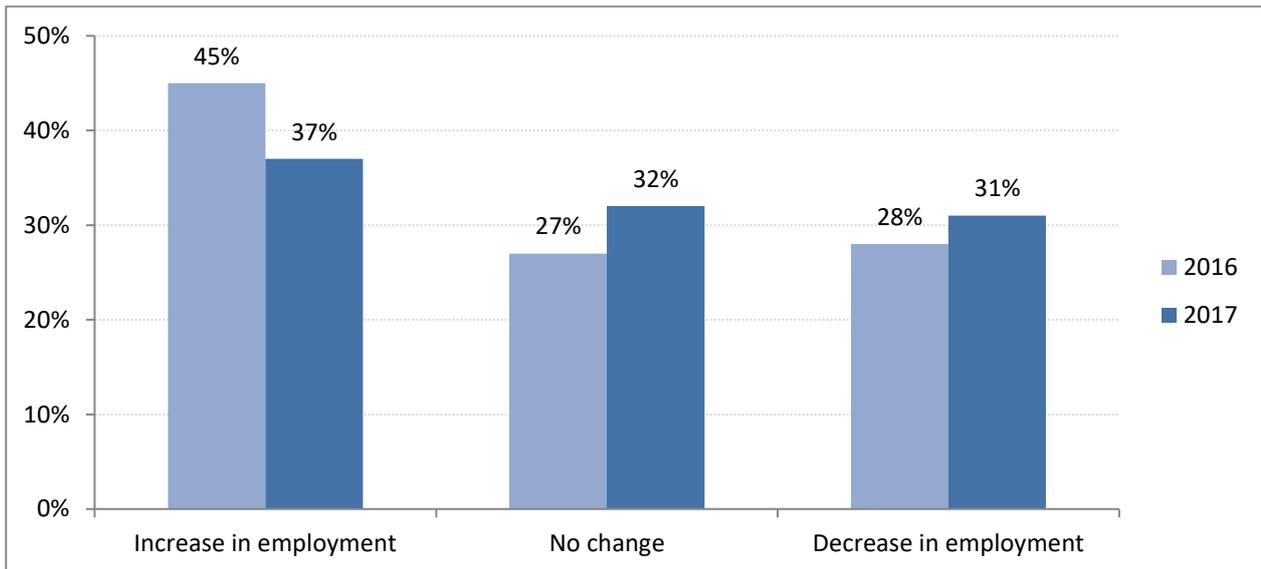
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1. Business performance

Changes in the levels of employment

1. Thirty-seven per cent of SME employers employed more people than a year previously. Thirty-two per cent employed the same number and 31 per cent employed fewer.
2. The proportion that employed more people than a year previously was significantly lower than was the case in 2016, down eight percentage points. This proportion declined mainly among micro businesses² (down ten percentage points). Employment change for the small and medium-sized businesses was relatively stable in comparison.

Figure 1.1: Change in employment compared to 12 months previously, by employment size³



² Businesses with between one and nine employees are classified as 'micro' businesses, those with between ten and 49 employees are classified as 'small' businesses, and those with between 50 and 249 employees are called 'medium-sized' businesses. These definitions exclude owners and partners but include casual or temporary staff.

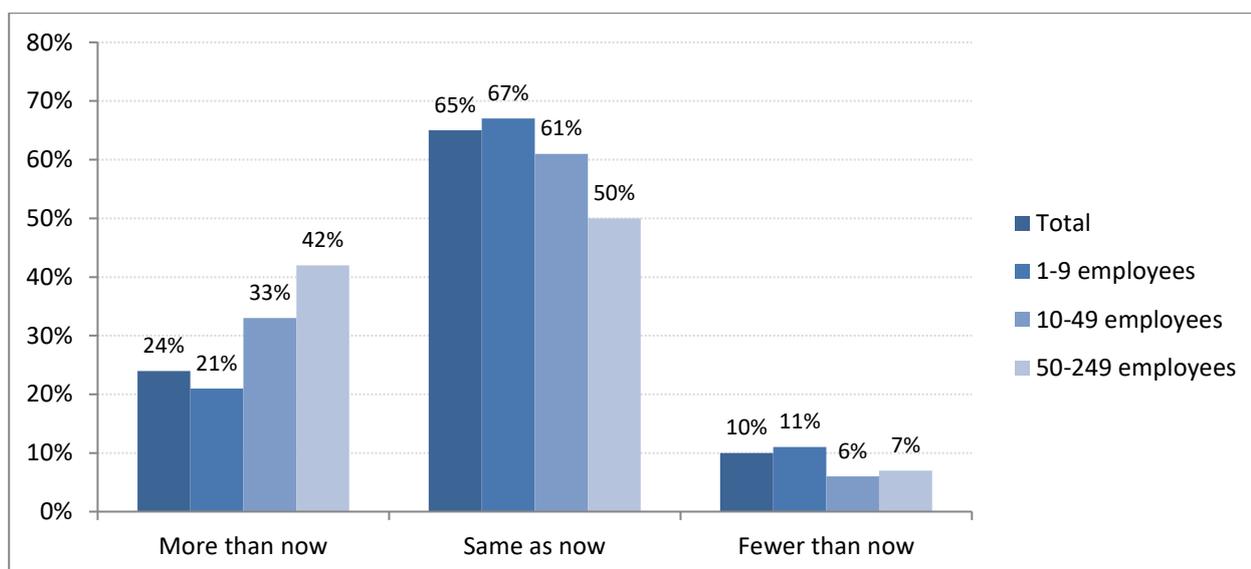
³ This measure is based on panellists only (business that were interviewed in both 2016 and 2017). The reasons for this are outlined in paragraph 228.

- By sector⁴, those in arts/entertainment (52 per cent), transport/storage (48 per cent) and professional/scientific (43 per cent) were most likely to have increased their employment. Those in accommodation/food service (43 per cent), finance/real estate (39 per cent) and manufacturing (39 per cent) were most likely to have decreased employment.

Expectations for employment growth

- Twenty-four per cent of SME employers expected to employ more people in a year's time, 65 per cent expected to employ the same number and ten per cent expected to employ fewer people. These overall proportions were very similar to those seen in 2015 and 2016.
- Twenty-one per cent of micro businesses expected to increase the number of employees, compared to 33 per cent of small businesses and 42 per cent of medium-sized businesses.

Figure 1.2: Expectations for employment in 12 months' time, by employment size



- By sector, businesses in manufacturing (35 per cent), health (33 per cent), information/communications (31 per cent) and administrative services (33 per cent) were more likely to expect to employ more people. Those in transport/storage (15 per cent) were more likely than others to expect to employ fewer people. The transport sector was the only sector in which more SME employers expected a decrease in employment than expected an increase.

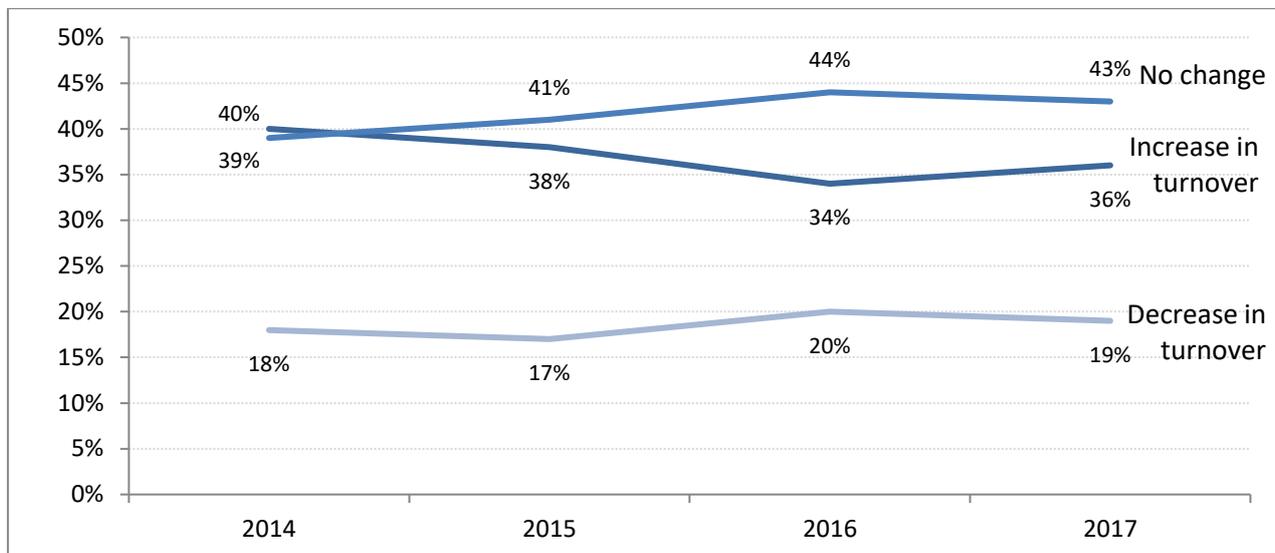
⁴ See notes section for further definitions of sector (paragraph 226).

7. Compared to 2016, the proportion of employers in the health sector expecting to increase employment grew by eight percentage points. In transport/storage, the proportion expecting to employ more has decreased by 13 percentage points.
8. By nation, 24 per cent of SME employers in England thought that they would employ more people, compared with similar proportions in Scotland (22 per cent) and Northern Ireland (25 per cent). The proportion was lowest in Wales (18 per cent), but the difference from the UK average was not statistically significant. In England, those in London were most likely to think employment levels would rise (33 per cent).

Changes in levels of turnover

9. Thirty-six per cent of SME employers reported growth in turnover (value of sales) since a year previously. Forty-three per cent had approximately the same turnover and 19 per cent had a fall in turnover. These proportions were similar to those seen in 2016 and 2015.
10. Thirty-four per cent of micro businesses had increased their turnover, compared with 41 per cent of small businesses, and 52 per cent of medium-sized businesses.
11. By sector, SME employers in manufacturing (49 per cent) and administrative services (47 per cent) were most likely to report growth in turnover. Those in education (16 per cent) and professional/scientific (13 per cent) were least likely to report a fall in turnover.
12. By nation, 36 per cent of businesses in England had increased turnover, compared with similar proportions in Scotland (33 per cent), Wales (32 per cent) and Northern Ireland (34 per cent). In England, the highest proportion of businesses reporting increased turnover was in the South East (41 per cent).

Figure 1.3: Current turnover compared to 12 months previously, by year (based on SME employers trading for at least one year)

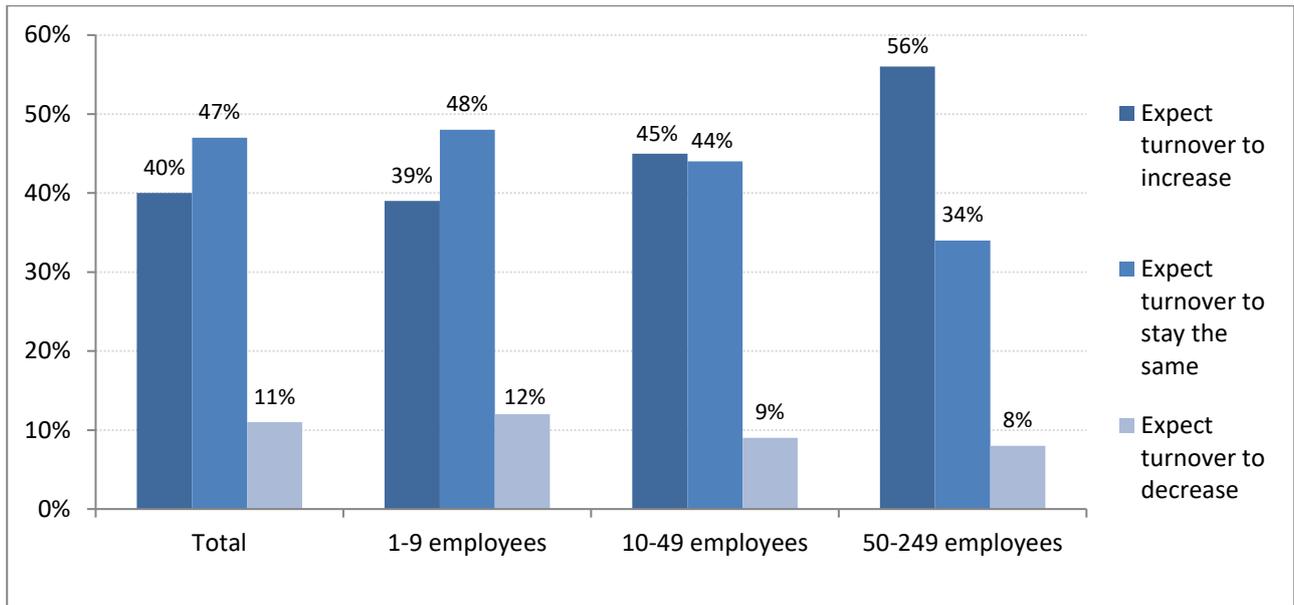


- Overall, 19 per cent of SME employers reported lower turnover than 12 months previously. This proportion was higher than average in London (25 per cent), the East Midlands and the South West (both 23 per cent).

Expectations of turnover in 12 months' time

- Forty per cent of SME employers expected turnover to increase in the next 12 months, 47 per cent thought it would remain roughly the same and eleven per cent thought it would be lower. These proportions were almost exactly the same as those seen in 2016.
- Thirty-nine per cent of micro businesses expected turnover to increase compared with 45 per cent of small businesses and 56 per cent of medium-sized ones.
- By sector, SME employers in manufacturing (49 per cent) and administrative services (47 per cent) were more likely than average to think turnover would increase. Those in education (16 per cent) and professional/scientific (13 per cent) were more likely than average to think that turnover would decrease.
- By nation, 40 per cent of SME employers in England, 37 per cent in Scotland, 45 per cent in Wales and 41 per cent in Northern Ireland thought turnover would increase. No English region had above average expectations of turnover growth, but in the South East the proportion that thought turnover would decrease was above average (13 per cent).

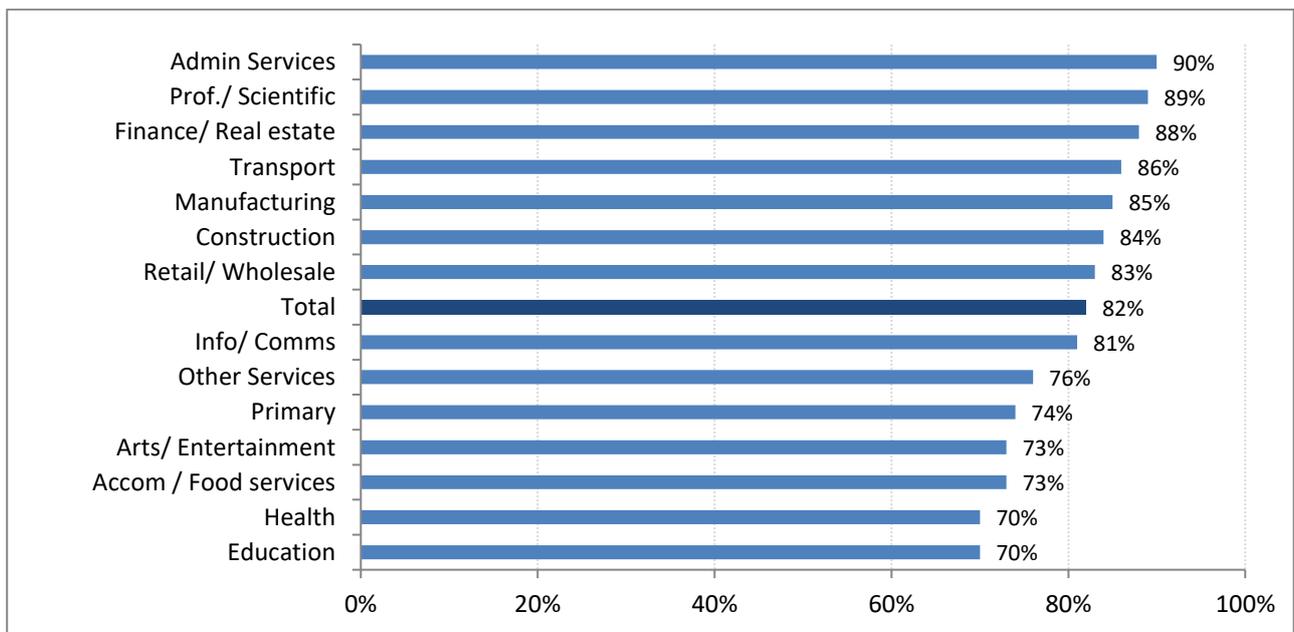
Figure 1.4: Expectations of turnover in 12 months' time, by employment size



Profit

18. Eighty-two per cent of SME employers generated a profit in their last financial year, three percentage points higher than in 2016. This was the highest proportion seen in the previous four years of the survey.

Figure 1.5: Percentage of SME employers that generated a profit or surplus in the last financial year, by sector⁵



⁵ See notes section for detailed definitions of sectors (paragraph 226)

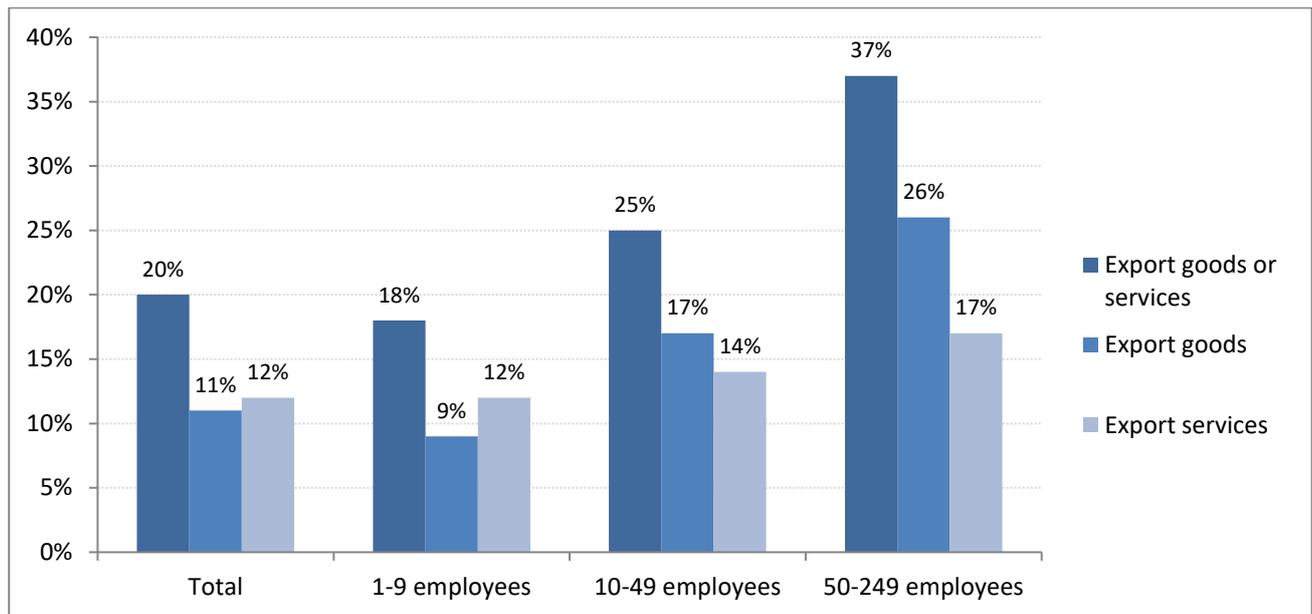
19. By sector, those in administrative services (90 per cent) and professional/scientific (89 per cent), were more likely than average to have made a profit. Those in education and health (both 70 per cent), arts/entertainment accommodation/food services (both 73 per cent), primary (74 per cent) and other services (76 per cent) were less likely than average to have made a profit. Compared with 2016, the proportion of SME employers that made a profit increased in every sector except for finance/real estate.
20. The proportion that made a profit in Northern Ireland was above average (86 per cent), whereas in Wales it was below average (73 per cent). Eight-three per cent made a profit in England, compared with 80 per cent in Scotland. There were no statistically significant differences between the English regions in the proportion making a profit.

2. Exporting

Sales of goods or services outside the UK in the last year

21. Overall, 20 per cent of SME employers exported goods or services in the last year. This proportion is two percentage points higher than in 2016.

Figure 2.1: Whether sold goods or services or licensed products outside the UK in the last 12 months, by employment size



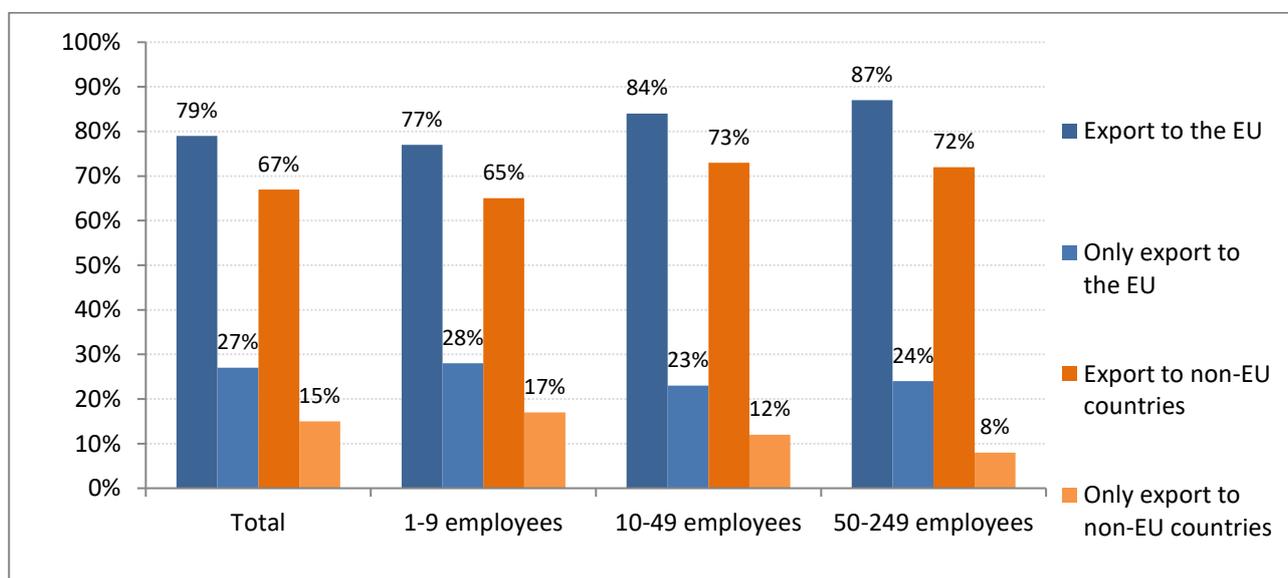
22. By sector, exporters were most likely in manufacturing (44 per cent), information/communication (43 per cent), professional/scientific (30 per cent) and retail/wholesale (28 per cent). The sectors least likely to have exported were accommodation/food service, health and construction (all three per cent). Other services (nine per cent), arts/entertainment (11 per cent) and finance/real estate (12 per cent) were also less likely than average to export.
23. Compared to 2016, there was a higher proportion of exporters in the primary sector (up six percentage points), administrative services (up six percentage points) and in retail/wholesale (up three percentage points).
24. By nation, the highest proportion of exporters was found in Northern Ireland (29 per cent – the same proportion as in 2016). The proportion of exporters was lower than average in Scotland (14 per cent – down two percentage points) and in Wales (ten per cent – down four percentage points). Twenty per cent of businesses in England were exporters (up one percentage point).

25. Within England, London had the highest proportion of exporters (33 per cent – up nine percentage points on 2016). As in previous years, the proportion of exporters was lower than average in the North East (15 per cent) and South West (16 per cent). The proportion of exporters in the West Midlands was also below average at 15 per cent.
26. Twenty-six per cent of exporters did so in their first year of trading, 18 per cent first exported 1-3 years after they started, eight per cent 4-5 years afterwards, eight per cent 6-10 years afterwards, and 31 per cent more than 10 years after they started trading⁶.

Destinations of exports

27. Of UK SME employers that exported in the last year, 79 per cent exported to (non-UK) European Union countries and 67 per cent exported outside the EU. Twenty-seven per cent exported *only* to the EU, whereas 15 per cent *only* exported to the rest of the world. These proportions were very similar to those seen in 2016.
28. By nation, SME exporters in Northern Ireland were less likely than average to have exported to non-EU countries (38 per cent) and were more likely than average to have exported only to the EU (46 per cent).

Figure 2.2: Destination of exports in the last year, by employment size (based on SME employer exporters only)



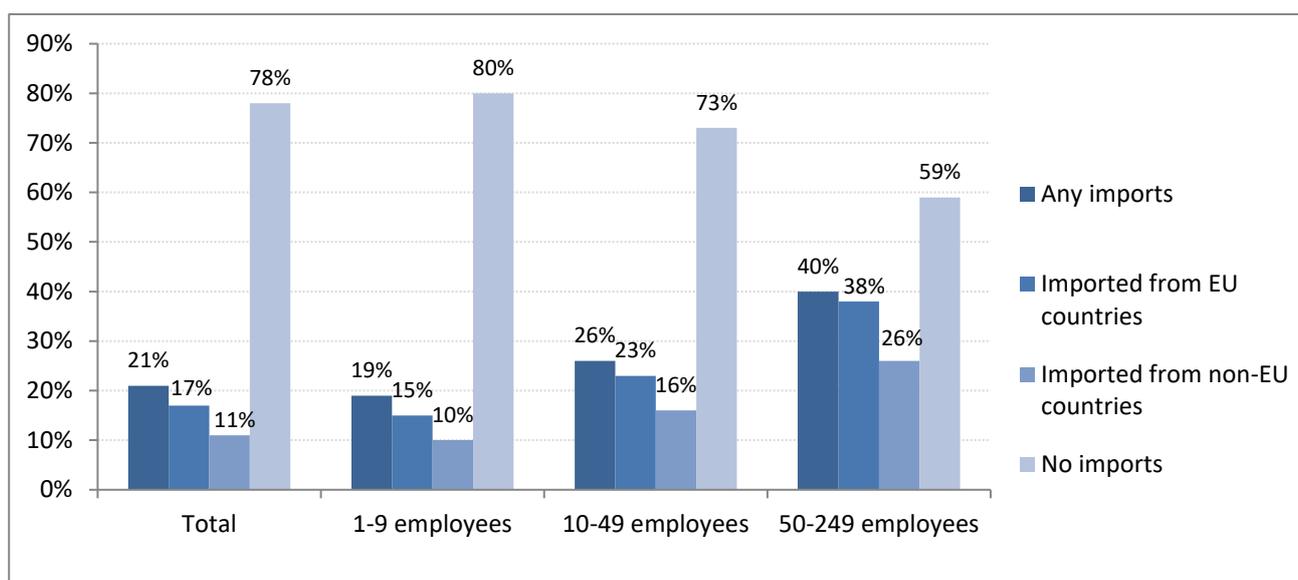
29. By sector, exporters to the EU were more common in the manufacturing (88 per cent) and retail/wholesale (87 per cent) sectors. Exports to non-EU countries were more likely than average for businesses in the manufacturing sector (73 per cent).

⁶ For a further ten per cent, the number of years between starting trading and starting exporting could not be calculated, because years were not given for both age of business and year first started exporting.

Goods or services imports in the last 12 months

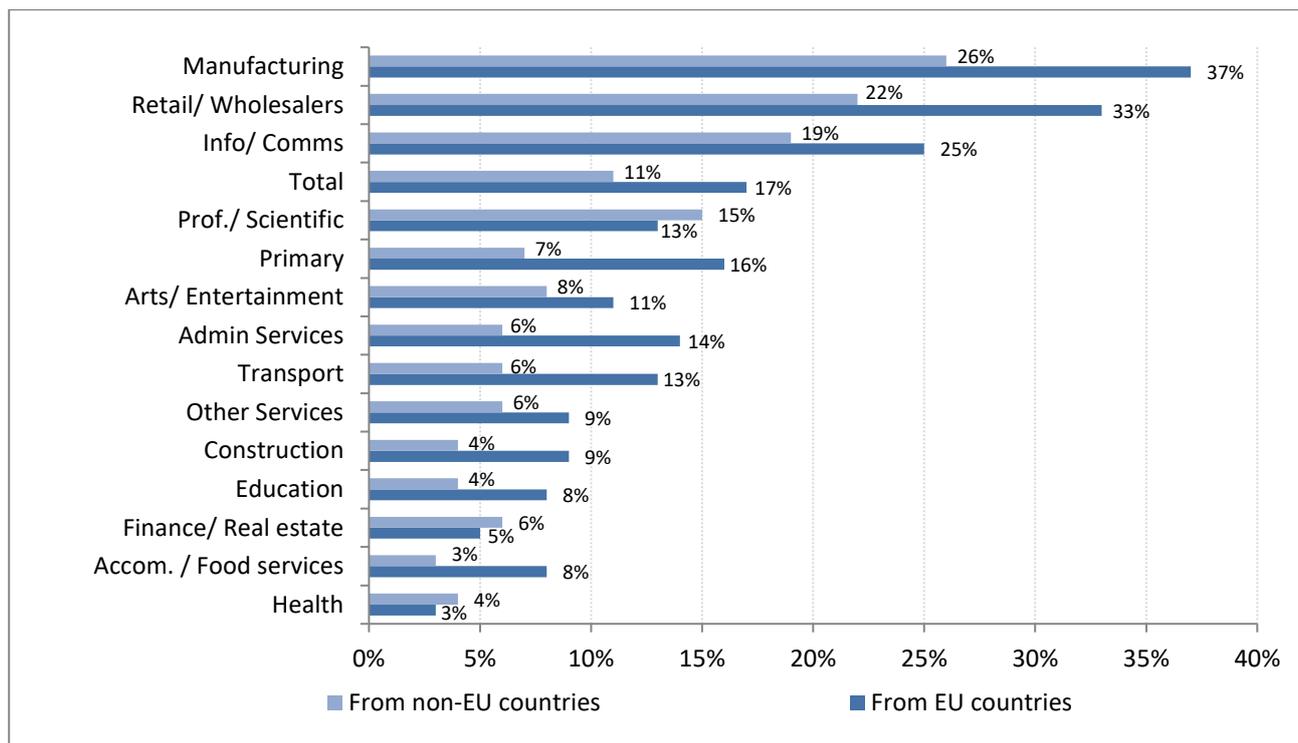
30. Twenty-one per cent of SME employers imported goods or services in the previous year. This proportion was two percentage points higher than in 2016.
31. Nineteen per cent of micro businesses imported compared with 26 per cent of small businesses and 40 per cent of medium-sized ones. Seventeen per cent of SME employers imported from the EU (up two percentage points), with 11 per cent importing from outside the EU (up one percentage point).

Figure 2.3: Sources of imports, by employment size



32. The sectors most likely to have imported goods or services were manufacturing (43 per cent), retail/wholesale (39 per cent) and information/communications (32 per cent).
33. Twenty-seven per cent of SME employers in Northern Ireland imported from the EU in the previous year.

Figure 2.4: Sources of imports, by sector⁷



Plans to increase exports, start exporting and intermittent exporting

34. Fifty-eight per cent of current exporters plan to increase their level of exports over the next few years. This was about the same proportion as in 2015 and 2016. By sector, the intention to increase levels of exports was highest in manufacturing (66 per cent of those currently exporting).
35. Of SME employers that do not currently export, three per cent plan to export in the future. Non-exporters in the information/communications (eight per cent) and professional/scientific (seven per cent) sectors were most likely to consider future exporting activity, as were younger SMEs.
36. Of those that have exported for two years or longer, 67 per cent have had overseas sales every year since they started exporting, and 31 per cent have had some years without overseas sales. Those in professional/scientific were more likely than average to have had some years without overseas sales (37 per cent).
37. Of those exporters that had some years without overseas sales, the main reason for this was that they only received occasional orders from overseas (43 per cent). Eleven per cent said that they now preferred to concentrate on UK markets (down from 19 per cent in 2016). Seven per cent said that exporting was not profitable for them and six per cent that they did not have time to pursue exporting.

⁷ See notes section for detailed definitions of sectors (paragraph 226)

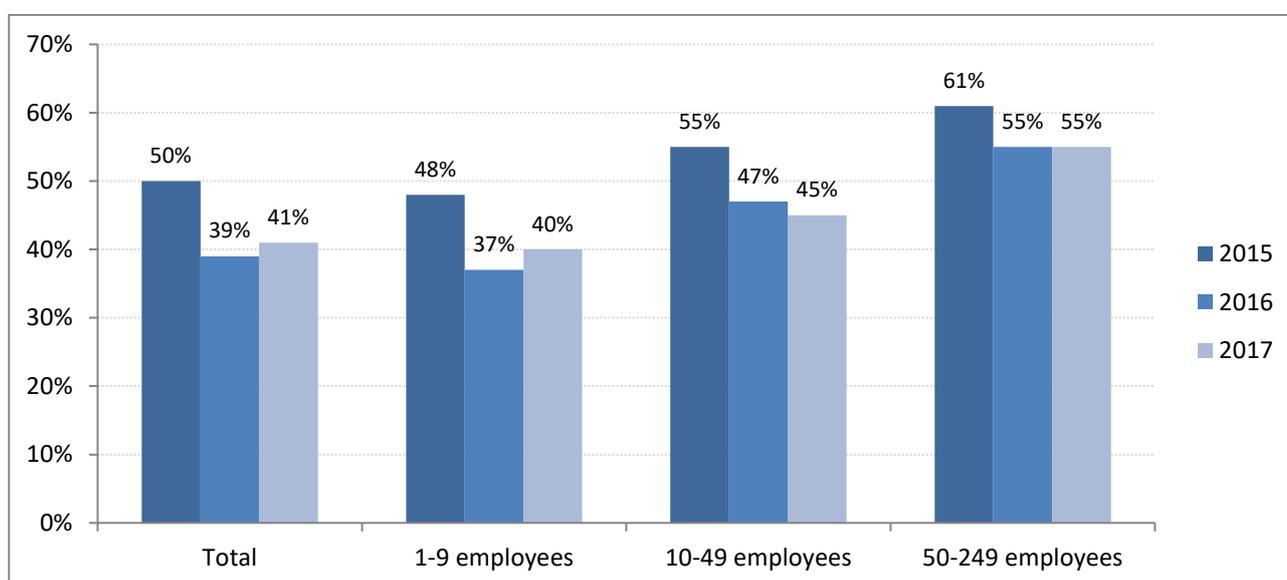
38. Of the SME employers that do not currently export and have no plans to do so, 16 per cent said that they had goods or services that were suitable for export. This was the same proportion as in 2016.

3. Innovation activity

New or significantly improved goods, services or processes

39. Forty-one per cent of all SME employers had innovated goods, services or processes in the last three years. This was two percentage points higher than in 2016, but nine percentage points lower than in 2015. Forty per cent of micro businesses had innovated in the last three years compared with 45 per cent of small businesses and 55 per cent of medium-sized ones.

Figure 3.1: Proportion of SME employers which have introduced new or significantly improved goods, services or processes - by number of employees



40. By sector, the proportion of SME employers which had innovated goods, services or processes was highest in information/communication (68 per cent), manufacturing and professional/scientific (both 52 per cent), and lowest for construction (20 per cent) and transport (24 per cent) sectors.

41. Compared with 2016, the proportion of SME employers that innovated goods declined slightly, the proportion that innovated services increased slightly, and the proportion that innovated processes stayed the same.

42. Businesses in the following sectors were most likely to have introduced new or significantly improved goods: manufacturing (36 per cent); information/communications (25 per cent); and accommodation/food service (22 per cent).

43. Businesses in information/communications (59 per cent), education (43 per cent), professional/ scientific (41 per cent) and health (34 per cent) were most likely to have introduced new or significantly improved services.

44. By country, innovation (goods or services) was more likely in Wales (48 per cent) than in England (35 per cent), Scotland (34 per cent) and Northern Ireland (33 per cent). Compared with 2016, the proportion of SME employers in Wales that have introduced innovative goods or services has increased by 12 percentage points.
45. Nineteen per cent of micro businesses introduced new or significantly improved processes in the last three years, compared with 26 per cent of small businesses.
46. Those in information/communication (35 per cent), manufacturing (32 per cent) and professional/scientific (30 per cent) were more likely than average to have introduced or improved processes. Those in construction (9 per cent), accommodation/food service (12 per cent) and transport (13 per cent) were less likely than average to have done so.

Innovations which were new to market or industry

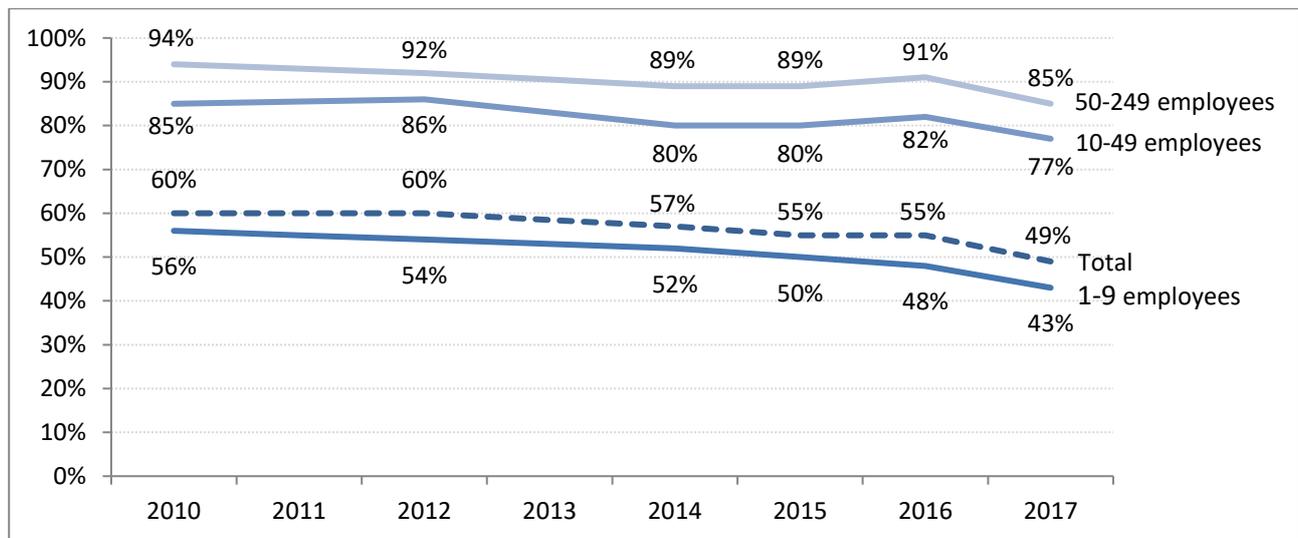
47. Ten per cent of all SME employers had introduced goods or services that were new to the market and four per cent had introduced or significantly improved processes that were new to their industry. These proportions are highest for larger SME employers - 16 per cent of medium-sized businesses that innovated good or services, and eight per cent of medium-sized businesses that innovated processes.
48. Businesses that introduced goods, services or processes that were new to the market were most likely to be in information/communication, manufacturing and professional/scientific sectors.

4. Training

Arrangement or funding of staff training and development

49. Forty-nine per cent of SME employers had arranged or funded training in the previous year. This was six percentage points lower than in 2016, and the lowest proportion of SME employers funding training since the surveys began in 2010.

Figure 4.1: Proportion of SMEs that arranged or funded training or development for staff in the year – by year⁸ and employment size



50. Provision of any training is much more likely for larger organisations. Eighty-five per cent of medium-sized businesses provided training in 2016, compared with 77 per cent of small businesses, and 43 per cent of micro businesses.

51. Those in health (82 per cent), education (64 per cent) and professional/ scientific (57 per cent) were most likely to provide training. Those in accommodation/ food service (38 per cent) and retail/wholesale (40 per cent) were least likely to provide training.

52. Compared to 2016, provision of training decreased by the largest proportions in accommodation/food service (down 19 percentage points), education (down 16 percentage points), manufacturing (down 11 percentage points) and transport (down nine percentage points).

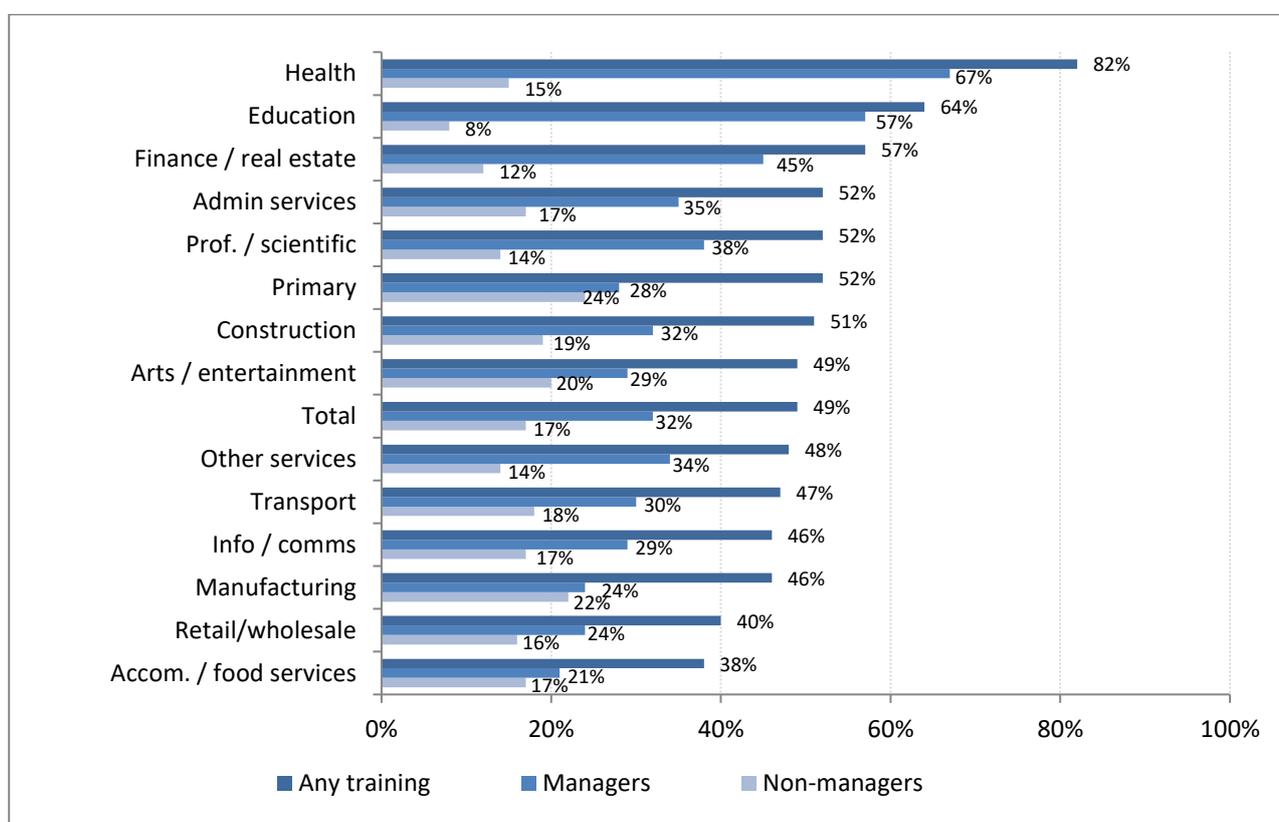
53. Training was provided by 53 per cent of SME employers in Wales (down nine percentage points), 51 per cent in Scotland (down three percentage points), 49 per cent in England and 47 per cent in Northern Ireland (both down five percentage points).

⁸ The survey was not run in 2011 or 2013

Who received training

54. Thirty-two per cent of SME employers provided training for managers, two percentage points lower than in 2016. Seventeen per cent provided training for non-managers only, four percentage points lower than in 2016.
55. Those in health (67 per cent), education (57 per cent), finance/real estate (45 per cent) and professional/scientific (38 per cent) were most likely to provide training for managers. Those in accommodation/food service (21 per cent), manufacturing and retail/wholesale (both 24 per cent) were least likely to provide training for managers.

Figure 4.2: Proportion of SME employers that provided training in the last year – by sector⁹ and whether it was given to managers or non-managers



56. Eighty-one per cent of SME employers that offered training to managers provided this for technical, practical or job-specific skills. Sixty-four per cent provided it in health and safety, 39 per cent for leadership and management skills, 34 per cent for IT skills, 32 per cent for team working skills, and 21 per cent for financial management.

⁹ See notes section for detailed definitions of sectors (paragraph 226)

57. All of these types of training of managers were most likely to have been provided at larger SMEs. This was particularly evident for team-working skills (offered by 25 per cent of micro businesses and 58 per cent of medium-sized businesses), leadership and management skills (30 per cent of micro businesses, 73 per cent of mediums) and health and safety (59 per cent of micro businesses, 79 per cent of mediums).

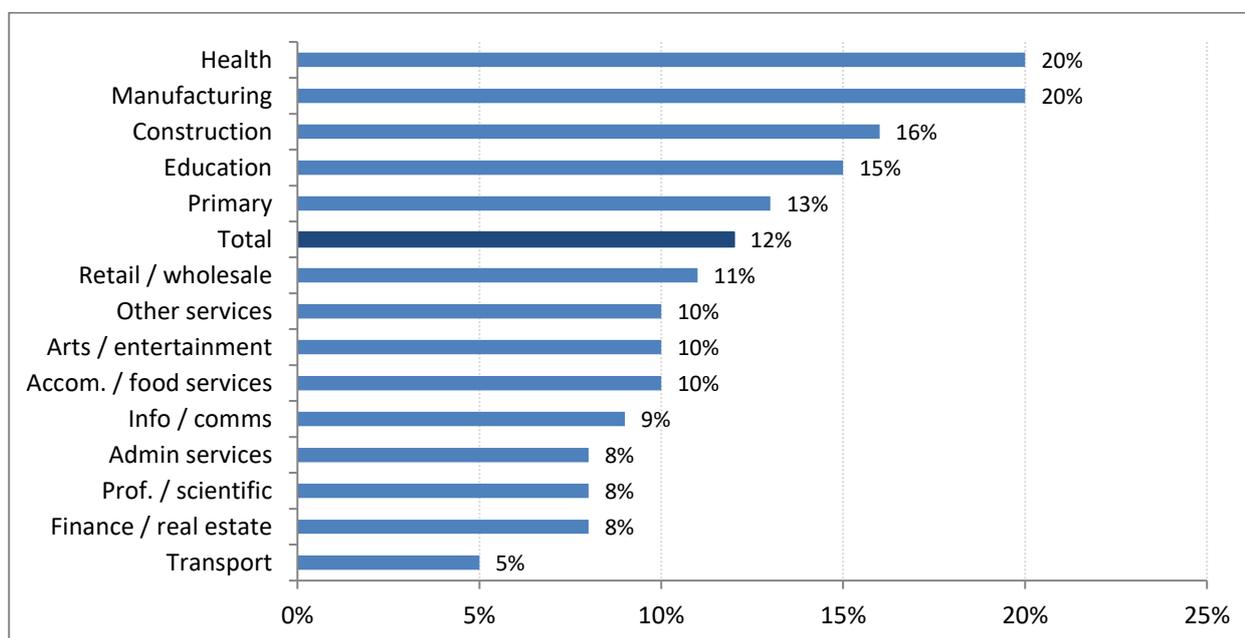
Apprenticeships

58. Twelve per cent of SME employers had formal apprenticeships start in the previous year, the same as in 2016. The proportions for micro, small and medium sized businesses were eight per cent, 25 per cent, and 36 per cent, respectively.

59. By sector, apprenticeships were most likely to have been started in manufacturing and health (both 20 per cent), and in construction (16 per cent). Apprenticeship starts were least likely in transport (five per cent), administrative services and professional/scientific (both eight per cent).

60. Seventeen per cent of SME employers in Northern Ireland offered apprenticeships, compared with 12 per cent in Scotland, 11 per cent in England and nine per cent in Wales.

Figure 4.3: Proportion of SME employers with at least one formal apprenticeship start in the last year – by sector¹⁰



61. Eighteen per cent of all SME employers intended to have an apprenticeship start in the next 12 months. The overall proportion was similar to that seen in 2016.

¹⁰ See notes section for detailed definitions of sectors (paragraph 226)

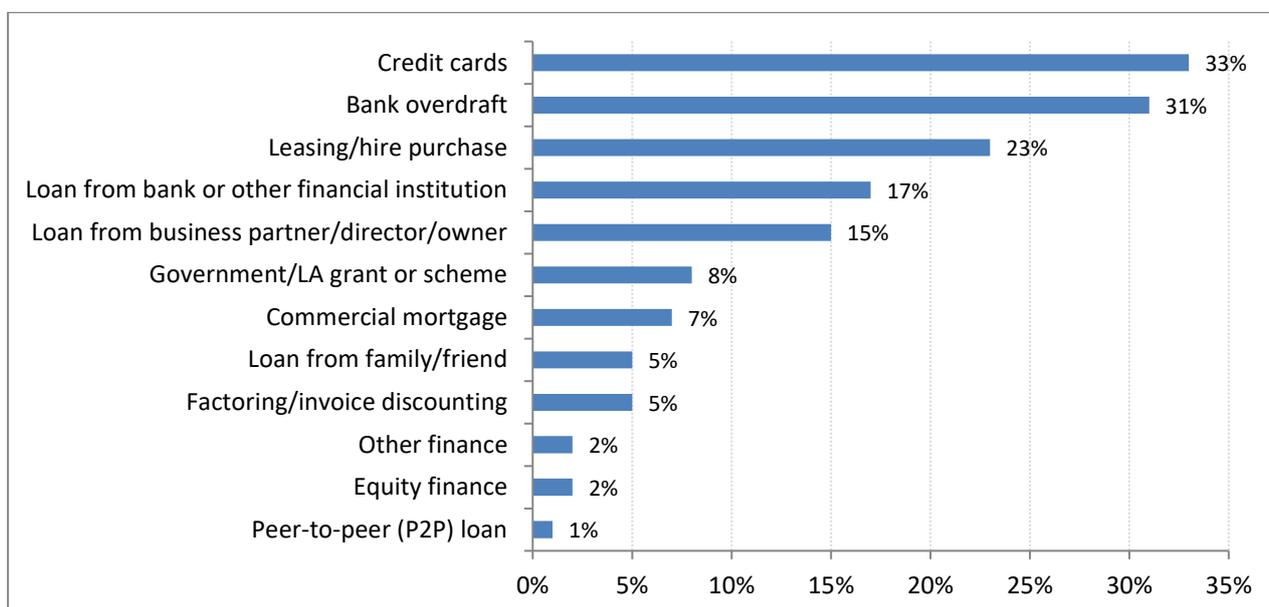
62. Of those with apprenticeship starts in the previous year, 22 per cent intended to increase the number over the next year, 14 per cent intended to decrease numbers, and 61 per cent intended to maintain the same number. The proportion intending to increase the number of new apprenticeships grew by three percentage points since 2016, and the proportion of businesses intending to decrease the number of new apprenticeships fell by four percentage points.
63. Fourteen per cent of micro businesses intended to offer apprenticeships in the next year, compared with 31 per cent of small businesses and 45 per cent of medium-sized ones. Those most likely to intend to offer new apprenticeships were in the manufacturing (28 per cent), construction (27 per cent) and health (23 per cent) sectors.

5. Access to external finance

Types of external finance currently used

64. Sixty-nine per cent of SME employers used external finance, a similar proportion to 2016. Larger SMEs (78 per cent of medium-sized businesses) were more likely to use it than smaller ones (67 per cent of micro businesses).
65. The most common forms of external finance used were credit cards (33 per cent), bank overdrafts (31 per cent) and leasing/hire purchase (23 per cent). There were no overall differences in the types of finance used between 2016 and 2017.

Figure 5.1: Proportion of SME employers currently using forms of external finance



66. The larger the SME, the more likely they were to use most types of listed finance. The exceptions to this rule were loans from family/friends¹¹, where micro and small businesses were more likely to use this type of finance than medium-sized businesses. The proportions using loans from their own business and P2P loans did not vary by employment size.
67. SME employers in the primary sector, largely consisting of agriculture, was most likely to use external finance (85 per cent). Manufacturing (76 per cent) and retail/wholesale businesses (73 per cent) were also more likely to use finance. Use of finance was lowest in the other services (56 per cent), professional/ scientific (62 per cent) and health (63 per cent) sectors.

¹¹ In 2016 loans from family/friends were combined with loans from business partner/director/owner.

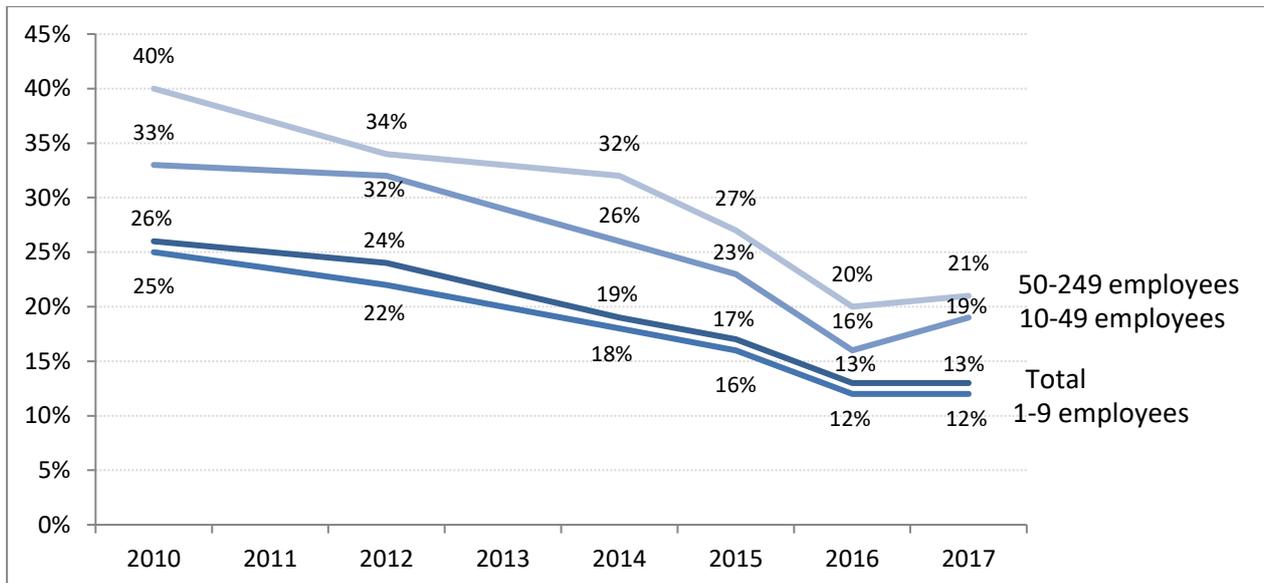
68. Different sectors use different types of external finance to suit their needs:
- *Credit cards* were most likely to be used in manufacturing (39 per cent), retail/wholesale (38 per cent) and administrative services (38 per cent);
 - *Bank overdrafts* were particularly likely to be used in primary (52 per cent), retail/wholesale (38 per cent) and construction (36 per cent), retail/wholesale (36 per cent), and manufacturing (36 per cent);
 - *Leasing/hire purchase* was used most by primary (50 per cent), construction (30 per cent) and manufacturing (29 per cent);
 - *Bank loans* were most likely to be used in primary (40 per cent), accommodation/ food service (25 per cent), manufacturing and retail/wholesale (both 20 per cent);
 - *Government grants* were most used in health (30 per cent), education (22 per cent), arts/entertainment (20 per cent), primary (19 per cent) and other services (13 per cent).
69. Equity finance was used by two per cent of SME employers. SME employers in the primary and manufacturing sectors (both four per cent) were most likely to have used it.
70. Thirty-two per cent of those with equity finance gained it from another business or organisation, 30 per cent from within the company, 17 per cent from family or friends, 14 per cent from business angels, and 13 per cent from a venture capitalist.
71. Ten per cent of SME employers were using any form of so-called 'alternative finance', not originating from banks, the public sector, or people known to the business¹².
72. Nine per cent of micro businesses used alternative finance, compared with 15 per cent of small businesses and 21 per cent of medium-sized businesses. Alternative finance was most likely to be used in the manufacturing (15 per cent) and administrative services (14 per cent) sectors.
73. Eleven per cent of SME employers in Scotland used alternative finance, compared with 10 per cent in England, eight per cent in Northern Ireland, and six per cent in Wales.

¹² In this instance, alternative finance refers to equity, factoring/invoice discounting, peer-to-peer (P2P) loans and 'other finance'.

Whether sought external finance in the last 12 months

74. Thirteen per cent of SME employers had sought external finance in the last year. This was the same proportion as in 2016, but the proportion that sought finance has halved since 2010.
75. Medium-sized businesses were more likely to have sought external finance (21 per cent) than small businesses (19 per cent) or micro businesses (12 per cent). Compared with 2016, fewer small businesses sought finance (down three percentage points).
76. Seventeen per cent of SME employers sought finance in the preceding 12 months in Scotland, as did 15 per cent in Northern Ireland, 13 per cent in England, and ten per cent in Wales.
77. Businesses aged 6-10 years were most likely to have sought finance (16 per cent), compared with 13 per cent of those aged 11 years or more, and ten per cent of those aged 0-5 years.
78. SME employers in the primary (25 per cent), arts/entertainment (20 per cent) and health (18 per cent) sectors were the most likely to have applied for finance in the last year.
79. Nine per cent of SME employers sought finance once in the previous 12 months, and four per cent sought it more than once. Those in health (13 per cent), transport and other services (both eight per cent) were most likely to have sought it more than once in 12 months.

Figure 5.2: Proportion of SME employers that sought external finance in the last year, by year¹³ and number of employees



Reasons for applying for external finance

80. Of SME employers that had applied for external finance in the last 12 months, 57 per cent did so to acquire working capital or cash flow, and 46 per cent to invest in their business.
81. The proportion of those seeking finance for working capital decreased by nine percentage points on the 2016 figure, and the proportion seeking finance for investment increased by five percentage points. The lower demand for working capital and increased demand for investment was seen for micro and small businesses, but not for medium-sized ones.
82. Compared with 2016, the proportion of SME employers using finance to fund staff training and development increased by four percentage points.
83. For those that sought finance for investment in new goods and services, 29 per cent wanted finance for goods and services that would be new to the market. This was a similar proportion to that seen in 2016. For those that sought finance for investment in new processes, 39 per cent wanted the finance for processes that would be new to the industry.
84. The main reasons for seeking working capital/cash flow were:
 - To fund general growth (57 per cent of those seeking finance for working capital);

¹³ The survey was not run in 2011 or 2013

- To cover a short-term gap until funds were received from customers (45 per cent);
- As a safety net, just in case (31 per cent).

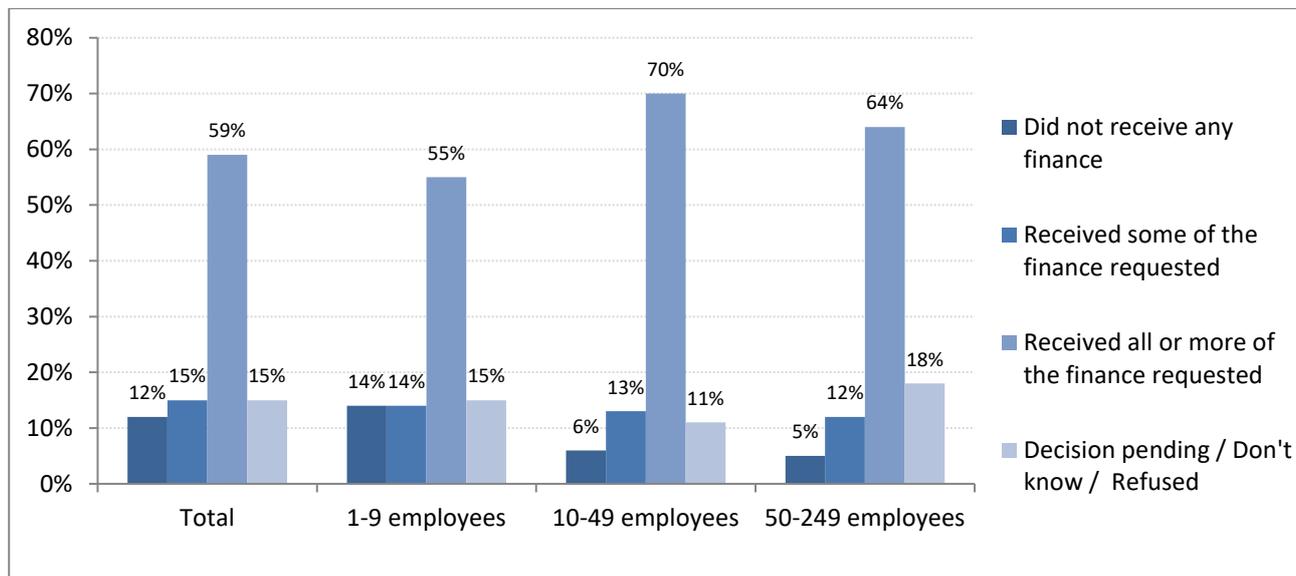
Type of external finance sought

85. Thirty-eight per cent of the SME employers that sought external finance in the previous 12 months applied for loans from banks or other financial institutions. Thirty-three per cent applied for bank overdrafts, 17 per cent for leasing/hire purchase, 15 per cent for a government or local authority grant/scheme, and 12 per cent for credit cards.
86. There was lower demand for credit cards in 2017 than in 2016 (down four percentage points). There was also lower demand for bank overdrafts (also down four percentage points, but not quite statistically significant). Both these findings are consistent with lower demand for working capital.

Success in obtaining finance

87. Of those that applied for external finance in the last 12 months, 77 per cent were successful in obtaining any finance. Twelve per cent did not obtain any, and the outcome of the application(s) was still pending for 11 per cent. The proportion of businesses that were successful in obtaining finance was two percentage points higher than in 2016, but the change was not statistically significant.
88. Larger SMEs had better success in obtaining external finance. Eight-four per cent of medium-sized businesses that applied for external finance were successful in obtaining some or all of it, as were 87 per cent of small businesses. This compared with 73 per cent of the micro businesses.
89. Fifty-eight per cent of those that applied for finance obtained all that they applied for. One per cent obtained more than they had applied for, 13 per cent obtained only some of the amount they applied for, and 12 per cent obtained nothing. Compared with 2016, the proportion obtaining all the finance they required increased by 11 percentage points.
90. Seventy per cent of small businesses, and 64 per cent of medium sized businesses that applied for finance gained all they sought or more, compared to 55 per cent of micro businesses.

Figure 5.3: Outcomes of SME employers' applications for external finance, by employment size



91. Those in the administrative services (22 per cent) and accommodation/food service (17 per cent) sectors were most likely to have obtained no finance.

Intentions to apply for external finance in the next three years

92. Twenty-two per cent of SME employers said it was likely that they would approach external finance providers in the next three years (nine per cent very likely, 13 per cent fairly likely). These proportions were very similar to those seen in 2016.

93. Thirty-three per cent of medium-sized businesses said they would be likely to approach external finance providers, compared with 27 per cent of small businesses and 21 per cent of micro businesses.

Trade credit and late payment

94. Fifty per cent of SME employers give their customers trade credit, a similar proportion to 2016. This was more likely for medium-sized businesses (68 per cent) than small (58 per cent) and micro (47 per cent) businesses.

95. Late payment was considered a problem for 55 per cent of those that give trade credit (or 27 per cent of all SME employers). A higher proportion of small and medium-sized businesses considered late payment a problem than micro-businesses.

96. By sector, late payment was most likely to be considered a big problem in professional/scientific and information/communication (both 13 per cent), manufacturing (12 per cent) and construction (ten per cent).

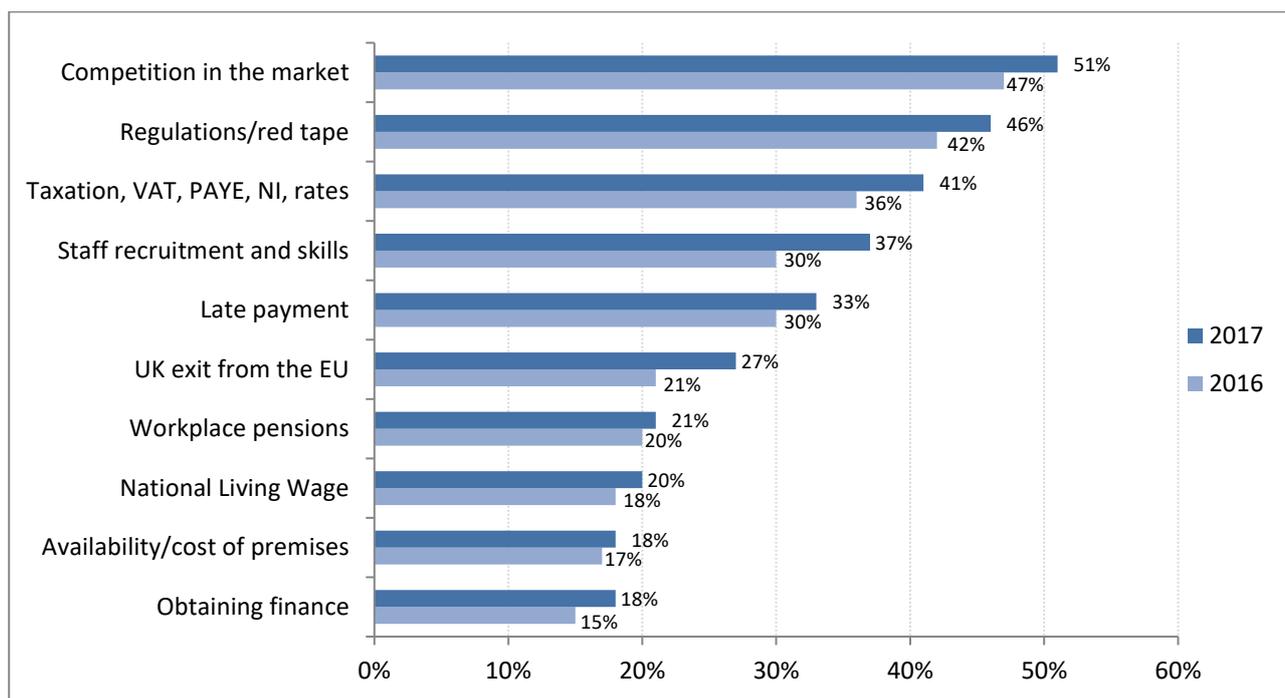
6. Major obstacles to the success of the business

Overview of main obstacles

97. As in the previous year, the obstacle that was most cited by businesses was competition in the market - 51 per cent of SME employers said this was a major obstacle to the success of their business. The other three most cited obstacles were regulation/ red tape; taxation (including VAT, PAYE, NI and rates), and staff recruitment and skills (cited by 46 per cent, 41 per cent, and 37 per cent, respectively).

98. Business were more likely to report most of these obstacles than in 2016. In particular, the proportions mentioning staff recruitment and skills and UK exit from the EU increased by seven and six percentage points respectively.

Figure 6.1: Proportion of SME employers citing each major obstacle to the success of the business – by employment size and year



99. Small and medium-sized businesses were more likely than micro businesses to regard competition, staff recruitment/skills, EU Exit and the National Living Wage as major obstacles.

100. There was some sectoral variation in the obstacles that SME employers cited:

- *Competition* was most likely to be an obstacle for those in finance/real estate (65 per cent), retail/wholesale (64 per cent) and accommodation/food service (57 per cent);
- *Regulations* were most likely to be considered an obstacle in the primary sector (70 per cent) and finance/real estate (65 per cent);
- *Taxation* was most likely to be an obstacle in accommodation/food service (59 per cent), retail/wholesale (48 per cent) and manufacturing (46 per cent);
- *Staff recruitment/skills* were most likely to be considered an obstacle in health (47 per cent), construction (46 per cent), accommodation/food service (43 per cent) and manufacturing (42 per cent). Compared with 2016, the proportion viewing this as an obstacle increased by 12 percentage points in accommodation/food service, and by 11 percentage points in the primary sector;
- *Late payment* was most likely to be viewed as an obstacle in construction (48 per cent), information/communication, professional/scientific (both 42 per cent), administrative services (39 per cent) and manufacturing (37 per cent);
- *UK exit from the EU* was most likely to be considered an obstacle in the primary sector (41 per cent), retail/wholesale (36 per cent), finance/real estate (35 per cent) and information/communication (33 per cent). Compared with 2016, the proportion citing this as an obstacle increased by 16 percentage points in finance/real estate, by 15 percentage points in the primary sector, and by 12 percentage points in both accommodation/food service and arts/entertainment. EU Exit was particularly likely to be considered an obstacle in London (39 per cent) and Northern Ireland (32 per cent);
- *Workplace pensions* were most likely to be viewed as an obstacle in accommodation/food service (34 per cent) and manufacturing (25 per cent);
- *The National Living Wage* was most likely to be viewed as an obstacle in accommodation/food service (46 per cent), health (33 per cent) and retail/wholesale (25 per cent);
- *The availability and cost of suitable premises* was most likely to be viewed as an obstacle in education (26 per cent) and retail/wholesale (23 per cent);
- *Obtaining finance* was most likely to be considered an obstacle in health (37 per cent), other services (27 per cent), education and arts/entertainment (both 25 per cent).

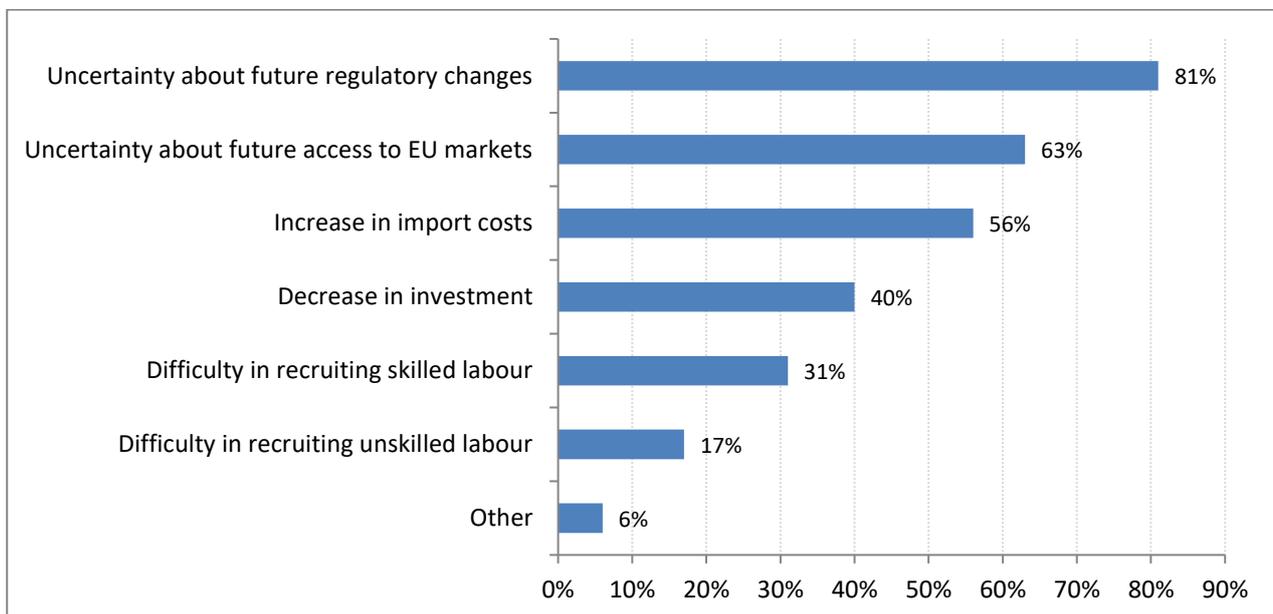
Specific obstacles

101. Of SME employers that cited red tape as major obstacles, the most common regulations mentioned were tax-related regulations (18 per cent), employment regulations (16 per cent), sector specific regulations (15 per cent) and health and safety (13 per cent).
102. Compared with 2016, tax-related and employment regulations were more likely to be considered obstacles (up two percentage points), and health and safety, planning applications and local authority regulations were less likely to be considered obstacles (down two percentage points).
103. Medium-sized businesses were most likely to mention employment and sector-specific regulations. Micro businesses were the most likely to mention tax-related and financial services regulations.
104. There was some variation across the sectors in the specific regulations that were cited¹⁴:
 - SME employers in the *primary sector* were most likely to specify environmental regulations and sector specific regulations (22 and 20 per cent, respectively, of SME employers that cited regulations as a barrier);
 - SME employers in the *manufacturing sector* were most likely to specify health and safety and employment regulations (20 and 17 per cent, respectively);
 - SME employers in the *construction sector* were most likely to specify health and safety, building/ construction regulations and planning applications (22, 12 and 10 per cent, respectively);
 - SME employers in the *retail and wholesale sector* were most likely to specify employment regulations (21 per cent);
 - SME employers in the *transport sector* were most likely to specify sector specific regulations, employment regulations, health and safety and local authority regulations (28, 26, 14 and 10 per cent, respectively);
 - SME employers in the *accommodation and food services sector* were most likely to specify tax-related, employment and health and safety regulations (32, 19, and 15 per cent, respectively);
 - SME employers in the *finance and real estate* were most likely to specify financial services regulations, and sector specific regulations (50 and 19 per cent, respectively);

¹⁴ Only sectors with a base size of 100+ at this question are commented upon here.

- SME employers in the *professional and scientific sector* were most likely to specify tax-related regulations (31 per cent);
 - SME employers in the *administrative services sector* were most likely to specify employment regulations (22 per cent);
 - SME employers in the *health sector* were most likely to specify sector-specific and employment regulations (23 and 21 per cent, respectively).
105. Medium-sized businesses (35 per cent) and those in the primary (41 per cent), retail/wholesale (36 per cent), finance/real estate (35 per cent) and information/communication (33 per cent) sectors were most likely to consider UK exit from the EU to be a major obstacle to business success be
106. The given reasons for EU Exit being an obstacle to success were uncertainty about future regulatory changes (81 per cent of those that considered it an obstacle), uncertainty about future access to EU markets (63 per cent), increases in import costs (56 per cent), decreases in investment (40 per cent), difficulty in recruiting skilled labour (31 per cent) and difficulty in recruiting unskilled labour (17 per cent).

Figure 6.2: Reasons given by SME employers that cited EU exit as an obstacle to business success¹⁵



¹⁵ The figures are only for SME employers that regarded EU exit as an obstacle to business success.

107. Analysis by broad sector¹⁶ reveals that those in the business services sector were most likely to cite uncertainty about future regulatory changes (86 per cent). This was particularly the case in finance/real estate (93 per cent) and professional/ scientific (90 per cent), and regulatory change was most likely to be an issue in Northern Ireland (93 per cent).
108. Uncertainty about future access to EU markets was a particular concern in the primary sector (83 per cent), information/communication (82 per cent) and professional/scientific (71 per cent). Again, this was most likely to be an issue in Northern Ireland (74 per cent).
109. SME employers in the broad distribution and production sectors were most likely to cite an increase in import costs (75 per cent and 66 per cent, respectively). Within these broad sectors, it was particularly likely to have been mentioned in manufacturing (81 per cent), retail/wholesale (80 per cent) and accommodation/food service (69 per cent).
110. SME employers in the broad business services sector were most likely to have cited a decrease in investment (45 per cent), particularly in the finance/real estate (60 per cent) and health (51 per cent) sectors. This was a particular issue in Wales (53 per cent).
111. Businesses in the broad production sector (37 per cent) were most likely to cite a difficulty in recruiting skilled labour, particularly in construction (44 per cent) and administrative services (40 per cent). This was more likely to be an issue for small (38 per cent) and medium-sized (54 per cent) businesses than micro businesses (28 per cent).
112. SME employers in accommodation/ food service (45 per cent), health (35 per cent) and arts/ entertainment (30 per cent) were most likely to mention a difficulty in recruiting unskilled labour. Again, this was more likely to be an issue for small (24 per cent) and medium-sized (38 per cent) businesses than micro businesses (15 per cent).

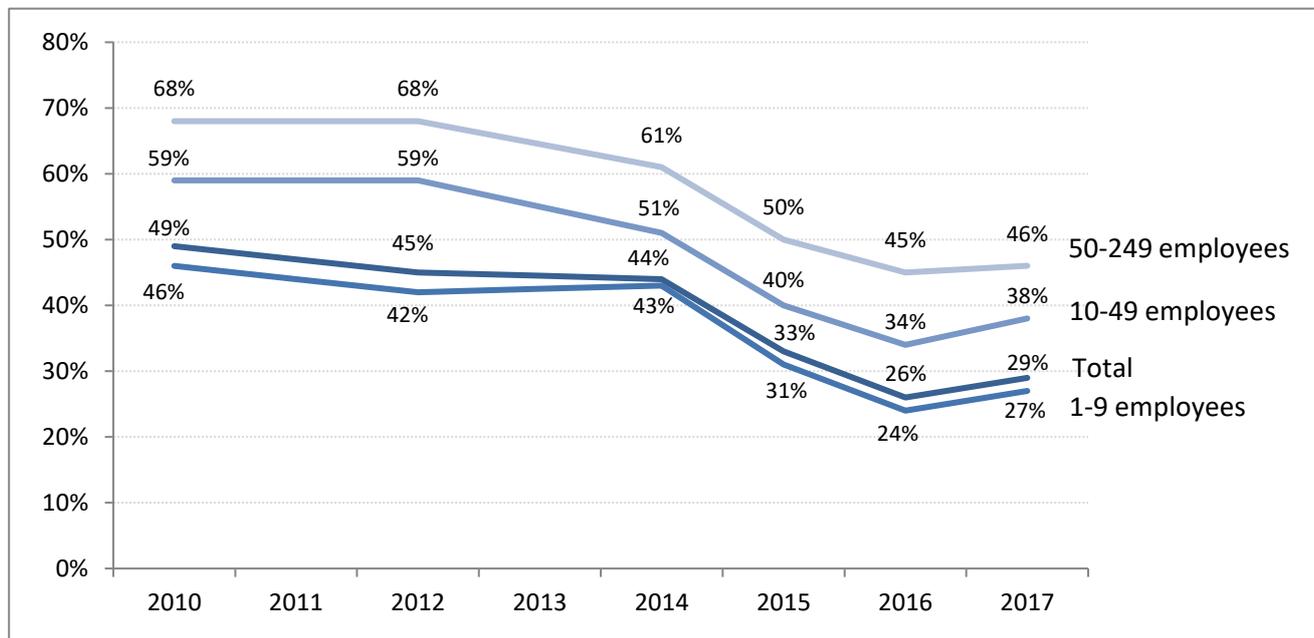
¹⁶ Because the question was asked of a sub-group, some of the sample sizes at the one-digit SIC level are not large enough to allow analysis.

7. Business support

Use of external information or advice in the last year

113. Twenty-nine per cent of SME employers had sought external information or advice in the last 12 months, defined as more than just a casual conversation. This proportion was three percentage points more than in 2016 but use of external information or advice was still much lower than at the beginning of the decade.

Figure 7.1: Proportion of SME employers that sought external information or advice in the last year, by employment size and year¹⁷



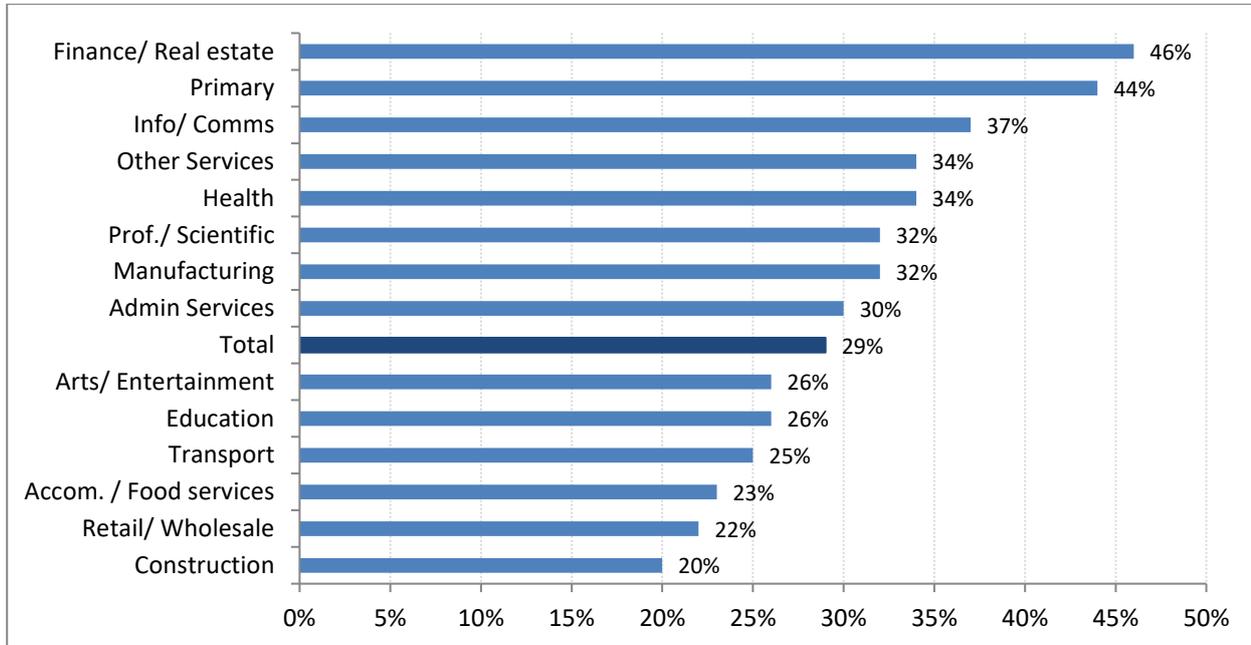
114. Larger SMEs were more likely to have sought external information or advice. Forty-six per cent of medium-sized businesses sought it, compared with 38 per cent of small businesses and 27 per cent of micro businesses.

115. Business which sought information and advice were most likely to be in the primary sector and finance/real estate (44 per cent), information/communication (37 per cent) and health sectors (34 per cent), and least likely to be in construction (20 per cent), retail/wholesale (22 per cent) and accommodation/food service (23 per cent).

¹⁷ The survey was not run in 2011 and 2013

116. Compared with 2016, use of information and advice increased most in transport (up 11 percentage points), information/communication (up eight percentage points) manufacturing, finance/real estate and accommodation/food service sectors (all up six percentage points).

Figure 7.2: Proportion of SME employers that sought external information or advice in the last 12 months, by sector¹⁸



117. Use of external information or advice was lower in Wales (21 per cent) than in Northern Ireland (25 per cent), England (29 per cent) and Scotland (32 per cent).

118. Forty per cent of exporters sought information or advice, compared with 26 per cent of non-exporters.

119. Forty per cent of businesses that had innovated (goods, services or processes) had sought information or advice, compared with 21 per cent of those that had not.

120. Thirty-four per cent of SME employers that plan to grow sales had sought information or advice, compared with 21 per cent of those that did not plan to grow.

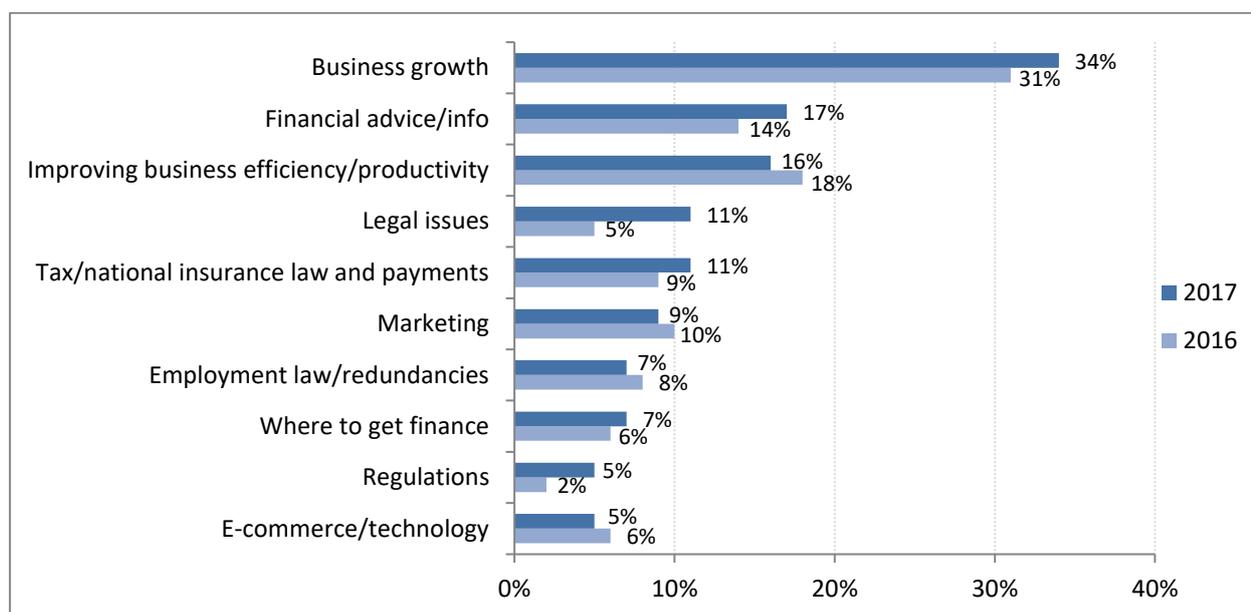
¹⁸ See notes section for detailed definitions of sectors (paragraph 226).

Purpose of strategic advice sought (England and Wales only)¹⁹

121. In 2017 in England and Wales, businesses were most likely to have sought strategic advice, for business growth (34 per cent), financial advice for the general running of the business (17 per cent) and improving business efficiency/productivity (16 per cent).

122. Compared with 2016, advice on legal issues was sought more often (up six percentage points), as was advice on regulations (up three percentage points).

Figure 7.3: Purpose of strategic advice sought by SME employers in the last year (England and Wales only)



123. There were few differences in the type of strategic advice sought by size and sector, with the following exceptions:

- Financial advice on the general running of the business was more likely to be sought by micro (17 per cent) and small businesses (15 per cent) than medium-sized businesses (11 per cent). This was most likely to be sought by those in information/communication (28 per cent);
- Marketing advice was also more likely to be sought by smaller SME employers. This was sought by nine per cent of micro and small businesses that sought advice, but only five per cent of medium-sized businesses;
- Similarly, tax advice was sought more by micro businesses (12 per cent of those that sought advice) than small businesses (seven per cent) and medium-sized businesses (four per cent);

¹⁹ These questions were asked differently according to country, and so these data are not available to this level of detail for Scotland or Northern Ireland. Scottish Government produce a report for SMEs based in Scotland which will be available here: <https://beta.gov.scot/publications/?topics=Statistics>

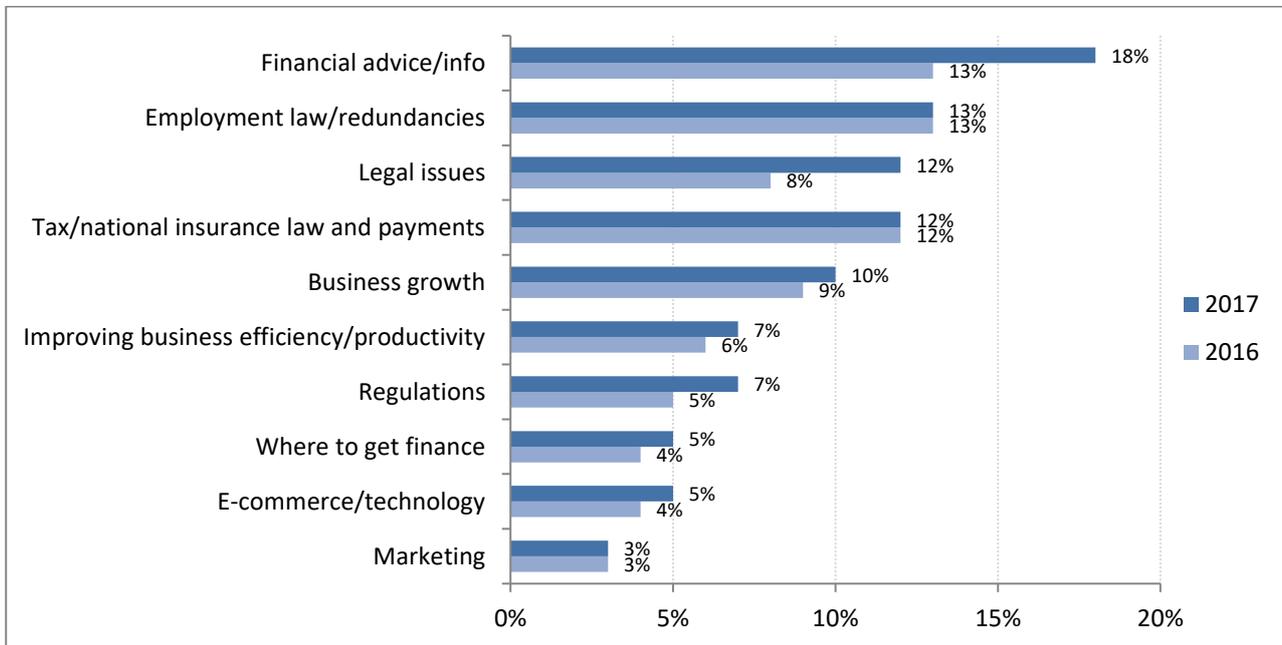
- Business growth advice was more likely than average to be sought by the professional/scientific sector (44 per cent).

Purpose of information sought (England and Wales only)²⁰

124. Information was mainly sought on financial matters for the general running of the business (18 per cent), on employment law (13 per cent), legal issues and tax/national insurance matters (both 12 per cent).

125. Compared with 2016, seeking information for the general running of the business increased (up five percentage points), as did seeking information on legal issues (up four percentage points). The proportion seeking information on workplace pensions declined by four percentage points.

Figure 7.4: Proportion of SME employers that sought each type of information in the last year (based on those that sought any information: England and Wales only)



126. Again, there were few differences in the type of information sought by size and sector, with the following exceptions:

- Information on employment law/redundancies was more likely to be sought by medium-sized businesses (23 per cent) and small businesses (27 per cent) than micro businesses (eight per cent). This was most likely to be sought in the education (30 per cent) and health (22 per cent) sectors;
- Information on the general running of the business was more likely than average to be sought by micro (18 per cent) and small businesses (16 per cent) than medium-sized businesses (13 per cent);

²⁰ Because these sets of questions were asked differently according to country, the data is not comparable across the UK and only results from England and Wales are shown here.

- Information on improving business efficiency was more likely to be sought by medium-sized businesses (12 per cent) than micro (six per cent) and small businesses (nine per cent). This was most likely to have been sought in administrative services (15 per cent).

Sources of external information and strategic advice (England and Wales only)

127. Thirty-eight per cent of SME employers that sought advice approached consultants/business advisers, and 35 per cent approached accountants. Seventeen per cent sought strategic advice from business networks, and 12 per cent from solicitors or lawyers.
128. Compared to 2016, there was more use of consultants (up five percentage points), accountants (up seven percentage points), business networks (up six percentage points), solicitors/lawyers and work colleagues (both up three percentage points), and banks (up two percentage points).
129. Those that had sought information were most likely to have consulted accountants (27 per cent). Seventeen per cent sought information from consultants/business advisers, 14 per cent used business networks or trade associations, and eleven per cent used internet searches.
130. Compared with 2016, there was an increase in the proportion seeking information from business networks (up four percentage points), solicitors/lawyers (up three percentage points) and work colleagues (up two percentage points). There were declines in the proportions using internet searches (down five percentage points), specialist financial advisers (down three percentage points) and local authorities (down two percentage points).

How information or strategic advice was delivered (England and Wales only)

131. Seventy-four per cent of those that received strategic advice in England and Wales had this mainly delivered face-to-face.
132. Ten per cent had their advice delivered by email, nine per cent on the phone, and one per cent via a website. Compared to 2016, more received advice by email (up three percentage points), and fewer had advice delivered through a website (down two percentage points).
133. Medium-sized businesses were most likely to have their advice delivered face to face (82 per cent). The primary sector was most likely to have received face-to-face advice (95 per cent), while the accommodation/food service sector was most likely to have had it delivered over the phone (22 per cent).

134. Fifty-eight per cent of those that sought information received this face-to-face, 18 per cent received it over the phone, 10 per cent by email, and 6 per cent through a website. Compared with 2016, a smaller proportion received information through a website (down three percentage points).
135. Medium-sized businesses were more likely to receive information by email (16 per cent), than small businesses (11 per cent) and micro businesses (ten per cent).
136. Micro businesses were more likely to receive their information on the phone compared to small and medium-sized businesses (18 per cent of micro businesses, 15 per cent of small businesses, 13 per cent of medium-sized businesses).

Paying for strategic advice (England and Wales only)

137. Of SME employers in England and Wales that received strategic advice in the last 12 months, sixty-nine per cent paid for it. This was the same proportion as that seen in 2016.
138. Medium-sized businesses were more likely to have paid for advice (87 per cent) than small businesses (80 per cent) and micro businesses (65 per cent).
139. By sector, those in education (86 per cent) and finance/real estate (83 per cent) were more likely than average to have paid for advice, and those in accommodation/food service were the least likely (36 per cent).

Unmet information and advice needs (England and Wales only)

140. Three per cent of SME employers in England and Wales had opportunities, difficulties or important information or advice needs for which they did not get external advice or support for in the previous 12 months. This was a similar proportion to that observed in previous years.
141. There were few differences according to sector. Those in the primary sector and information/communication were most likely to have had unmet information and advice needs (both six per cent).

Awareness of organisations offering business support – England

142. SME employers in England were asked if they had heard of their Local Enterprise Partnership and their local Growth Hub²¹. They were also asked if they had sought information or advice from them, or otherwise engaged with them, in the last 12 months.

²¹ Businesses were given the actual name of their local LEP and Growth Hub, which was determined through the postcode that appeared on the database. In cases where they could be located in two LEPs/Growth Hubs, the primary LEP/Growth Hub was chosen.

143. Forty-nine per cent of SME employers had heard of Local Enterprise Partnerships, and 30 per cent had heard of Growth Hubs. These were higher awareness levels than those seen in 2016, up four and eight percentage points respectively.

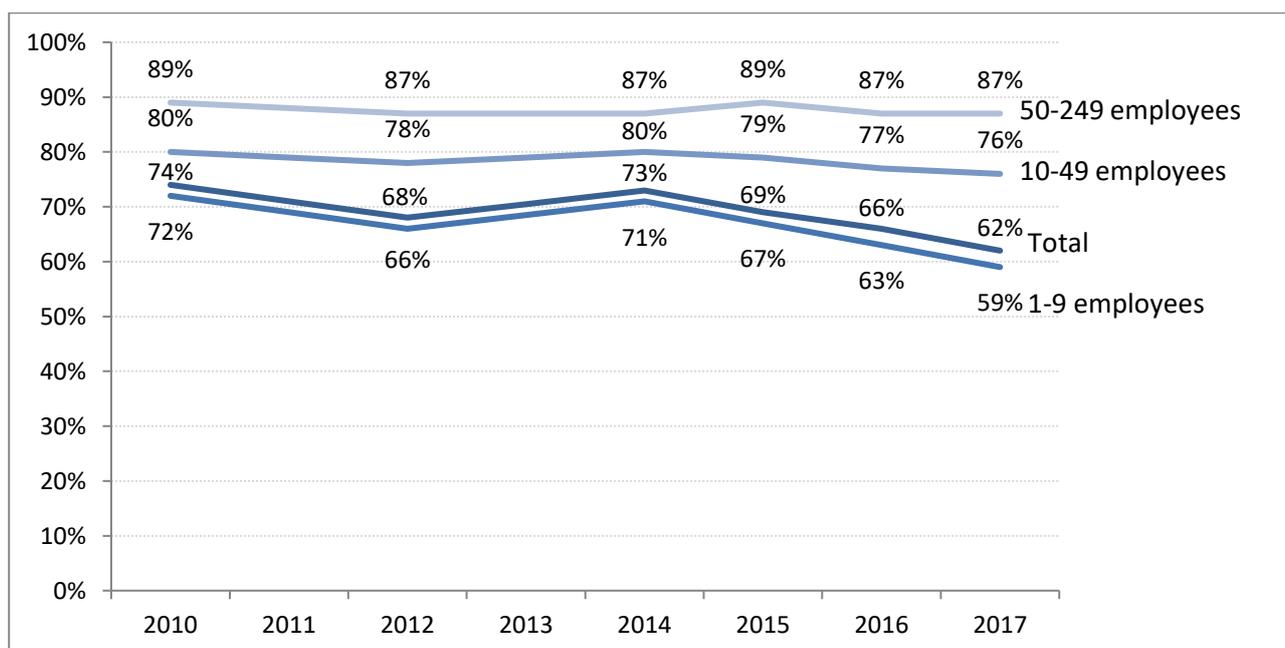
8. Future plans

Growth ambitions

144. Sixty-two per cent of SME employers aimed to grow sales over the next three years. Medium-sized businesses were most likely to have this ambition (87 per cent, compared to 76 per cent of small businesses and 59 per cent of micro businesses).

145. The overall proportion seeking to grow was four percentage points lower than in 2016, and seven percentage points lower than in 2015. This means that 2017 records the lowest figure for growth intentions since the survey began in 2003. This decrease was most marked in micro businesses, with a four-percentage point fall. The proportions of small and medium-sized businesses aiming to grow were similar to those seen in 2016.

Figure 8.1: Proportion of SME employers that aim to grow sales of the business over the next three years, by employment size and year²²

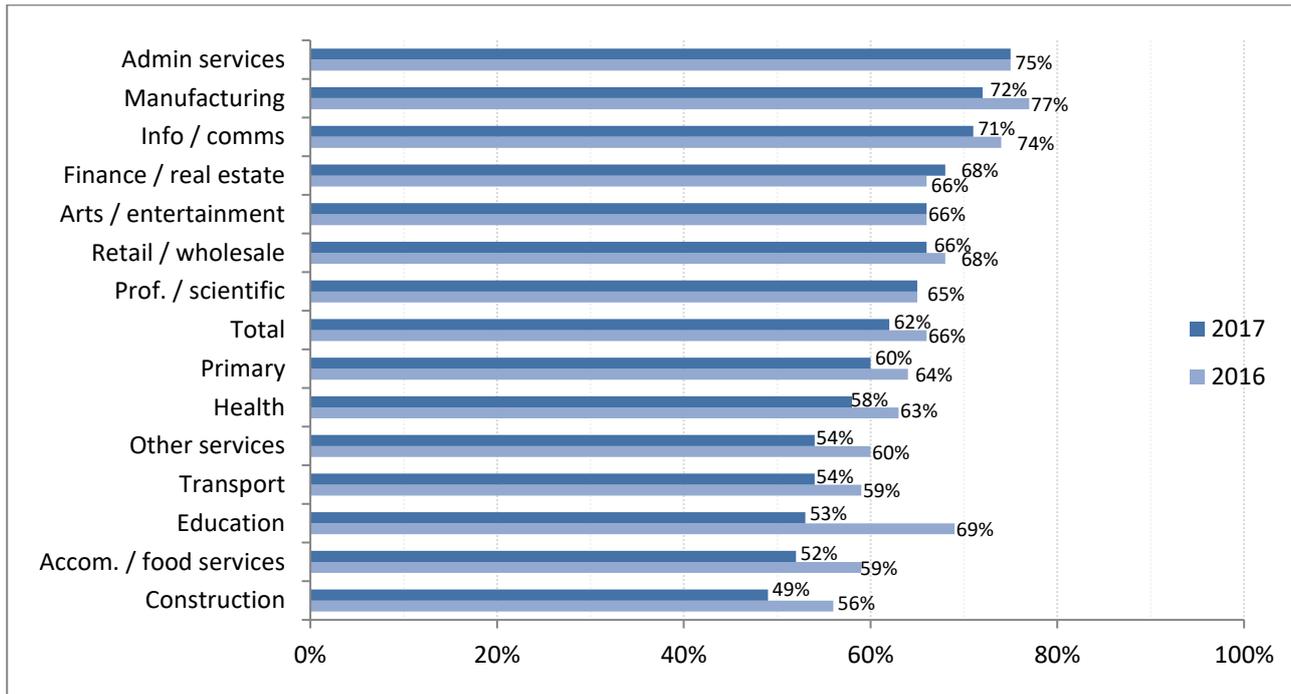


146. By sector, those in administrative services (75 per cent), manufacturing (72 per cent), information/communications (71 per cent) and retail/wholesale (66 per cent) were most likely to aim to grow. Those in construction (49 per cent), accommodation/food service (52 per cent), education (53 per cent), transport and other services (both 54 per cent) were least likely to be aiming to grow.

²² The survey was not run in 2011 or 2013

147. Compared to 2016, the sectors with the biggest decline in the proportions of SME employers aiming to grow were education (down 16 percentage points), construction and accommodation/food service (both down seven percentage points). Only SME employers in finance/real estate were more likely to aim to grow sales in 2017 (up two percentage points), although the finding is not statistically significant.

Figure 8.2: Proportion of SME employers that aim to grow sales of the business over the next three years, by sector²³ and year



148. By nation, SME employers in Northern Ireland (65 per cent) and England (63 per cent) were more likely to aim to grow than those in Scotland (60 per cent) and Wales (59 per cent). In Northern Ireland, ambition to grow decreased by nine percentage points. It decreased by five percentage points in Wales, and by three percentage points in England and Scotland.

149. By English region, growth ambition was strongest in London at 70 per cent, down three percentage points on 2016.

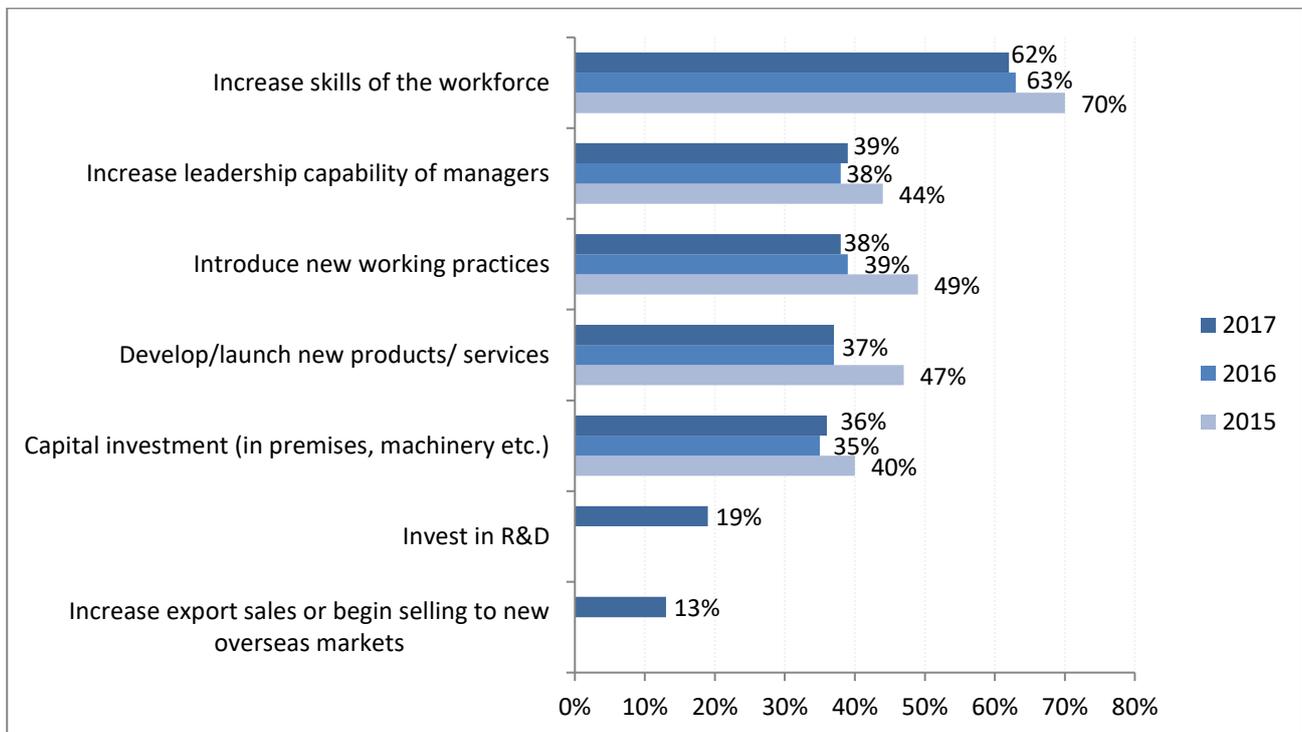
²³ See notes section for detailed definitions of sectors (paragraph 226)

Plans to undertake growth-related activities

150. Over the next three years, 62 per cent of SME employers said they planned to increase workforce skills; 39 per cent planned to increase the leadership capability of managers; 38 per cent planned to introduce new working practices; 37 per cent planned to develop and launch new products or services; 36 per cent planned to invest in premises, machinery or other types of capital investment; 19 per cent planned to invest in R&D; and 13 per cent planned to increase export sales or begin selling to new overseas markets.

151. Compared with 2016, there were few differences in the proportions planning to undertake these activities. The 2016 survey saw large decreases in the proportions intending to grow their business in any of these ways, when compared with 2015. The differences between 2017 and 2016 were minimal.

Figure 8.3: Proportion of businesses undertaking growth-related activities, by type of activity and year



152. Micro businesses were far less likely to plan any of these activities than small and medium-sized businesses.

153. There was some variation in the intentions of SME employer across sectors:

- Businesses in health (84 per cent), information/communication (74 per cent) and manufacturing (68 per cent) were most likely to plan to *increase the skills of the workforce*;
- Businesses in health (62 per cent) and administrative services (48 per cent) were more likely than average to plan to *increase leadership capability*;

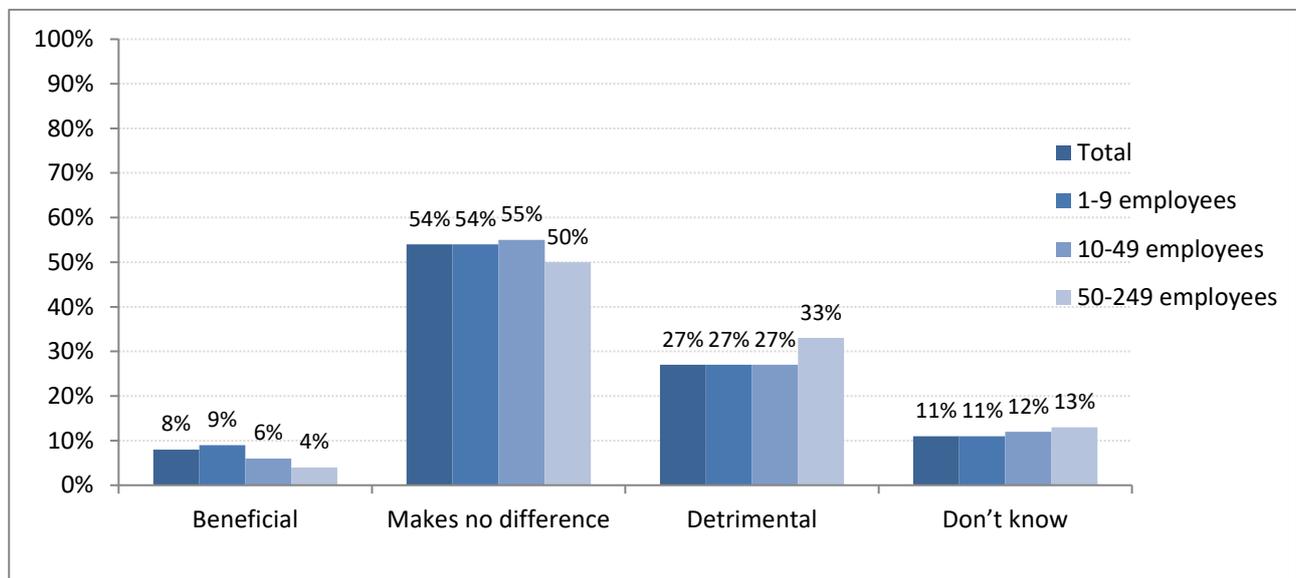
- Businesses in health (58 per cent), information/ communication (50 per cent) and manufacturing (42 per cent) were more likely than average to plan to introduce *new working practices*;
- Businesses in information/ communication (65 per cent), manufacturing (52 per cent), and professional/scientific (43 per cent) were most likely to plan to *develop and introduce new products and services*;
- Businesses in the primary sector (64 per cent), manufacturing (48 per cent) and transport (44 per cent) were most likely to plan to *make capital investments*;
- Businesses in information/communication (44 per cent), manufacturing (38 per cent), primary (28 per cent) and professional/scientific (26 per cent) were most likely to plan to *invest in R&D*;
- Businesses in manufacturing (31 per cent), information/ communications (30 per cent), professional/scientific (20 per cent) and retail/wholesale (16 per cent) were most likely to plan to *increase export sales or begin selling to new overseas markets*.

9. Attitudes of SME employers to UK exit from the EU

Whether UK exit from the EU will be beneficial or detrimental to businesses

154. Nearly two thirds of SME employers believed that UK exit from the EU would not have an impact on their business or did not know. About one quarter thought it would be detrimental and one tenth thought it would be beneficial. These proportions were roughly the same as in 2016.

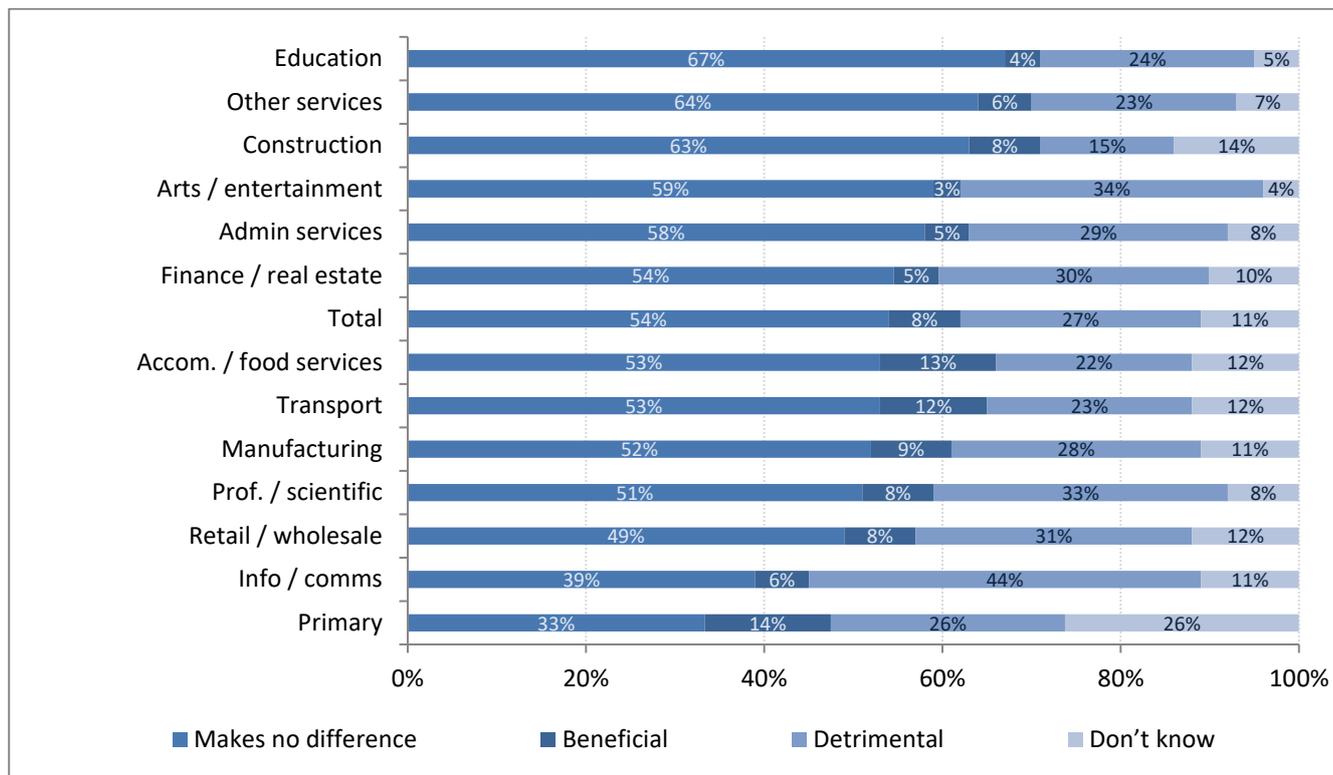
Figure 9.1: Proportion of SME employers that considered UK exit from the EU beneficial or detrimental to their business, by employment size



155. Medium-sized businesses were most likely to consider EU Exit detrimental (33 per cent, compared with 27 per cent of small businesses and micro businesses).

156. By sector, businesses in the primary (14 per cent) and accommodation/food service (13 per cent) sectors were most likely to consider EU Exit to be beneficial to their business. EU Exit was most likely to be considered detrimental in information/communications (44 per cent), professional/scientific (33 per cent) and retail/wholesale (31 per cent).

Figure 9.2: Proportion of SME employers that considered UK exit from the EU beneficial or detrimental to their business, by sector²⁴



157. Looking at sectors in more detail (two-digit SIC code²⁵), the types of SME employers most likely to consider EU Exit beneficial were: Land transport; Agriculture; Food service (16, 15, and 13 per cent, respectively).

158. SME employers within the following two-digit level sectors were most likely to consider EU Exit detrimental to their business²⁶:

- Computer programming/consultancy (44 per cent);
- Architecture/engineering (39 per cent);
- Management consultancy (39 per cent);
- Real estate (38 per cent);
- Employment agencies (37 per cent);

²⁴ See notes section for detailed definitions of sectors (paragraph 226)

²⁵ Based on minimum sample sizes of 75 in 2017. Only statistically significant findings are shown.

²⁶ See footnote 35

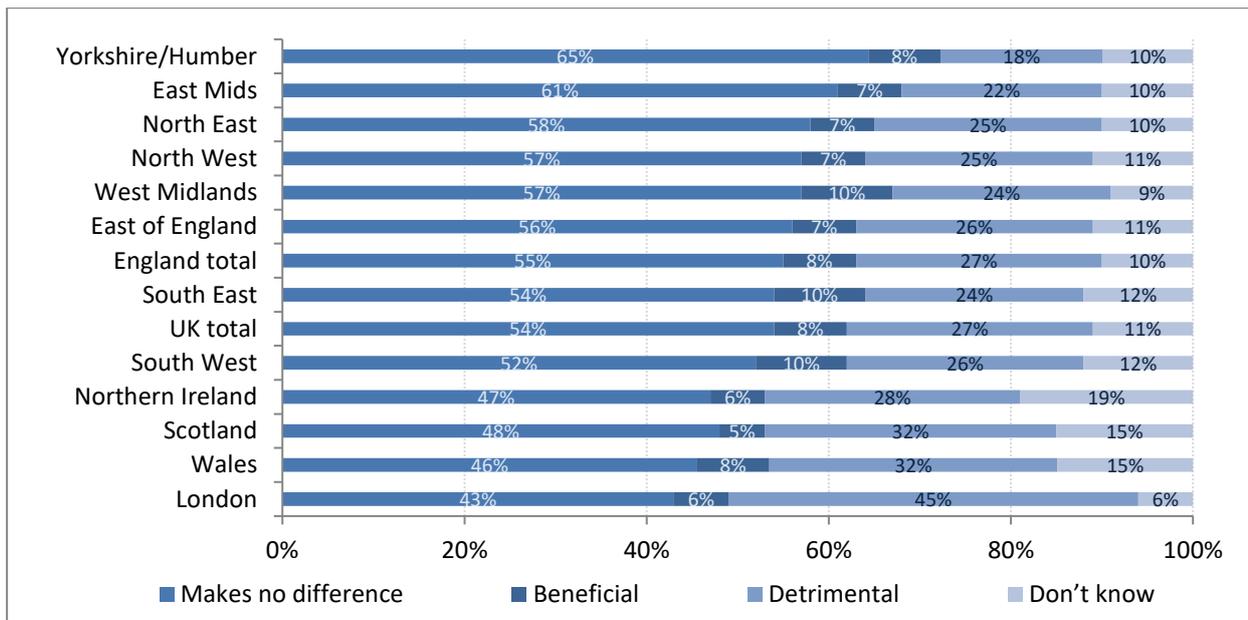
- Wholesale (36 per cent);
- Accommodation (36 per cent);
- Retail (35 per cent).

159. Ten per cent of exporters considered EU Exit beneficial, with 40 per cent considering it detrimental to their business. Among SME employers that export only to the EU, 11 per cent thought it would be beneficial and 47 per cent detrimental. Of those that export only to the rest of the world, two per cent thought it would be beneficial and 30 per cent detrimental. Of those exporting both to the EU and the rest of the world, 12 per cent thought it beneficial and 41 per cent detrimental.

160. Eight per cent of importers considered EU Exit beneficial, with 40 per cent considering it detrimental to their business. Of those that import only from the EU, eight per cent thought it would be beneficial and 40 per cent detrimental. Of those that import only from the rest of the world, 12 per cent thought it would be beneficial and 35 per cent detrimental. Of those importing both from the EU and the rest of the world, eight per cent thought it would be beneficial and 42 per cent detrimental.

161. SME employers in the West Midlands, South East and South West were most likely to consider EU exit beneficial to their business, and those in London, Wales and Scotland were most likely to consider it detrimental to their business.

Figure 9.3: Proportion of SME employers that considered UK exit from the EU beneficial or detrimental to their business, by UK region



Whether plans for growth-related activities have been affected by UK exit from the EU

162. The following section concerns those SME employers which planned to undertake specific growth-related activities (see Chapter 11).
163. Those with plans to *increase export sales or begin selling to new overseas markets* were most likely to have had these plans affected by EU Exit (37 per cent). This was more likely to be the case for micro businesses (39 per cent) than small and medium-sized businesses (both 30 per cent). Plans were most likely to be affected for SME employers in the administrative services (54 per cent) and retail/wholesale (46 per cent) sectors. Twenty-eight per cent of those with these plans had delayed them, while four per cent had brought them forward. Twenty-eight per cent had scaled down plans for exporting, while four per cent had scaled them up.
164. Sixteen per cent of those with plans to *develop and launch new products/services* had these plans affected by EU Exit. Again, this was more likely to be the case for micro businesses (17 per cent) than small (13 per cent) and medium-sized businesses (nine per cent). Plans were most likely to be affected among SME employers in the transport (28 per cent) and professional/scientific (24 per cent) sectors. Eleven per cent of those with plans had delayed them, while two per cent had brought them forward. Ten per cent had scaled down these plans for innovation, while two per cent had scaled them up.
165. Sixteen per cent of those with plans to *invest in R&D* had these plans affected by EU Exit. Again, this was more likely to be the case for micro businesses (17 per cent) than small (14 per cent) and medium-sized businesses (11 per cent). These plans were most likely to be affected in the finance/real estate (27 per cent), and construction (24 per cent) sectors. Eleven per cent of those with plans had delayed them, while two per cent had brought them forward. Nine per cent had scaled down these plans for investment in R&D, while two per cent had scaled them up.
166. Fifteen per cent of SME employers with plans for *capital investment* had these plans affected by EU Exit. This proportion did not vary significantly by size. Plans were most likely to be affected in the finance/real estate (23 per cent), and professional/scientific (21 per cent) sectors. Eleven per cent of those with these plans had delayed them, while one per cent had brought them forward. Nine per cent had scaled down plans for capital investment, while one per cent had scaled them up.

Figure 9.4: How the timings of SME employers' plans for growth-related activities have been affected by UK exit from the EU, by type of activity (based on SME employers that plan to undertake certain growth-related activities only)

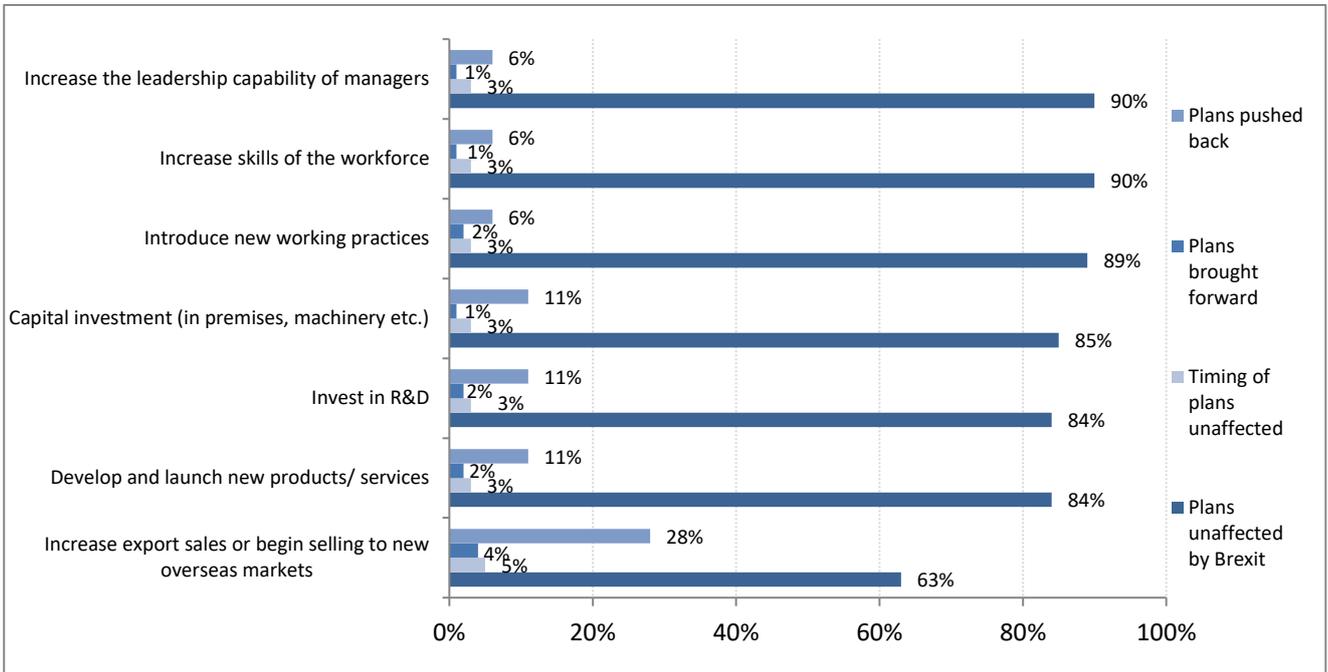
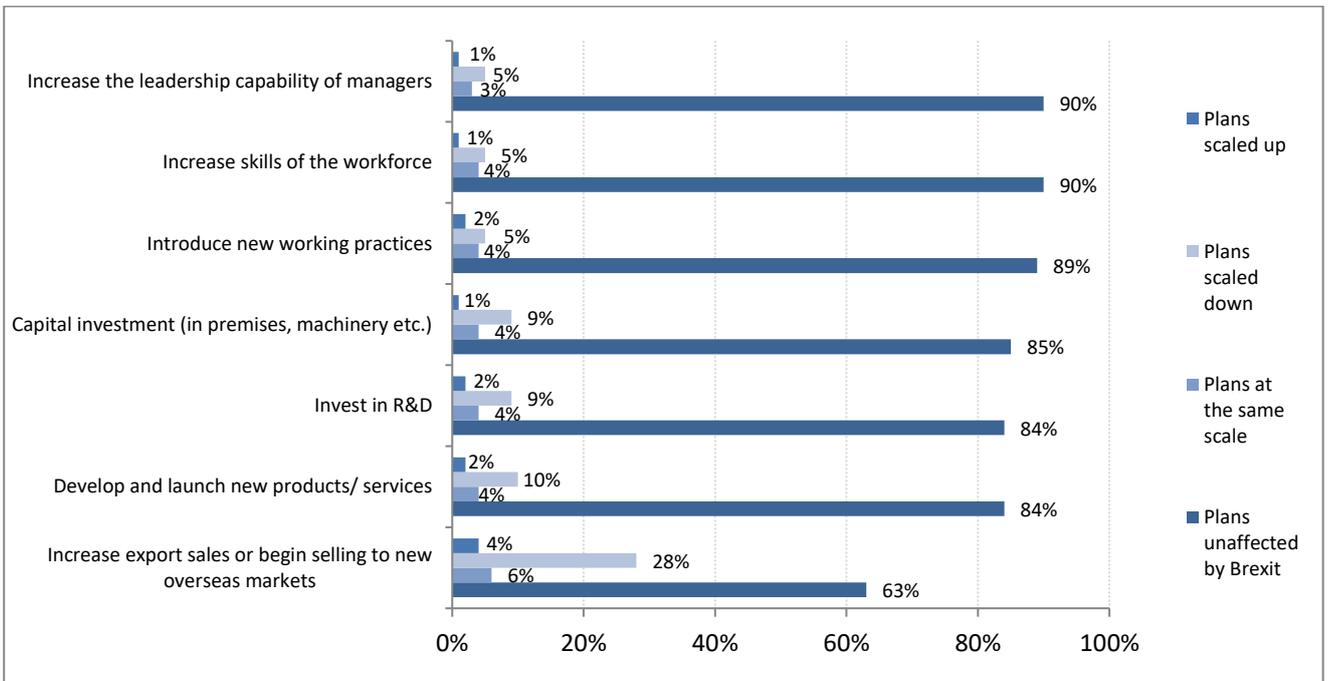


Figure 9.5: How the scale of SME employers' plans for growth-related activities have been affected by UK exit from the EU, by type of activity (based on SME employers that plan to undertake certain growth-related activities only)

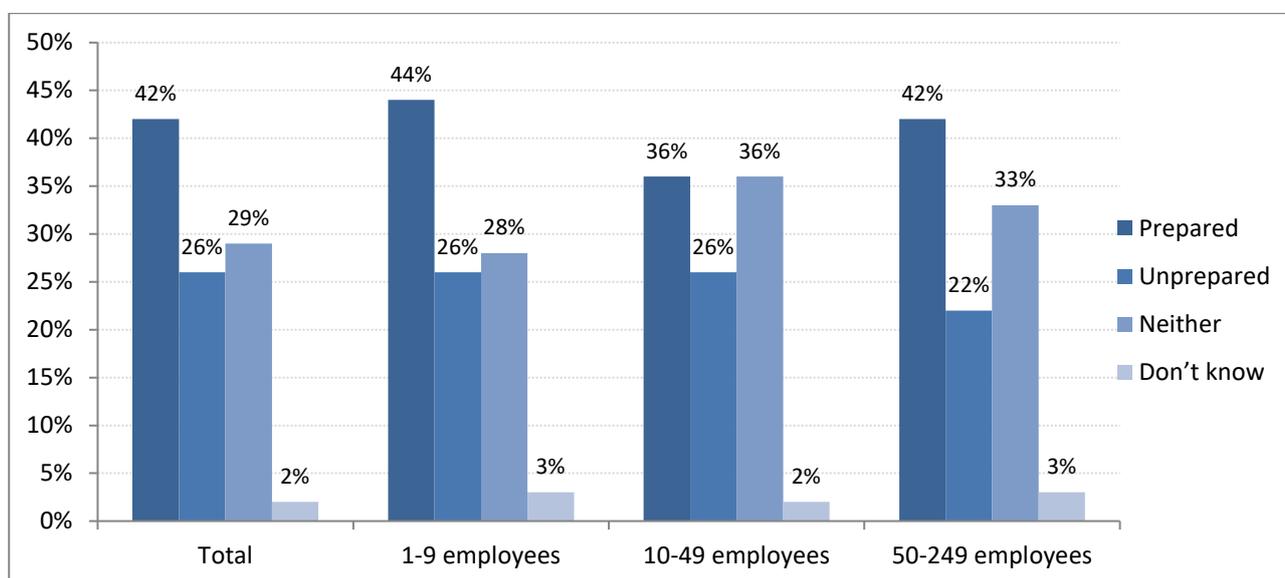


Whether businesses are prepared for UK exit from the EU

167. Forty-two per cent of SME employers that believed EU Exit to be either beneficial or detrimental to their business said they felt prepared for it, compared with 26 per cent who felt they were unprepared. Small businesses were less likely than average to consider themselves prepared (36 per cent).

168. Seventy per cent of SME employers that thought EU Exit would be beneficial for their business said they were prepared for it, compared with ten per cent that said they were unprepared. Of those who thought EU Exit would be detrimental to their business, 34 per cent said they were prepared, and 31 per cent unprepared.

Figure 9.6: Degree to which SME employers are prepared for UK exit from the EU, by employment size (only for those considering EU Exit beneficial or detrimental)



10. Profiles of SMEs

Number of sites

169. In 2017, 85 per cent of SME employers operated from a single site. This proportion was one percentage point less than in 2016, and two percentage points less than in 2015.
170. As might be expected, the more employees in an enterprise, the more likely it is to have multiple sites. Eleven per cent of micro businesses had multiple sites, compared with 25 per cent of small businesses and 51 per cent of medium-sized ones, the same proportions as seen in the 2016 survey.
171. By sector, those most likely to have a single site were in arts/entertainment (93 per cent), accommodation/food services (92 per cent) and manufacturing (90 per cent). Manufacturing businesses had more employees than in any other sector other than health (SME employers in the manufacturing sector had an average of 15 employees, compared with an average of eight across all sectors).
172. SME employers in health (24 per cent) and information/ communication (18 per cent) were most likely to have multiple sites.

Business premises in residential settings

173. Twenty-nine per cent of SME employers located the main work premises in their home or the home of the business's owner. This was two percentage points more than in 2016, and five percentage points more than in 2015, both statistically significant increases.
174. Thirty-two per cent of micro businesses worked out of a domestic address, compared to 14 per cent of small businesses and ten per cent of medium-sized ones.
175. By sector, 49 per cent of SME employers in primary and 46 per cent in and construction worked from a domestic address, as did 43 per cent in information/communication, 37 per cent in transport, 36 per cent in education, and 34 per cent in professional/scientific.
176. Those in health (11 per cent), finance/real estate (14 per cent), manufacturing (15 per cent), retail/wholesale (16 per cent) and other services (20 per cent) were less likely to be home based.
177. Compared with 2016, there were more home-based SME employers in the transport and education sectors (both up nine percentage points), and in accommodation/food (up eight percentage points).

178. Home-based businesses were more common in Scotland (35 per cent) than in England (28 per cent), Wales and Northern Ireland (both 27 per cent). In England, they were most common in the West Midlands (36 per cent).

Age of business

179. Nine per cent of SME employers in 2017 first started trading 0-5 years previously (i.e. between 2012 and 2017). Thirteen per cent started trading 6-10 years previously, 22 per cent 11-20 years previously, and 56 per cent 21 years or more previously.
180. Small and medium-sized businesses tended to be older than micro businesses. Seventy-four per cent of mediums were aged 21 years or more, compared with 62 per cent of small businesses and 54 per cent of micro businesses.
181. By sector, those most likely to be aged 0-5 years were in accommodation/ food service (15 per cent) and administrative services (12 per cent). Those most likely to be aged 21 years or more were in primary (80 per cent), health and other services (both 67 per cent), arts/ entertainment (65 per cent), manufacturing (63 per cent) and retail/wholesale sectors (59 per cent).
182. By nation, SME employers in Northern Ireland (15 per cent) and Scotland (13 per cent) were more likely to be aged 0-5 years than those in Wales (12 per cent) and England (eight per cent). England had a higher proportion of businesses aged 21+ years (57 per cent), than did Northern Ireland (52 per cent), Wales (46 per cent) and Scotland (45 per cent). The English regions most likely to have businesses aged 21+ years were the South West (67 per cent) and North East (65 per cent).

Legal status

183. In 2017, 65 per cent of SME employers were private limited companies, limited by shares. Thirteen per cent were sole proprietors and 10 per cent partnerships. Five per cent were private companies limited by guarantee (CLGs), one per cent were limited liability partnerships (LLPs), and the rest (five per cent) had a variety of statuses that included charitable incorporated organisations, industrial and provident societies, community benefit societies, trusts, unincorporated associations and community interest companies (CICs).
184. Compared to 2016, the proportions of SME employers with each type of legal status remained at similar levels.
185. Seventy-seven per cent of small businesses were companies limited by shares, as were 80 per cent of medium-sized companies, compared with 63 per cent of micro businesses. By contrast, 16 per cent of micro businesses were sole proprietorships, and 11 per cent were partnerships. These statuses were more common in micro-businesses than in small and medium-sized businesses.

186. Just one per cent of SME employer panellists changed their legal status in the 12 months preceding interview. These changed mostly from being sole proprietorships and partnerships to private companies limited by shares.

Registered charity status

187. Seven per cent of SME employers in 2017 were registered charities, up one percentage point on the 2016 figure.

188. Larger SMEs were more likely to be charities: ten per cent of small businesses and eleven per cent of medium-sized businesses were charities, compared with six per cent of micro businesses.

189. Although charities can be found in all sectors, three quarters were found in four sectors: human health, other services, arts/entertainment and education (where 52, 36, 33, and 32 per cent of SME employers were charities, respectively).

Social enterprises

190. In 2016, BEIS and DCMS jointly commissioned a study (Social enterprise: market trends 2017²⁷) to improve the business classification methodology used to identify social enterprises in the UK small business population. The study sought to define and measure four groups, based on their social and environmental goals: social enterprises; traditional non-profit enterprises; socially orientated SMEs; and commercial SMEs.

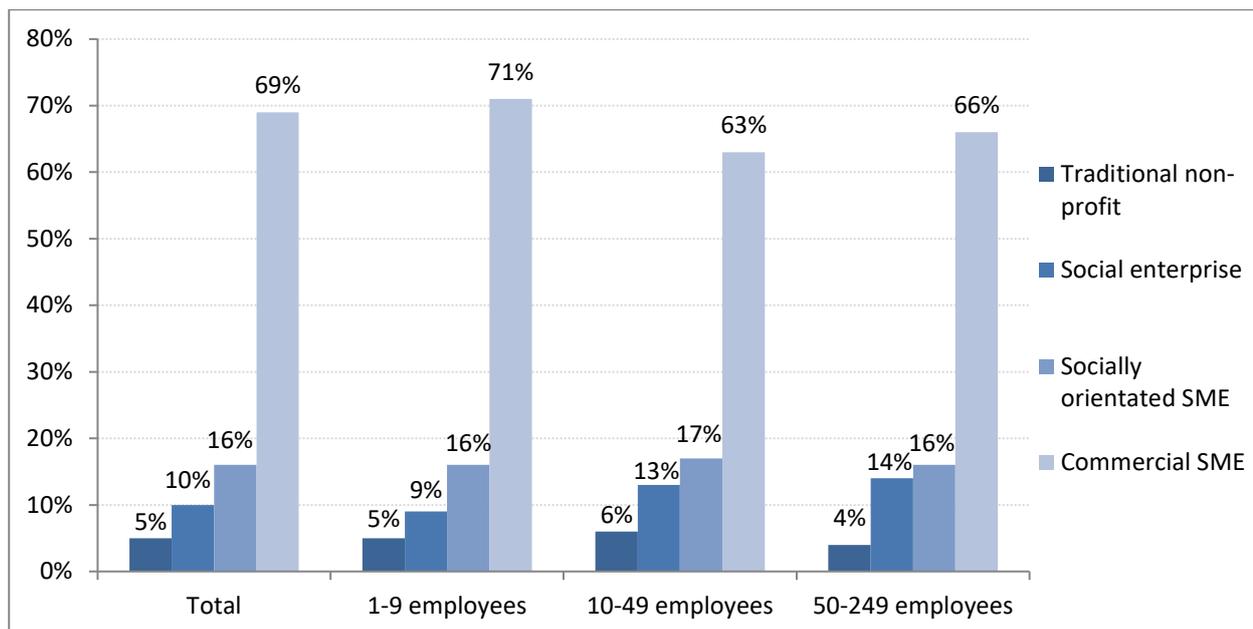
191. There were several routes by which enterprises could be classified as one of the four categories. These were based on answers to questions on the following themes: the share of income from trading/commercial activities; rules or restrictions on the use of surpluses/profits to further social/environmental goals; the type of social or environmental goals and how they compare to financial goals; charitable status and legal form²⁸.

192. Overall, five per cent of SME employers were traditional non-profit organisations, ten per cent were social enterprises, 16 per cent socially-orientated SMEs, and the remaining 69 per cent were commercial SMEs.

²⁷ <https://www.gov.uk/government/publications/social-enterprise-market-trends-2017>

²⁸ The method of determining the type of SME, based on the answers to the various questions based on the themes above, is complex and is described in detail in the Social enterprise: market trends 2017 report, as well as in the methodological report for LSBS Year 3.

Figure 10.1: Type of organisation, by employment size



193. Medium-sized (14 per cent) and small businesses (13 per cent) were more likely to be social enterprises than micro businesses (nine per cent). Micro businesses were more likely to be commercial SMEs (71 per cent) than small (63 per cent) or medium-sized businesses (66 per cent).
194. By nation, there was a higher proportion of social enterprises in Northern Ireland (13 per cent) and Scotland (12 per cent) than in England and Wales (both nine per cent).
195. By sector, traditional non-profit organisations were most common in health (35 per cent), other services (29 per cent), education (15 per cent) and arts/entertainment (14 per cent). They were more common in Northern Ireland and Scotland (both seven per cent) than in England and Wales (both five per cent).
196. Social enterprises were most common in education (30 per cent), health and arts/entertainment (both 29 per cent), accommodation/food service (21 per cent) and other services (18 per cent).
197. Socially-orientated SMEs were most common in manufacturing and accommodation/food service (both 12 per cent). They were more likely to be found in Wales (24 per cent) than in England and Scotland (both 16 per cent) and Northern Ireland (12 per cent).
198. There were no differences statistically significant between these figures, and those from the social enterprise survey run earlier in 2017.

Number of owners/partners

199. Thirty-eight per cent of SME employers had just one owner or partner, 36 per cent had two, eleven per cent had between three and five, and two per cent had six or more.
200. The number of owner/partners increases with size of business. Eighteen per cent of medium-sized businesses had a single owner, compared with 23 per cent of small businesses and 42 per cent of micro businesses. These proportions were very similar to those seen in 2016.

Family-owned businesses

201. Sixty-nine per cent of SME employers were defined as family-owned businesses, majority owned by members of the same family. Businesses with just a single owner or partner were also classified as family businesses.
202. The proportion of family-owned businesses has decreased by two percentage points since 2016 but was at the same level as in 2015.
203. Family-owned businesses were more common among smaller enterprises, comprising 72 per cent of micro businesses, 56 per cent of small businesses and 47 per cent of medium-sized businesses.
204. Family-owned businesses were far more likely in production and distribution sectors than in service sectors. Eighty-seven per cent of primary sector businesses, 79 per cent in construction, 77 per cent in retail/wholesale and 76 per cent in accommodation/food service, were family owned. The proportions were very similar to those in 2016 and 2015.

Women-led businesses

205. Nineteen per cent of SME employers were majority-led by women, defined as controlled by a single woman or having a management team of which a majority were women. This figure was just one percentage point lower than in 2016, and two percentage points lower than that seen in 2015.
206. There were fewer women-led medium-sized businesses (15 per cent), compared with small (20 per cent) and micro businesses (19 per cent). This was also the case in previous surveys.
207. Women-led businesses were most likely in the health, education, and other services sectors (52 per cent, 50 per cent, and 26 per cent were women-led, respectively). Women-led businesses were less common in information/communication, primary, construction and manufacturing sectors (ten per cent, 11 per cent, and 12 per cent, respectively). These trends are similar to previous years.

208. While 19 per cent of SME employers were women-led businesses, 21 per cent were equally-led by men and women, nine per cent had women leaders in the minority, and 48 per cent were entirely male led. A further four per cent did not know or refused to say.

Minority Ethnic Group-led businesses

209. Four per cent of SME employers were minority ethnic group led (MEG-led), defined as having a person from an ethnic minority in sole control of the business or having a management team with at least half of its members from an ethnic minority.

210. There was no statistically significant difference in the overall proportion of MEG-led businesses between 2015 and 2017.

211. MEG-led businesses were more likely in information/communication (eight per cent) and administrative services (seven per cent). They were least likely in primary (none in 2017) and construction (two per cent).

212. MEG-led businesses were most common in London (11 per cent) and were least common in the South West and Northern Ireland (both one per cent).

213. For those MEG-led businesses where the ethnic origin of the sole owner or management team was known, ethnic origins were Indian (23 per cent of MEG-led businesses), mixed-race (20 per cent), Black Caribbean or African (eleven per cent), Pakistani (ten per cent), Chinese (four per cent), other Asian (12 per cent), Arab (three per cent) and other (four per cent). Twelve per cent of these had a management team consisting of more than one of these ethnicities.

Notes on this release

Aims of the survey

214. This report sets out the key findings from the 2017 Longitudinal Small Business Survey (LSBS), a large-scale telephone survey of 6,619 owners and managers of UK businesses, commissioned by the Department for Business, Energy and Industrial Strategy (BEIS). This survey is the latest in a series of annual and biennial Small Business Surveys (SBS) dating back to 2003. The survey on this occasion was conducted between August 2017 and January 2018 by BMG Research Ltd.
215. The 2017 survey follows on from the 2015 and 2016 surveys which had sample sizes of 15,502 and 9,248, respectively. The 2015 survey was the largest SBS yet undertaken. The main reason for this large sample size was to allow the survey to have a longitudinal tracking element, establishing a 'panel' of businesses that might be re-surveyed in subsequent years, enabling a detailed analysis of how combinations of factors affect business performance. Any panel will have an element of attrition, hence the need for a large sample size in year one.
216. The majority of those interviewed in the 2017 survey were also interviewed in both 2015 and 2016: 4,165 in total. A further 889 had been interviewed in year two, but not year one; and a further 261 had been interviewed in year one, but not year two. The other 1,304 interviewed were 'top-ups'. These were needed for the following reasons:
- To represent sections of the SME population that were not active in year two of the survey, i.e. businesses less than one year old;
 - To represent sectors in the raw data that may be under-represented due to business closure, or difficulty of securing an interview (e.g. in cases where businesses work away from their main offices);
 - To increase the sample size in Scotland and Northern Ireland, to allow for meaningful analysis on a nation basis.
217. The main aim of the cross-sectional survey is to collect a range of information on Small and Medium-sized Enterprises (SMEs²⁹). The survey measures:
- The characteristics of SMEs such as the number of sites they occupy, the number of owners, whether they have separate business premises, etc.

²⁹ Defined here as having fewer than 250 employees.

- The characteristics of their owners and leaders
- Recent turnover and employment growth
- Capabilities (in terms of their ability to innovate, export, train staff, etc.)
- Experience of accessing finance
- Use of business support
- Expectations of growing turnover and employment
- The major obstacles that prevent SMEs fulfilling their potential

218. There are three main reports based on the 2017 LSBS:

- This ***cross-sectional report*** based on ***SME employers***. A cross-sectional report is a snap shot of the state of SMEs at any particular stage in time, this one being the latter half of 2017;
- A ***cross-sectional report*** based on businesses with ***no employees***;
- A ***longitudinal report*** based on those that were ***SME employers*** in 2015. This looks at the main changes that apply to the ‘panellists’ from year to year, and what appears to influence these changes (published on the 28th of June 2018).

Definitions

219. SME employers are businesses with between 1 and 249 employees currently on their payroll in the UK. The definition excludes working owners, partners, the self-employed and agency staff, but includes casual or temporary staff.

Survey method

220. Of the 9,248 CATI³⁰ interviews conducted in 2016, 8,038 (87 per cent) agreed to a follow-up interview. The objective was to obtain the highest possible number of repeat interviews with these panellists in 2017. 5,054 were interviewed between August 2016 and January 2017 (63 per cent response rate). Of these, 1,189 had no employees, 23 had become large businesses with 250+ employees, and the remainder (3,842) were SME employers.

221. In addition, 1,527 businesses interviewed in 2015 but not 2016 could be re-approached for interview (i.e. they had given permission for re-interview and had

³⁰ Computer assisted telephone interviews.

not refused to take part in 2016 or ceased trading). Two hundred and sixty-one such businesses were interviewed in 2017, of which 219 were SME employers.

222. In addition to these, 1,304 'boost' interviews were conducted (710 of which were SME employers), for reasons explained in the paragraphs above. As a result, the total sample size of SME employers in 2017 was 4,771.

223. The top-ups were sampled using a method consistent with 2015 and 2016:

- Within each of the four UK nations the sample was stratified. Targets were set according to the employment size of enterprises and, within those targets, by sector (SIC 2007);
- The targets over-represented businesses with five to 249 employees substantially in comparison to their actual numbers within the business population;
- For registered businesses, the Inter Departmental Business Register (IDBR) was used as the sample source. For unregistered businesses with zero employees, Dun & Bradstreet's database was used. Dun & Bradstreet contacts were screened out if they either had employees on their payroll or paid VAT, as these would have duplicated contacts found within the IDBR;
- The IDBR is a record of all UK enterprises that pay VAT or PAYE, which contains around 2.56 million unique entries for enterprises. The BEIS Business Population Estimates (BPE) publication estimates around 5.7 million enterprises in the UK in total. The difference in the figures is explained by the number of unregistered enterprises that do not pay VAT or PAYE, estimates of which come from the Labour Force Survey (LFS). This is the reason why Dun & Bradstreet was retained as the source for top-up businesses with no employees, as it contains records for both registered and unregistered businesses;
- The targets within the sample stratification matrix were informed by the 2016 BPE³¹, the latest available at the time. However, survey findings were weighted to the 2017 BPE³² which became available towards the end of fieldwork. The 2017 BPE was used for weighting as it more accurately represented the IDBR contacts used for the survey, as well as providing a more up-to-date picture of UK small businesses than the 2016 BPE;

³¹ <https://www.gov.uk/government/statistics/business-population-estimates-2016>. The figures were drawn from a combination of the Inter Departmental Business Register (IDBR) which contains all businesses operating VAT or PAYE schemes or which were registered at Companies House, and the household survey-based Labour Force Survey (LFS) which is the main source for estimating the number of the self-employed and very small businesses.

³² <https://www.gov.uk/government/statistics/business-population-estimates-2017>. Method of data collection as above.

- A review of the 2016 questionnaire was undertaken through consultations with stakeholders before the 2017 survey. This resulted in a number of alterations to existing questions from previous surveys, new question additions and deletions. The changes were informed by the requirement to balance stakeholders' emergent needs with the desire to exploit the longitudinal power of the survey. The consultation was followed up by an extensive round of 15 cognitive tests and a 'live' pilot of 100 interviews of the adjusted year three questionnaire.

Note on the report

224. All differences discussed in this report are statistically significant at the 95% confidence level, unless otherwise stated.
225. Please note that the findings presented in this report relate to SME employers only - enterprises with no employees have been excluded from the dataset on which this report is based. This procedure is consistent with reporting of previous surveys. The overall sample size for SME employers across the UK is 4,771.

Sector definitions

226. Throughout this report, data tables show sectoral analysis by one-digit SIC 2007 codes. Because of relatively small numbers in the business population and survey sample, two of these sectors are grouped together: ABDE, labelled as primary, comprises (A) agriculture, fishing and forestry, (B) mining and quarrying, (D) electricity and gas, and (E) water, sewerage and waste management; KL comprises (K) finance and insurance, and (L) real estate.
227. To gain a better picture of the types of businesses that fall into each sector category, the following gives the most populous sub-sectors for SME employers at the three-digit level:
- ABDE (primary). The sector is dominated by farming. The three most populous sub-sectors within the category are animal production (41 per cent), growing of non-perennial crops (23 per cent) and mixed farming (13 per cent);
 - C (manufacturing). Manufacturing is the most classified sector of them all, with 95 three-digit SIC codes. The most populous sub-sectors within the category are treatment and coating of metals (ten per cent), and printing (nine per cent);
 - F (construction). The most populous sub-sectors within the category are electrical and plumbing (30 per cent), building completion (25 per cent) and building construction (18 per cent);
 - G (retail/wholesale). The most populous sub-sectors within the category are retail sale in specialised stores (17 per cent), maintenance and repair of motor vehicles (13 per cent), and retail sale in non-specialised stores (12 per cent);

- H (transport/storage). The most populous sub-sectors within the category are freight transport (44 per cent) and other passenger land transport (mainly taxi businesses, 18 per cent);
- I (accommodation/food service). The most populous sub-sectors within the category are restaurants (61 per cent) and pubs/bars (23 per cent);
- J (information/communications). The most populous sub-sector within the category is computer programming and consultancy (74 per cent)
- KL (financial/real estate). The most populous sub-sectors within the category are estate agents (35 per cent), property rentals (29 per cent) and auxiliary financial services (16 per cent);
- M (professional/scientific). The most populous sub-sectors within the category are management consultancy (30 per cent), architecture/engineering (20 per cent) and accountancy (13 per cent);
- N (administrative services). The sector is dominated by 'business support services not elsewhere classified' (45 per cent). This is a miscellaneous category, and many businesses classified here could be included in other sectors. Sector N also includes house/business cleaning (13 per cent) and landscaping (eight per cent);
- P (education). The most populous sub-sector within the category is 'other education' (59 per cent, e.g. driving schools and sports coaches). The next most populous is pre-primary education (14 per cent);
- Q (human health and social work). The most populous sub-sectors within the category are general practitioners/dentists (42 per cent) and residential care visitors (20 per cent);
- R (arts/entertainment). The most populous sub-sectors within the category are sports activities (45 per cent), creative and arts (34 per cent) and amusement/recreation (15 per cent);
- S (other services). The sector is dominated by 'other personal service activities' (87 per cent). This includes hairdressing/beauty, funeral directors and dry-cleaning.

Note on Figure 1.1

228. The results for the question on employment growth differ between panellists and top-ups. For panellists (those taking part in the previous year's survey), the number of employees given in the previous year is used to make the comparison with the current number of employees. Top-up respondents were asked how many employees they had 12 months previously and were more likely to perceive that they had the same number of employees as before. For this reason, it is not possible to combine figures for the two groups, as overall results are dependent upon the ratio between panellists and top-ups within each survey. For

information, 23 per cent of top-ups perceived that they had more employees, 61 per cent the same number, and 16 per cent fewer employees.

Statistical confidence

229. This overall sample is sufficiently large to allow reporting on findings with a high degree of statistical reliability. Most findings are reported in terms of differences between a sub-group (e.g. a particular employment size band or sector) and the overall finding (excluding that sub-group). For example, a difference of just +/- 1.3 per cent against the overall finding is statistically significant for findings in which 10 per cent of micro employees give one response and a difference of +/- 2.1 per cent is statistically significant in cases where 50 per cent of micro businesses give an answer. Table 11.1 overleaf shows the differences required between certain sub-groups and the overall total in order for findings to be statistically significant.
230. In the instances where comparisons can be made with the 2016 LSBS survey, at the overall level a difference of +/- 1.1 per cent for a finding around 10/90 per cent is enough to make it statistically significant, as is a difference of +/- 1.7 per cent for a finding around 30/70 per cent, and as is a difference of +/- 1.8 per cent for a finding around 50 per cent.
231. Figures in some tables and figures may not add to 100 per cent due to rounding of percentages, or exclusion of 'don't know' and/or 'refused' responses.
232. Although the 2017 survey provides generally robust findings for the SME population overall and for many sub-groups, it should be noted that the achieved samples for some groups, for example those relating to specific types of finance that have been accessed during the previous year, are smaller and the data relating to these smaller groups needs to be considered with some caution.

Table 11.1: Statistical confidence in survey findings – country, size band and sector³³

	Sample size	Standard error at 10%/90%	Standard error at 30%/70%	Standard error at 50%/50%
All UK	4,771	+/- 0.9%	+/- 1.3%	+/- 1.4%
England	3,502	+/- 1.1%	+/- 1.6%	+/- 1.8%
Scotland	739	+/- 2.2%	+/- 3.3%	+/- 3.6%
Wales	173	+/- 4.5%	+/- 6.8%	+/- 7.5%
Northern Ireland	357	+/- 3.1%	+/- 4.8%	+/- 5.2%
Micro businesses (1-9 employees)	2,183	+/- 1.3%	+/- 1.9%	+/- 2.1%
Small businesses (10-49 employees)	1,660	+/- 1.4%	+/- 2.2%	+/- 2.4%
Medium-sized businesses (50-249 employees)	928	+/- 1.9%	+/- 2.9%	+/- 3.2%
ABDE. Primary sector	175	+/- 4.4%	+/- 6.8%	+/- 7.4%
C. Manufacturing	511	+/- 2.6%	+/- 4.0%	+/- 4.3%
F. Construction	406	+/- 2.9%	+/- 4.5%	+/- 4.9%
G. Retail & wholesale	742	+/- 2.2%	+/- 3.3%	+/- 3.6%
H. Transport & storage	181	+/- 4.4%	+/- 6.7%	+/- 7.3%
I. Accommodation & food service	424	+/- 2.9%	+/- 4.4%	+/- 4.8%
J. Information & communication	234	+/- 3.8%	+/- 5.9%	+/- 6.4%
KL. Financial & real estate	193	+/- 4.2%	+/- 6.5%	+/- 7.1%
M. Professional & scientific	598	+/- 2.4%	+/- 3.7%	+/- 4.0%
N. Administrative services	356	+/- 3.1%	+/- 4.8%	+/- 5.2%
P. Education	181	+/- 4.4%	+/- 6.7%	+/- 7.3%
Q. Human health	428	+/- 2.8%	+/- 4.3%	+/- 4.7%
R. Arts & entertainment	141	+/- 5.0%	+/- 7.6%	+/- 8.3%
S. Other services	201	+/- 4.1%	+/- 6.3%	+/- 6.9%
ABCDEF. Production	1,092	+/- 1.8%	+/- 2.7%	+/- 3.0%
GHI. Distribution	1,347	+/- 1.6%	+/- 2.4%	+/- 2.7%
JKLMN. Business services	1,381	+/- 1.6%	+/- 2.4%	+/- 2.6%
PQRS. Other services	951	+/- 1.9%	+/- 2.9%	+/- 3.2%

³³ The table presents the standard error margin for the year three survey, at the 95 per cent confidence level, associated with findings of 10 per cent/90 per cent, 30 per cent/70 per cent and findings of 50 per cent.



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