



**Omnibus Survey of Small  
Businesses in  
Scotland 2002  
Rural Analysis**

**Final Report  
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**Prepared by:**

**Elena Argirova  
Charles Michaelis**

**On behalf of the  
Scottish Executive  
Environment and Rural Affairs  
Department**

**Scottish Executive 2003**



Data-build Ltd 21 Graham Street Birmingham B1 3JR

tel 0121 687 1144 fax 0121 687 1155

email [research@data-build.co.uk](mailto:research@data-build.co.uk) [www.data-build.co.uk](http://www.data-build.co.uk)

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## 1 Introduction

Small and medium sized enterprises (SMEs) are a very important sector of the Scottish economy. They account for 99% of the 243,000 businesses (November 2001) active in Scotland and they represent 50% of non-government employment.

The Small Business Service conducts a regular survey of the opinions of the owners of businesses in England with fewer than 250 employees. For this wave, the fifth, the survey covered the whole of the UK and the Scottish Executive commissioned a boost to the sample in order to generate statistically robust results for Scotland. The survey was carried out between 5<sup>th</sup> October and 6<sup>th</sup> December 2002. A total of 4,217 businesses across the UK took part in the survey, including 1,002 SMEs in Scotland.

This report covers the findings for Scottish SMEs and focuses on comparisons between SMEs in rural and non-rural Scotland.

### 1.1 Objectives

The survey is a listening exercise to:

- Primarily, gauge the needs of small businesses, their concerns and the barriers to fulfilling their potential.
- Record awareness, perception of, and satisfaction with Small Business Gateway.
- Act as a screening survey for other research such as panel surveys, focus groups or surveys of sub-groups of the small business population.

The aim of this rural analysis is to assess the similarities and differences between Scottish SMEs in three geographic areas: accessible rural, remote rural and urban/small towns. The reason for separating rural into two distinct areas is so that intra-rural differences can be explored. Rural Scotland is defined in accordance with the Scottish Executive's core definition of rurality (see section 3.1).

The rural analysis explores three main areas:

- Characteristics of SMEs
- Issues facing SMEs
- Sources of advice

## 2 Summary of results

The findings show that there are some significant differences between businesses in the three geographic areas in Scotland.

### 2.1 Characteristics of SMEs

- The size of business does not differ significantly across the three geographic areas. There are slightly more firms with no employees in the accessible rural area and the remote rural area than in the urban/small town area (45% and 42%, respectively). In the remote rural area there are fewer medium firms (38%).
- There are more businesses from the financial services sector and fewer from the agricultural sector in the urban/small town area than in the accessible rural and remote rural areas. It is interesting to note that the proportion of manufacturing firms is highest in the accessible rural area. Retail and wholesale are less prominent in accessible rural and remote rural areas.
- Over half of the businesses in the urban/small town area are companies, whereas in the remote rural area just over a third of the businesses are companies (56% compared to 32% in the remote rural area). The general tendency in the accessible and remote rural areas is towards unincorporated businesses.
- The areas with the highest proportion of family owned businesses are the accessible rural area and the remote rural area (73% in each), compared to 64% of businesses in the urban/small town area.
- Membership of trade bodies is related to location of the business as 51% of firms in the urban/small town area are members of a trade or business association, compared to 44% of firms in the remote rural area (accessible rural area – 50%).

### 2.2 Issues facing SMEs

- Respondents to the survey were asked if the sales objectives for the business over the next three to five years were to grow, stay the same or reduce. The proportion of businesses growing is highest in the accessible rural area (58%; urban/small town area – 52%, remote rural area – 54%). However, the proportion of businesses planning to reduce sales is also highest in the same area (5%; urban/small town area – 1%, remote rural area – 0%).
- Respondents were asked to identify the greatest obstacle to the success of their businesses. The economic environment was ranked as the greatest obstacle by more businesses in the urban/small town area than in the other two areas (21%,

compared to 18% both in the accessible rural area and in the remote rural area). For businesses in the remote rural area the greatest obstacle is taxation (20%).

- There are nearly twice as many (12%) businesses from the urban/small town area that serve markets 'mostly in the UK outside Scotland', compared to businesses in the remote rural area (7%).
- Businesses from the urban/small town area are more likely to export abroad (Europe, America, Middle East, Far East, rest of Asia, Australia and New Zealand) than businesses in rural area, 15% compared to 12% for both accessible and remote rural areas.
- Overall 22% of Scottish businesses had had difficulties renewing their commercial combined insurance in the last year. The proportion of businesses having difficulties in renewing their insurance was highest in the accessible rural area (24%) compared to 22% in the urban/small towns area and 20% in the remote rural area.
- In seeking finance, 26% of the businesses in the remote rural area did not obtain finance they had applied for, compared to 14% of businesses in the urban/small town area and 5% in the accessible rural area.
- The geographic area of the business is a factor in the use of ICT as over a third of the firms in the remote rural area do not use it (31%), compared to one in five firms in the urban/small town area (19%). Fewer businesses in the remote rural area have a website (22%, compared to 38% in the urban/small town area and 29% in the accessible rural area).

### **2.3 Sources of advice**

- There is a relationship between use of advice and geographic area of the business as 58% of businesses in the urban/small town area had used advice compared to just 39% of businesses from remote rural area and 49% in the accessible rural area. The main reasons for not using any advice were that the respondent felt they had no need of help at the moment (72%) and had enough expertise inside the business (15%). Only 1% of Scottish SMEs had not used advice because they did not know any was available. The reasons for not using any advice do not vary significantly among the three geographic areas.
- Prompted awareness of the Small Business Gateway/Business Improvement Service was higher in the urban/small town area than in the remote rural area (urban/small town area - 43%, accessible rural area – 46%, remote rural area – 28%). Very small numbers of businesses had used the Small Business Gateway/Business Improvement Service.

## 3 Methodology

### 3.1 Urban/rural classification

The Scottish Executive core definition of rurality is a settlement with less than 3,000 residents. By adding drive times to larger settlements to this core definition, accessible and remote rural areas are then distinguished. This results in the following classification (known as the Scottish Household Survey (SHS) urban/rural classification):

Large urban areas:	Settlements with a population of over 125,000
Other urban areas:	Settlements with a population of between 10,000 and 125,000
Accessible small towns:	Settlements with a population of between 3,000 and 10,000 within a 30 minute drive time from a settlement of 10,000 or more
Remote small towns:	Settlements with a population of between 3,000 and 10,000 more than a 30 minute drive time from a settlement of 10,000 or more
Accessible rural:	Settlements with a population of less than 3,000 within a 30 minute drive time from a settlement of 10,000 or more
Remote rural:	Settlements with a population of less than 3,000 more than a 30 minute drive time from a settlement of 10,000 or more

The businesses in the survey were classified into these six categories on the basis of postcode information.

### 3.2 Sample frame

Respondents were selected at random from a sample that in turn had been randomly selected from the Dun & Bradstreet (D&B) database of enterprises in Scotland. SIC code and proprietorship were then used to split the sample in the same proportions as the population of small businesses in Scotland<sup>1</sup>. The sample frame contained 4,000 organisations and was structured as shown in Appendix 2.

The sample provided by D&B was flagged on their database so that the organisations could be excluded from future surveys for the Scottish Executive.

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<sup>1</sup> Figures supplied by SBS 29/11/2002

The D&B database is thought to provide a representative sample of businesses in the micro, small and medium size groups. However, the sample of sole traders is likely to have an overrepresentation of more established firms and those selling to the public.

### **3.3 Questionnaire**

The survey was carried out by telephone and the questionnaire was completed by the interviewer using CATI software. The questionnaire is shown in Appendix 2. The interviews took, on average, 20 minutes.

The order of multiple choice prompted answers and multiple question sets was rotated each time the questionnaire was completed to avoid any bias due to the order of questions.

### **3.4 Response rate for the survey**

In total 1,756 organisations were contacted and asked to participate:

- 1,002 completed interviews
- 224 refused to participate – a refusal rate of 14%
- 181 were out of size band quota
- 126 were not SMEs
- 88 were no longer in business
- 135 were appointments: respondents who agreed to participate and made an appointment for an interview but were not needed to meet quotas.

### 3.5 Weighting

The results for each of the four size categories have been weighted on the basis of the number of organisations in the category. The source for the estimate of the population is businesses registered on the Interdepartmental Business Register in 2001. The weighting factors used are:

Size	Number of businesses in population	Sample	Weighting factor (Population/Sample)
Zero employees	56,899	167	<b>341</b>
Micro (1-9 employees)	65,845	334	<b>197</b>
Small (10-49 employees)	12,119	334	<b>36</b>
Medium (50-249 employees)	2,096	167	<b>13</b>

**Table 1: Weighting factors**

The responses were analysed to establish both qualitative and quantitative data. The quantitative analysis was carried out using SPSS 11.5.2.1 – this is specialist software that is particularly effective for analysing survey data. The use of SPSS ensures that all analysis will be documented, transparent and repeatable.

The data was analysed to provide statistical results for each question. The use of syntaxes allows question responses to be analysed against each other where this is felt to add to an understanding of the objectives. Quantitative data and analysis is reported in the text of the report and through the use of tables and charts.

This report illustrates results analysed by geographic area of the business. The report covers only topics as per specification provided by the Scottish Executive Environment and Rural Affairs Department.

All the results are analysed by geographic area. Businesses with zero employees have been removed from the results: as they are by far the most numerous category their inclusion would dominate any overall results. However, where results are specifically analysed by size of the business and employment, businesses with zero employees have been included in order to provide a more accurate picture of the business environment in Scotland. Where this is the case, this has been indicated by a footnote.

### 3.6 Confidence in the results

The confidence interval for the results in this report describes the probability that the result lies within a particular band. Normally 95% confidence intervals are reported – this is the band within which there is a 95% probability that the true result lies. Confidence intervals are a function of the size of the sample for a survey.

In the cases when the total number of responses used for the analysis is over 400, it is possible to say that we can be 95% sure that the true value is within  $\pm 5\%$  of the estimate suggested by the sample. However, when only a subset of the sample provides results for analysis, or the analysis is broken down by sector or size band, the number of responses for a particular estimate will often be fewer than 100, or even fewer than 10.

The following table gives a guide to the maximum range of values that are covered by 95% confidence intervals:

Number of responses	Maximum range of variability	Lower bound for an estimate of 50%	Upper bound for an estimate of 50%
1,000	$\pm 3.2\%$	46.8%	53.2%
400	$\pm 5.0\%$	45.0%	55.0%
100	$\pm 10.0\%$	40.0%	60.0%
25	$\pm 20.0\%$	30.0%	70.0%
9	$\pm 33.3\%$	16.7%	83.3%

**Table 2: Values covered by 95% confidence intervals**

In cases where the sample sizes are lower, the variability within the results is clearly higher to the extent that for a number of responses fewer than 100 an individual result can only be indicative and should not form the basis of any specific conclusions.

A warning, which refers back to this note, is added to the charts in the analysis where the overall number of responses is fewer than 400, or where individual results by sector or size band are based on fewer than 100 responses.

The exact number of responses to a question from the survey is indicated with *n*. The number for *n* is not always consistent because some questions were missed in some interviews due to time constraints on the part of the respondent. These questions were between 124 and 245 inclusive. 140 of the 1,002 interviewees missed some questions (although not necessarily all of those between 124 and 245).

### 3.7 Characteristics of respondents<sup>2</sup>

#### 3.7.1 Geographic areas

The table below shows the split of the businesses in each of the geographic areas:

Geographic area	Number of respondents
Large urban areas	300
Other urban areas	140
Accessible small towns	10
Remote small towns	15
Accessible rural areas	373
Remote rural areas	164
<b>Total</b>	<b>1,002</b>

**Table 3: Respondents by geographic area**

Businesses in the urban and small towns areas were grouped together to form a single geographic area because of the small sample sizes, particularly in the small towns areas. The urban/small towns area effectively represents a 'non-rural' group.

We cannot judge whether the numbers in each geographic area are representative because there is no information (as yet) on the business population in Scotland by the SHS urban/rural classification.

#### 3.7.2 Size of business

The split of businesses in Scotland that participated in the survey by size is shown below:

Size of business	Urban/small town area	Accessible rural area	Remote rural area	Total
Zeros and limited companies with one employee (0 employees)	64	72	31	167
Micro (1-9 employees)	142	129	63	334
Small (10-49 employees)	170	112	52	334
Medium (50-249 employees)	89	60	18	167
<b>Total</b>	<b>465</b>	<b>373</b>	<b>164</b>	<b>1,002</b>

**Table 4: Respondents by business size and geographic area**

<sup>2</sup> The figures in section 3.7 are not weighted because they refer to the 1,002 respondents from Scotland and not to the businesses in Scotland as a whole

### 3.7.3 Business activity

The split of businesses that participated in the survey by activity is shown below:

Activity	Urban/small town area	Accessible rural area	Remote rural area	Total
Agriculture	3	40	23	66
Manufacturing	94	69	15	178
Construction	51	48	16	115
Retail and wholesale	109	70	33	212
Hotels and restaurants	33	35	21	89
Transport and communications	30	25	20	75
Financial, real estate, renting	75	35	17	127
Education, health and other	70	51	19	140
<b>Total</b>	<b>465</b>	<b>373</b>	<b>164</b>	<b>1,002</b>

**Table 5: Respondents by activity and geographic area**

### 3.7.4 Ethnic group

3% (n=35) of respondents considered themselves to be members of an ethnic minority group. 22 of these are in the urban/small town area and another 11 are in the accessible rural area.

### 3.7.5 Age

14% of respondents were between 25 and 35 years old. 29% of respondents were between 36 and 45 years old, and 46% were between 46 and 60. 1% (n=10) of the respondents were younger than 25 and 10% (n=99) were over 60. There is no significant relationship between age of respondent and geographic area.

## 4 Characteristics of SMEs

### 4.1 Distribution

The table below shows the split of the businesses in each of the geographic categories (after weighting):

Geographic area	Proportion of businesses (%)
Large urban areas	27.0
Other urban areas	11.7
Accessible small towns	1.0
Remote small towns	2.0
Accessible rural areas	40.0
Remote rural areas	18.3
<b>Total</b>	<b>100.0</b>

Table 6: Businesses by geographic area

### 4.2 Size of the business<sup>3</sup>

Size of the business does not differ significantly across the three geographic areas, as is shown in the graph below:

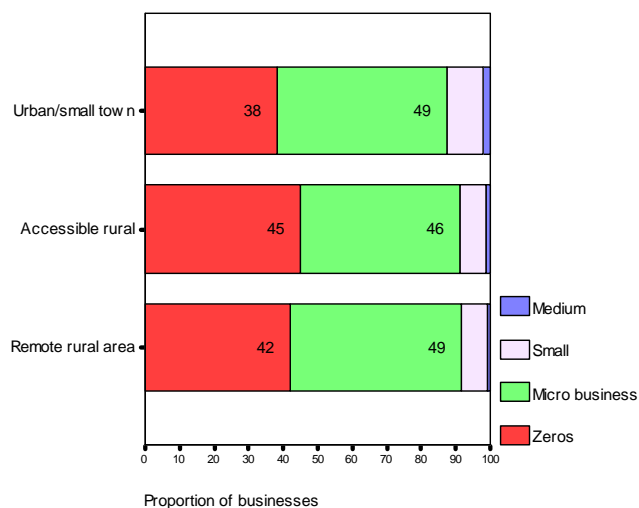


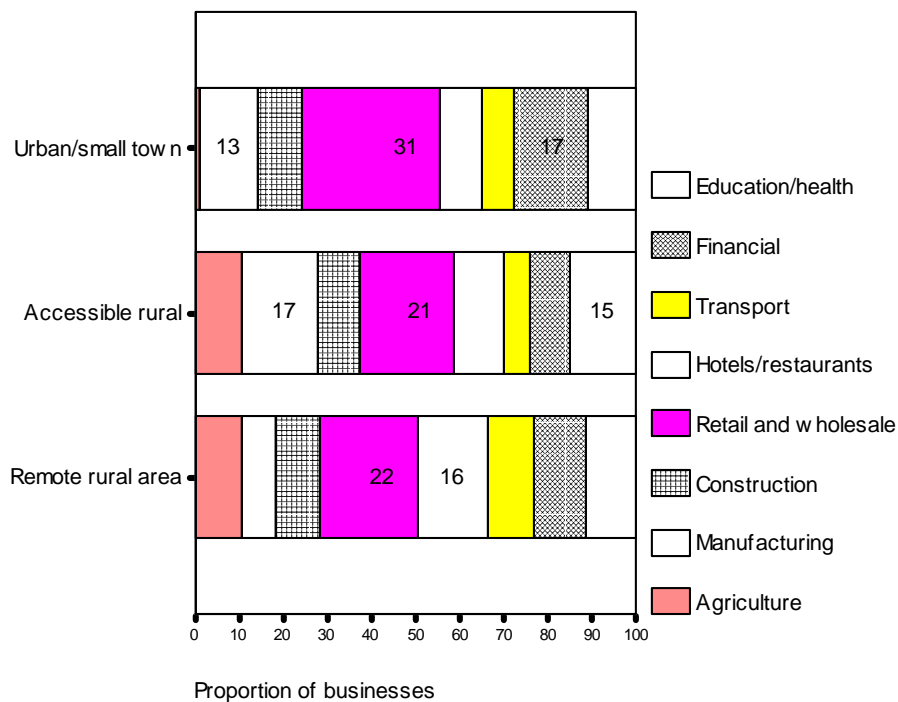
Figure 1: Size of the business by geographic area (weighted, n=1,002)

There are slightly more firms with no employees in the accessible rural area (45%) and the remote rural area (42%) than in the urban/small town area (38%). In the remote rural area there are fewer medium firms.

<sup>3</sup>Includes businesses with zero employees. See Chapter 3.5 Weighting

### 4.3 Business activity

In all geographic areas the majority of businesses are from the retail and wholesale sectors. The graph below shows business activity by geographic area:

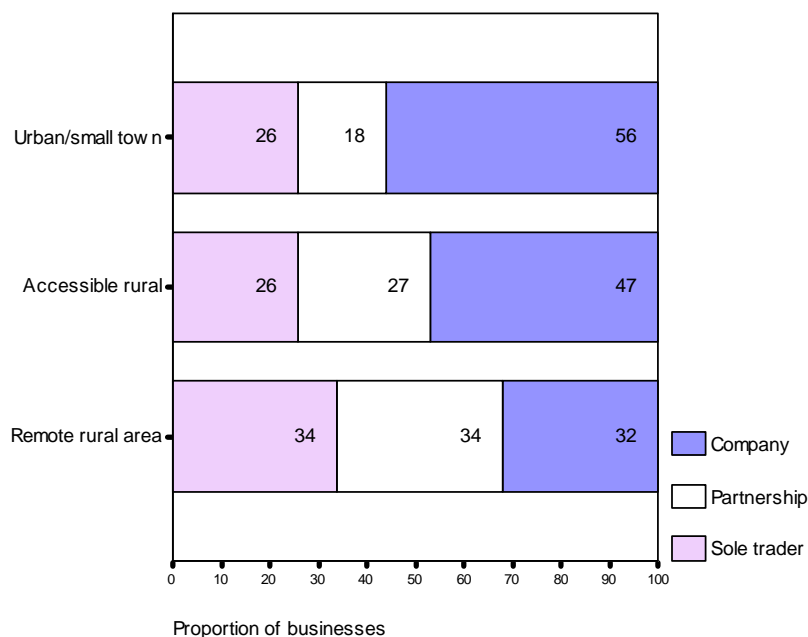


**Figure 2: Business activity by geographic area for micro, small and medium businesses (weighted, n=835)**

There are more businesses from the financial services sector and fewer from the agricultural sector in the urban/small town area than in the other areas. It is interesting to note that the proportion of manufacturing firms is highest in the accessible rural area. Retail and wholesale are less prominent in both the accessible and remote rural areas.

#### 4.4 Legal status

38% of businesses in Scotland are limited companies, 40% are sole traders and 22% are partnerships (n=835 – confidence limit within ± 3%). There is a relationship between geographic area of the business and legal status of the business, as is shown in the chart below:



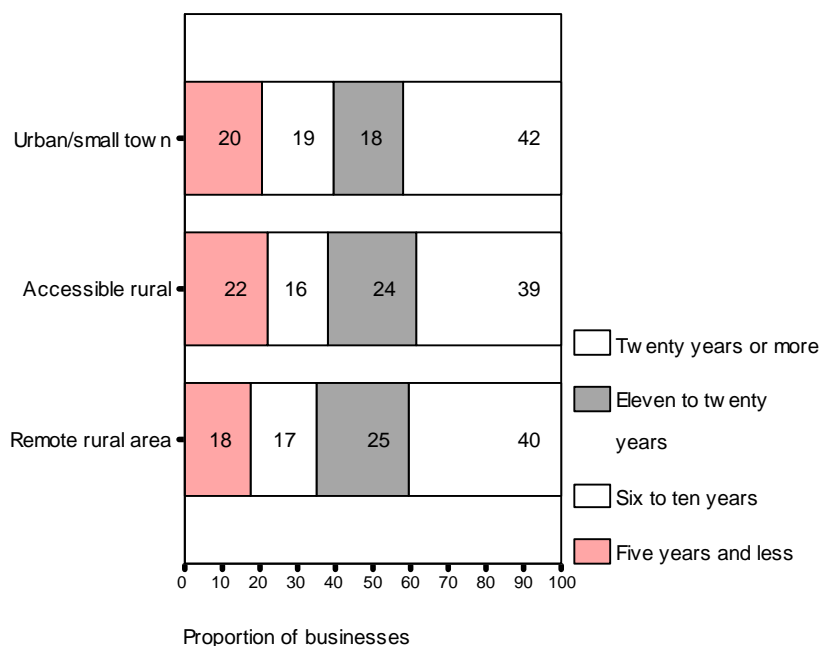
**Figure 3: Legal status by geographic area for micro, small and medium businesses (weighted, n=835)**

Over half of the businesses in the urban/small town area are companies, whereas in the remote rural area just over a third of the businesses are companies. The general tendency in the accessible and remote rural areas is towards unincorporated businesses.

## 4.5 Age of the business

868 respondents were able to provide a year for when the business was established (n=868 - 95% confidence limit within  $\pm 3\%$ ). 40% of Scottish firms are more than twenty years old, 21% are between eleven and twenty years old, 18% are between six and ten years old and 21% are less than six years old.

The chart below shows the age of the businesses in the three geographic areas:



**Figure 4: Age of the business by geographic area (weighted, n=868)**

Businesses in the remote rural area are slightly more likely to be older than ten years than businesses in the urban/small town area or the accessible rural area.

Although the data from the survey had been weighted to the overall business population in Scotland, there appears to be a discrepancy between the average age of the business reported here and the average age of the business as represented by Scottish Executive data. This might be due to a random sampling error of newer firms being underrepresented.

## 4.6 Family business

69% of the businesses in Scotland are family owned (n=835 - 95% confidence limit within  $\pm$  3%).

The areas with the highest proportion of family owned businesses are the accessible rural area and the remote rural area (73% in each), compared to 64% of businesses in the urban/small town area.

Over half of the family businesses in Scotland (54%) are controlled by the first generation. The proportion of firms owned by the first generation is highest in the remote rural area (58%; urban/small town area – 56%, accessible rural area – 49%). However, the highest proportion of family owned businesses that plan to keep the business within the family is in the accessible rural area (58%; urban/small town area – 49%, remote rural area – 51%).

## 4.7 Employment<sup>4</sup>

On average the businesses in the survey employ five people (businesses established in 2002 have been excluded from these results in order to provide a cut off point and a more accurate picture of employment in Scotland). The highest average number of employees is in the urban/small towns area (7 employees), and the lowest is in the remote rural area (4 employees; accessible rural area - 5).

## 4.8 Membership of trade bodies

54% of Scottish businesses are members of trade bodies – mainly trade associations, although 17% are members of the Federation of Small Businesses.

Membership of trade bodies is related to location of the business as 51% of firms in the urban/small town area are members of a trade or business association, compared to 44% of firms in the remote rural area (accessible rural area – 50%).

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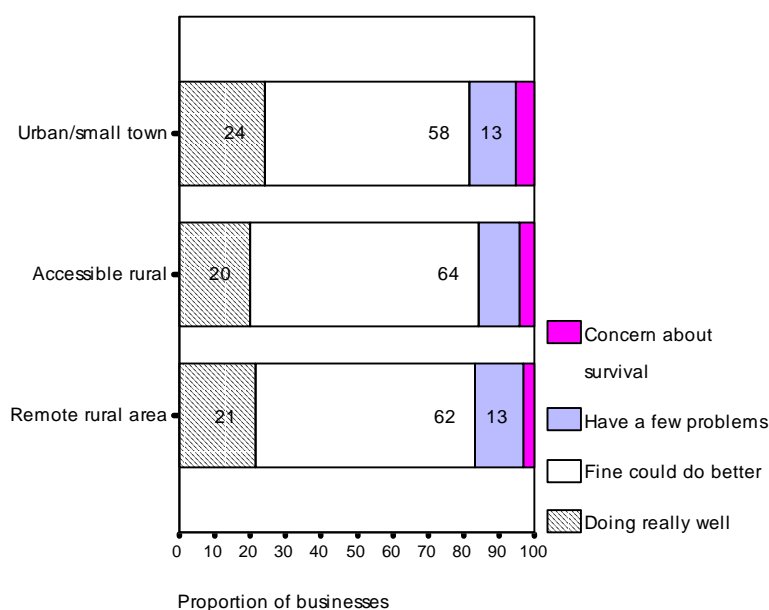
<sup>4</sup>Includes businesses with zero employees. See Chapter 3.5 Weighting

## 5 Issues facing SMEs

### 5.1 Health of the business

Respondents to the survey were asked how well their business is doing. 83% feel that their business is doing fine or really well (n=835 - 95% confidence limit within  $\pm 3\%$ ).

There are no significant differences between how businesses are performing in the three geographic areas:



**Figure 5: Business health by geographic area for micro, small and medium businesses (weighted, n=835)**

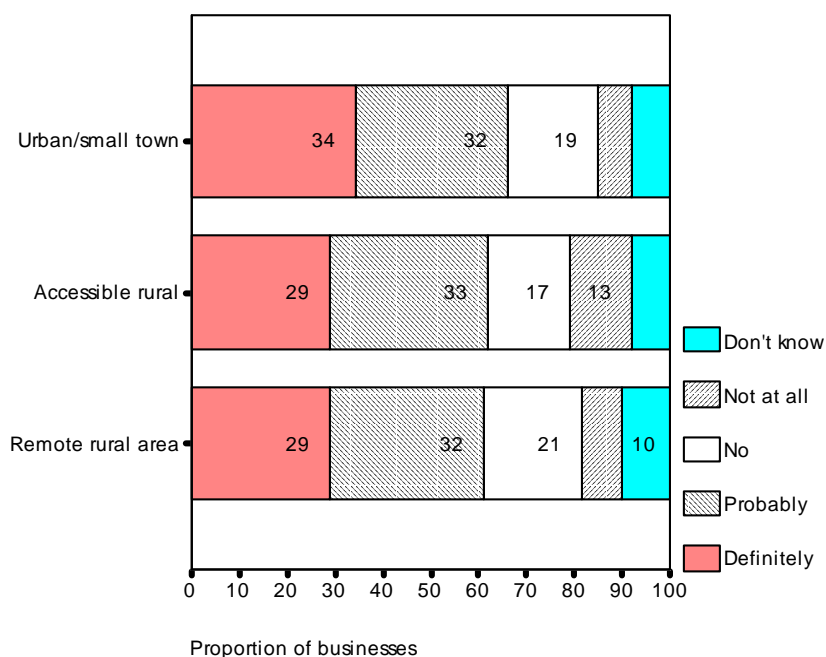
### 5.2 Sales objectives

Respondents to the survey were asked if the sales objectives for the business over the next three to five years were to grow, stay the same or reduce.

55% of Scottish businesses aim for their sales to grow in the next three to five years. The proportion of businesses growing is highest in the accessible rural area (58%; urban/small town area – 52%, remote rural area – 54%). However, the proportion of businesses planning to reduce sales is also highest in the same area (5%; urban/small town area – 1%, remote rural area – 0%).

### 5.3 Encouragement

Respondents to the survey were asked whether they would encourage someone to start up in business. 63% of businesses in Scotland would (definitely or probably) encourage someone to start up in business (n=835 - 95% confidence limit within ± 3%). The chart below shows the views of businesses by geographic area:



**Figure 6: Encourage someone to start up in business by geographic area for micro, small and medium businesses (weighted, n=835)**

The proportions that would encourage other people to start up in business are highest in the urban/small town area (66%), while the lowest proportion is in the remote rural area (61%; accessible rural area – 62%).

## 5.4 Obstacles to the success

### 5.4.1 All obstacles

All participants to the survey were asked about the issues that affect the success of their business. Respondents were then read a list of other issues to which they were asked to give a yes/no answer (Q42: "I am going to read you a list of other issues and I would like you to tell me which, if any, represent obstacles to the success of your business:

- Cashflow (late payment, debtors, can't get credit from suppliers, etc)
- Obtaining finance (can't get grants, loans, etc)
- Regulations (employment regulations, national minimum wage, stakeholder pensions, health and safety, etc)
- Taxation (VAT, PAYE, national insurance, corporation tax, income tax, business rates)
- Employing, training and keeping staff
- The economic environment/strength of sterling/recession
- Keeping up with new technology
- Availability of suitable premises
- Sales and marketing/competition
- Insurance (Employer's Liability, car insurance)
- None."

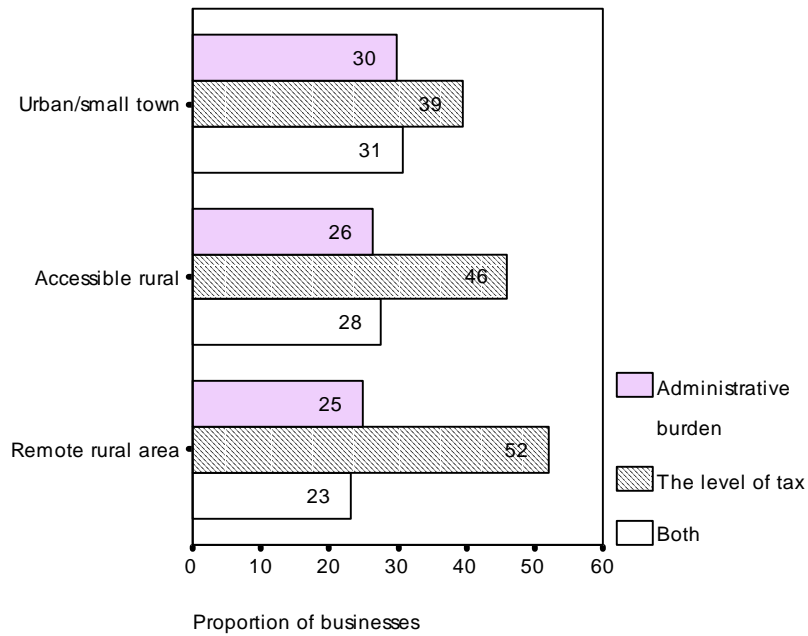
Half of the businesses cite tax and regulations as an obstacle to the success of their business and more than 40% mention the economic environment. Although the most commonly cited obstacles are the same for the three geographic areas, firms in the urban/small town area are most likely to cite the economic environment (51%), firms in the accessible rural area are most likely to cite tax (50%) and firms in the remote rural area are most likely to cite regulations (51%).

The full results for both unprompted and prompted obstacles are shown in the table below:

<b>Obstacle</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Cashflow	33.8%	36.4%	30.5%
Obtaining finance	17.1%	12.1%	10.4%
Regulations	45.6%	48.5%	51.1%
Taxation	48.3%	49.6%	50.7%
Employing, training and keeping staff	28.9%	32.7%	26.0%
The economic environment	51.4%	42.3%	43.4%
Keeping up with new technology	14.9%	14.9%	14.0%
Availability of suitable premises	14.3%	9.1%	10.9%
Sales and marketing/competition	39.2%	34.0%	33.3%
Insurance	24.2%	27.7%	26.6%
None	6.0%	6.1%	6.8%

**Table 7: Unprompted and prompted obstacles by geographic area**

Respondents that mentioned tax as an obstacle to their business were further probed to describe which aspect of taxation was a bigger issue. The level of tax is more of a burden to firms in the remote rural area, as is shown in the chart below:

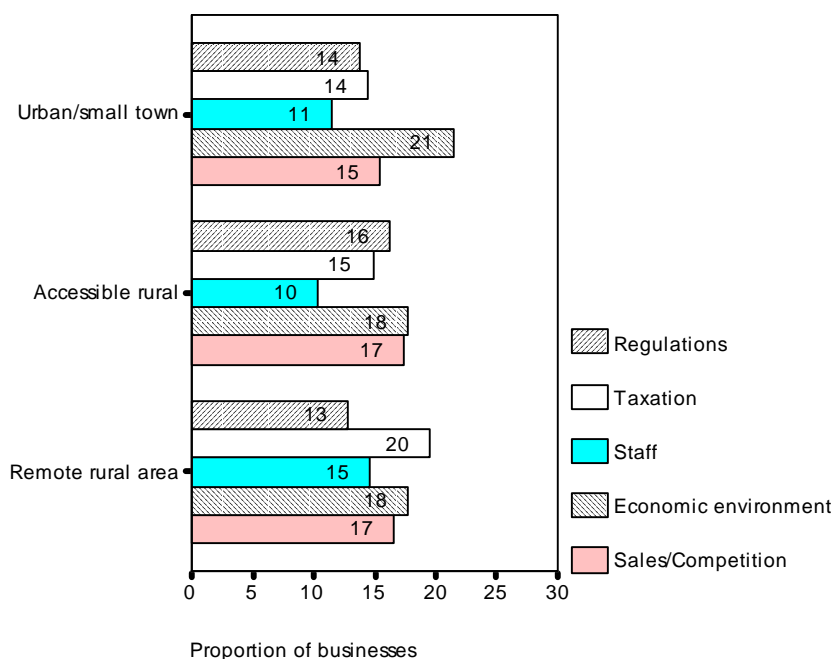


**Figure 7: Aspect of tax by geographic area for micro, small and medium businesses (weighted, n=404)**

### 5.4.2 Greatest obstacle

Respondents were asked to rank the issues they had mentioned. Nearly one in every five Scottish businesses considers the economic environment to be the greatest obstacle to the success of their businesses. The next most commonly cited obstacles are sales/competition, tax and regulations.

Geographic area of the business appears to be a factor in identifying the main obstacle (this excludes the 7% who did not identify any problem). The chart below shows the relationship between geographic area of the business and the top five greatest obstacles to the business (n=788 - 95% confidence limit within  $\pm 3\%$ ):



**Figure 8: Greatest obstacle by geographic area for micro, small and medium businesses (weighted, n=788)**

The economic environment is more important for businesses in the urban/small town area than in the other two areas. For businesses in the remote rural area the greatest obstacle is taxation (20%).

## 5.5 Markets served

Respondents were asked whether they would describe the markets they served as mostly in Scotland, mostly in the rest of the UK or mostly international. 78% of firms mostly serve markets within Scotland (n=835 - 95% confidence limit within  $\pm 3\%$ ). There are nearly twice as many businesses (12%) from the urban/small town area that serve markets mostly within the UK, compared to firms in the remote rural area (7%; accessible rural area – 10%).

The full results are shown in the table below:

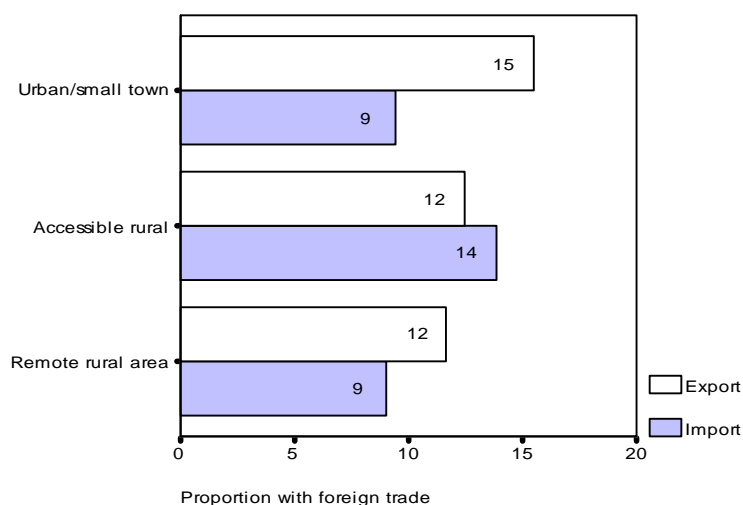
<b>Market</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Mostly within Scotland	83.6%	86.0%	88.3%
Mostly in the UK outside Scotland	12.0%	10.3%	7.3%
Mostly international	4.4%	3.7%	4.4%

**Table 8: Markets served by geographic area**

## 5.6 Foreign trade

All respondents to the survey were asked whether they undertake any foreign trade, i.e. do they sell outside the UK or do they import. 14% of the businesses export and 11% of the businesses import (n=835 - 95% confidence limit within  $\pm 3\%$ ).

Businesses from the urban/small town area are more likely to export than businesses in the remote rural area, 15% compared to 12%. However, the area with highest proportion of businesses with any foreign trade (exporting and/or importing) is the accessible rural area, as is shown in the chart below:



**Figure 9: Foreign trade by geographic area for micro, small and medium businesses (weighted, n=835)**

Where firms do export, foreign trade accounts, on average, for 24% of sales. The average proportion of sales that are exported is highest for businesses in remote rural area (30%) which is due to a couple of firms for which export accounts for around 80% of their sales (the average for urban/small town area is 23%, and the average for the accessible rural area is 22%).

The most common destination for exports and source for imports in all three geographic areas is Europe, followed by America.

All respondents to the survey were asked about the obstacles to trading abroad and their respondents were categorised as follows:

- Fear of the unknown
- Lack of government support
- Lack of information
- High level of risk and uncertainty
- No resources available
- Product not suitable
- No demand
- Business is too small

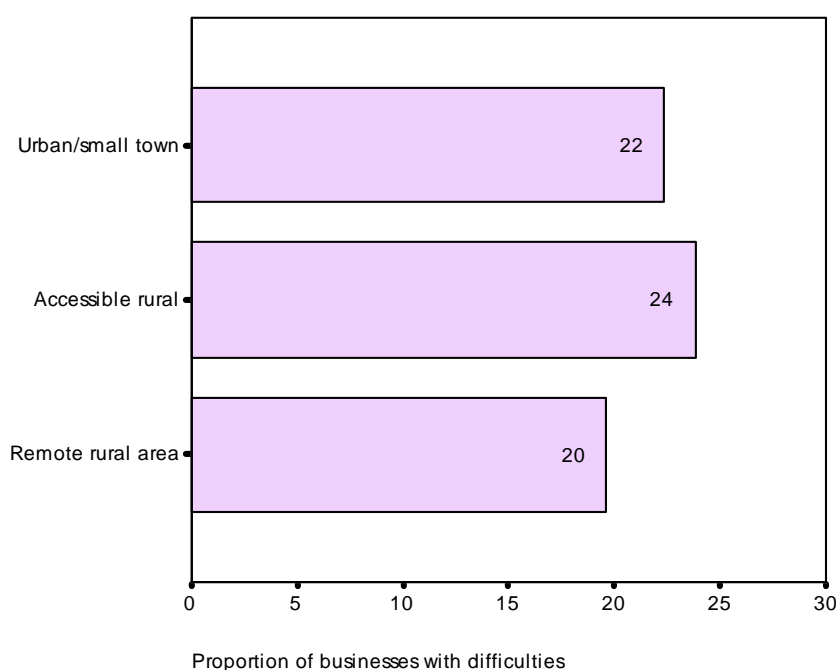
- Effort of selling abroad
- Other
- No obstacles.

For 39% of businesses there are no obstacles to trading abroad, and a further 30% think that their business's product or service is not suitable for export. There are no significant differences in the obstacles to trading abroad among businesses from the three geographic areas.

## 5.7 Employer's liability insurance

Employers were asked if they had commercial combined insurance which covered employer's liability. 8% of Scottish businesses with employees do not have employer's liability (n=835 - 95% confidence limit within  $\pm 3\%$ ). There are only very small differences between businesses in different areas.

Overall 22% of Scottish businesses had had difficulties renewing their commercial combined insurance in the last year. The proportion of businesses having difficulties in renewing their insurance was highest in the accessible rural area (24%):



**Figure 10: Difficulties in renewing insurance by geographic area for micro, small and medium businesses (weighted, n=835)**

When asked about the difficulties that they had faced in renewing their policy, 80% of businesses with difficulties (18% of all businesses) said that their premium was higher and 7% (2% of all businesses) had not been offered a renewal. The area with the highest proportion of firms that faced increased premiums was the remote rural area (97% of those facing difficulties; urban/small town area – 83%, accessible rural area – 84%). The proportion of businesses to which no renewal was offered was highest in accessible rural area (11% of those facing difficulties; urban/small town area – 6%, remote rural area – 3%).

The average increase in insurance is 74%. The average increase in insurance has been twice as high for businesses in the remote rural area (123%), compared to businesses in

the accessible rural area (61%). For the urban/small town area it has been 67%. The figures by geographic area should be treated with some caution since they are based on a small size. This is particularly the case for the remote rural area where the figures are based on the 20% of businesses facing difficulties in the remote rural sample.

## 5.8 Finance

### 5.8.1 Raising finance

26% (2001 – 33%) of businesses in Scotland had tried to obtain finance in the past year (n=835 - 95% confidence limit within  $\pm 3\%$ ). The proportion is lowest for businesses in the remote rural area (23%) and highest for the accessible rural area (28%; urban/small town area – 26%).

### 5.8.2 Sources of finance

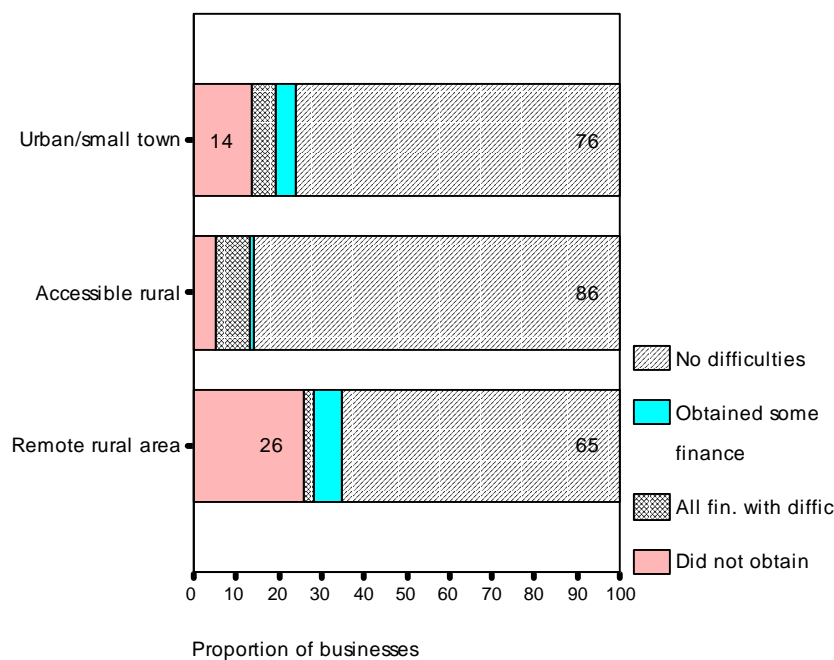
For Scottish businesses that had tried to raise finance, the main sources of finance tried were bank loans (12%), followed by bank overdrafts (7%). The main sources for finance are the same for firms across the three geographic areas:

Source of finance	Urban/small town area	Accessible rural area	Remote rural area
Equity/shareholder	-	.0%	-
Bank overdraft	7.3%	7.6%	3.9%
Bank loan	13.7%	12.3%	7.2%
Mortgage for property purchase	.2%	-	-
Leasing/hire purchase	1.2%	3.3%	6.3%
Factoring	.1%	.1%	-
Loan from family	.0%	-	-
Government supported loan	2.1%	1.4%	2.7%
Grants	2.0%	.9%	4.7%
Other finance	2.7%	2.4%	.5%

**Table 9; Sources of finance by geographic area**

### 5.8.3 Difficulties in obtaining finance

78% of the businesses that had tried to obtain finance did not have any difficulties raising the finance they needed, and a further 6% raised all the finance they had applied for but had some difficulties. The proportion of firms that did not obtain finance is highest in the remote rural area (26%) compared to 14% in urban/small towns and 5% in the accessible rural area:



**Figure 11: Difficulties in raising finance by geographic area for micro, small and medium businesses (weighted, n=264)**

The proportion of firms that had no difficulties in obtaining the finance they applied for was highest in the accessible rural area, 86%, compared to 76% of firms in the urban/small town area and 65% in the remote rural area. The results in Figure 11 should be treated with caution due to the small sample size.

Firms that did not obtain any or part of the finance they applied for were asked about the reasons they were given (n=31- 95% confidence limit within  $\pm 18\%$ ). Again the results should be treated with caution due to the small sample size. The full results are shown below:

Reasons for being refused finance	Urban/small town area	Accessible rural area	Remote rural area
Lack of trading history	-	-	-
Lack of security	12.6%	-	21.3%
Business with not enough potential	16.1%	38.2%	3.3%
No reason given	38.3%	7.0%	36.0%
Do not know the reason	6.5%	7.0%	-
Other reason	28.7%	47.7%	39.4%

**Table 10: Reason for being refused finance by geographic area**

It is interesting to note that over a third of the businesses in the accessible rural area were refused finance on the basis that the business had not enough potential.

Other reasons for being refused finance were:

- *"We were turned down by a private company because they had a reduction in actual funds and we didn't fit their priorities and criteria."*
- *"There is no more money left for retail, only manufacturing and wholesale."*
- *"We tried to raise money for a public skate and play area for children. The amount we wanted was £200,000 from the Lottery. However, because we are providing public services, we were told we should seek public funding."*
- *"They give to other charities and they can't spare us the cash."*
- *"There was no particular reason, just they have not got the funds to provide."*
- *"It was because the business wasn't in debt, we were told that if we had been over laden with debts then we would get a grant."*
- *"Because of court action that is occurring at the moment."*

#### 5.8.4 Effect on the business

The effect of the obstacles in raising finance is shown in the table below<sup>5</sup> (n=57 - 95% confidence limit within  $\pm 14\%$ ):

Effect on the business	Urban/small town area	Accessible rural area	Remote rural area
Threatens survival	14.8%	16.7%	
Cannot grow as fast as would like	47.1%	33.4%	56.9%
Takes up management	24.5%	4.2%	23.1%
Pushes up costs	13.7%	-	-
Affects investment	31.9%	19.8%	40.0%
Affects productivity	3.4%	22.9%	23.1%
Other effect on the business	24.4%	19.8%	20.0%

**Table 11: Effect on the business by geographic area**

It is interesting to note that fewer businesses in the accessible rural area (20%) are concerned about the effect on investment than in the remote rural area (40%). Concerns about not being able to grow as fast as would like also differ by geographic area: 57% of businesses in the remote rural area are concerned about the effect of raising finance on their ability to grow fast, compared to 47% in urban/small town area and 33% in the accessible rural area.

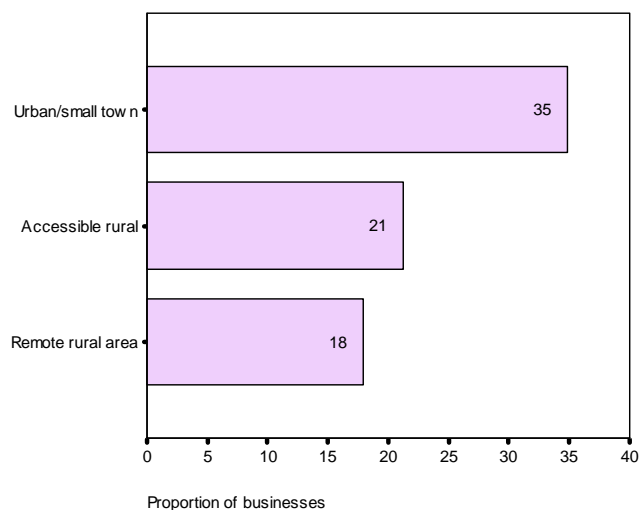
Other effects on the business cited by respondents were:

- *"We lose money on the interest charged by contractors whilst waiting for the grant."*
- *"We have had to discount our fees to make sure that we get paid on time."*
- *"We had to abandon the project, it just wasn't worth it."*
- *"The fee that we had to spend on hiring lawyers and accountants caused us severe cash flow problems."*

<sup>5</sup> Results on Fig.12 should be treated with caution due to the small sample size

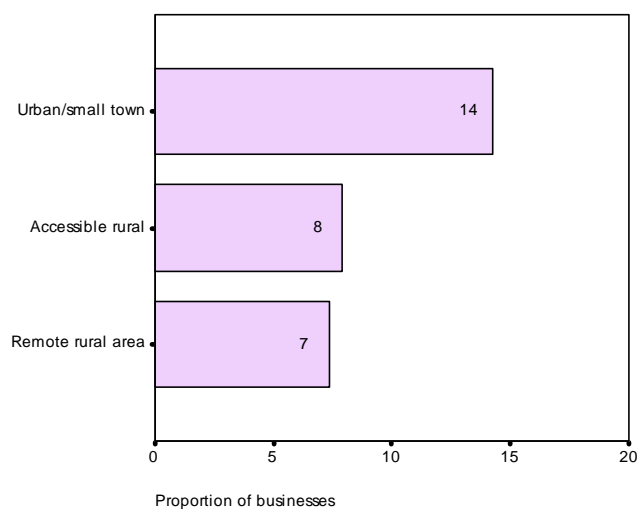
### 5.8.5 Business Angels

All respondents to the survey were asked if they were aware of business angels, private investors who invest in small businesses in return for a share of the equity. Just over one in five businesses is aware of business angels, mainly in the urban/small town area (n=835 - 95% confidence limit within  $\pm 3\%$ ), as is shown in the chart below:



**Figure 12: Awareness of Business Angels by geographic area (weighted, n=835)**

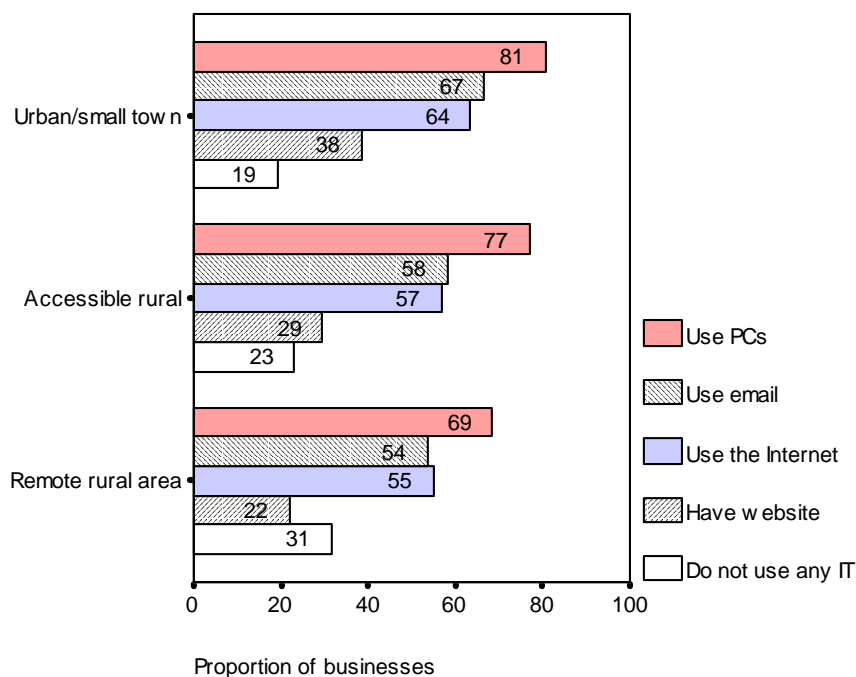
Regardless of whether respondents were aware of business angels, they were asked about Linc Scotland, an organisation that helps businesses find private investors or business angels in Scotland. 11% of businesses have heard of the organisation (n=835 - 95% confidence limit within  $\pm 3\%$ ). The highest proportion of firms that were aware of the organisation was in the urban/small town area (14%; accessible rural area – 8%, remote rural area – 7%):



**Figure 13: Awareness of Linc Scotland by geographic area (weighted, n=835)**

## 5.9 Information technology

All respondents to the survey were asked whether their business used ICT. 70% of businesses in Scotland use information technology, (n=819 - 95% confidence limit within  $\pm$  3%). The responses by geographic area are as follows:



**Figure 14: Use of IT by geographic area for micro, small and medium businesses (weighted, n=819)**

81% of businesses in the urban/small town area use PCs compared to 77% in the accessible rural areas and 69% in the remote rural area. The geographic area of the business is a factor in the use of ICT as over a third of the firms in the remote rural area do not use it (31%), compared to one in five firms in the urban/small town area (19%). It is also interesting to note that fewer businesses in the remote rural area have a website (22% compared to 36% in the urban/small town area).

Respondents were asked whether they use information technology for any of the following:

- Financial accounting
- Invoicing
- Marketing or customer relationship management
- Production
- Logistics or delivery
- Research and development

The most common use is for financial accounting (72%) and invoicing (63%). The full results on use of ICT by geographic area are shown below (n=711 - 95% confidence limit within  $\pm 4\%$ ):

<b>Use of ICT</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Financial accounting	72.3%	76.2%	58.8%
Invoicing	63.5%	66.1%	55.5%
Marketing or customer relationship management	47.4%	30.0%	25.4%
Production	26.3%	18.4%	13.4%
Logistics or delivery	21.3%	14.7%	14.6%
Research and development	18.6%	14.6%	13.0%
None of the above	14.6%	11.1%	25.5%

**Table 12: Use of ICT by geographic area**

12% of businesses with Internet access in Scotland have a broadband connection to the Internet (n=592 - 95% confidence limit within  $\pm 4\%$ ). Over twice as many firms in the urban/small town area (19%) have a broadband connection compared to firms in the remote rural area of which only 8% have broadband (accessible rural area – 9%).

A higher proportion of businesses in the urban/small area (40%) plan to have broadband connection in the future, compared to the other two geographic areas. However, it is interesting to note that more firms in the remote rural area (38%) plan to have broadband connection than firms in the accessible rural area (33%).

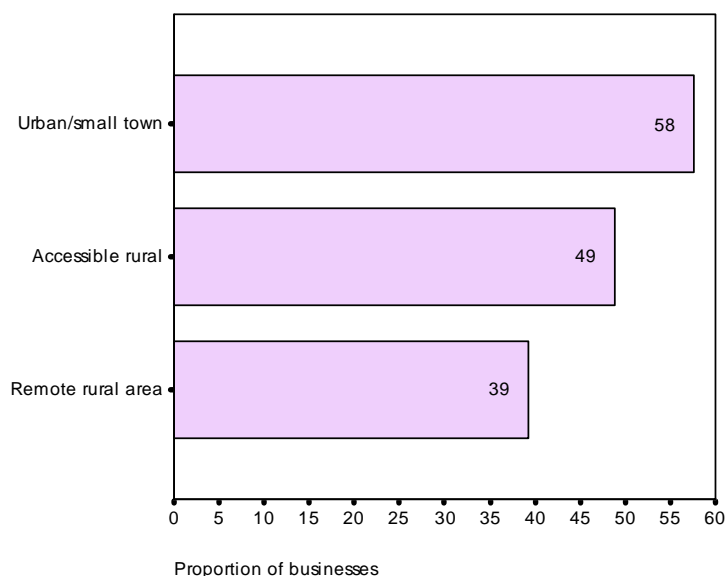
## 6 Sources of advice

In this chapter we report the findings on use of external advice, in particular the use of public advisory and business support services. In the Scottish Enterprise area this is delivered primarily through the Small Business Gateway (SBG). At the time of the survey this service was branded as Business Information Source (BIS), and respondents in the Highlands and Islands Enterprise (HIE) were asked if they were aware of BIS.

### 6.1 Use of advice

Respondents were asked about sources of advice that they had used in the past year. Nearly half (49%) of micro, small and medium-sized firms had not used any external advice at all (n=835 - 95% confidence limit within  $\pm 3\%$ ). The most common source of advice used was accountants (25% of firms), followed by Highlands and Islands Enterprise/Scottish Enterprise, solicitors (8%), and consultants (7%).

There was a relationship between use of advice and geographic area of the business as 58% of firms in the urban/small town area had used advice compared to just 39% of businesses from remote rural area:



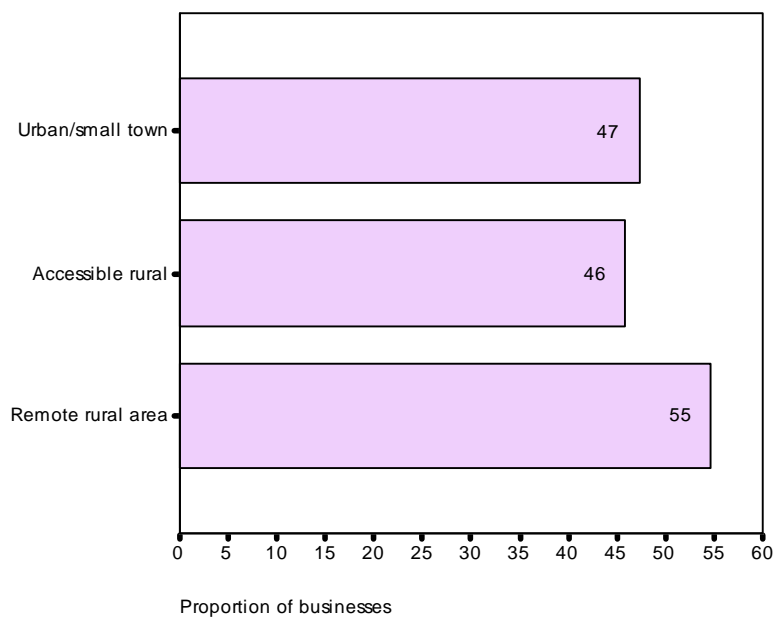
**Figure 15: Use of advice by geographic area for micro, small and medium businesses (weighted, n=835)**

The main reasons for not using any advice were that the respondent felt they had no need of help at the moment (72%) and had enough expertise inside the business (15%). Only 1% of Scottish SMEs had not used advice because they did not know any was available. The reasons for not using any advice do not vary significantly among the three geographic areas.

## 6.2 Awareness of other advice in addition to the ones used already

When asked about sources of advice that they were aware of in addition to the ones that they had used, 17% of businesses mentioned Scottish Enterprise/HIE and 4% mentioned Small Business Gateway or Business Information Source (n=835 - 95% confidence limit within  $\pm 3\%$ ). 52% of businesses are not aware of any other sources of advice.

The chart below shows awareness of other sources of advice by geographic area:



**Figure 16: Awareness of advice by geographic area for micro, small and medium businesses (weighted, n=835)**

Businesses from the remote rural area are more aware of other sources of advice in addition to the ones already used than from the other geographic areas.

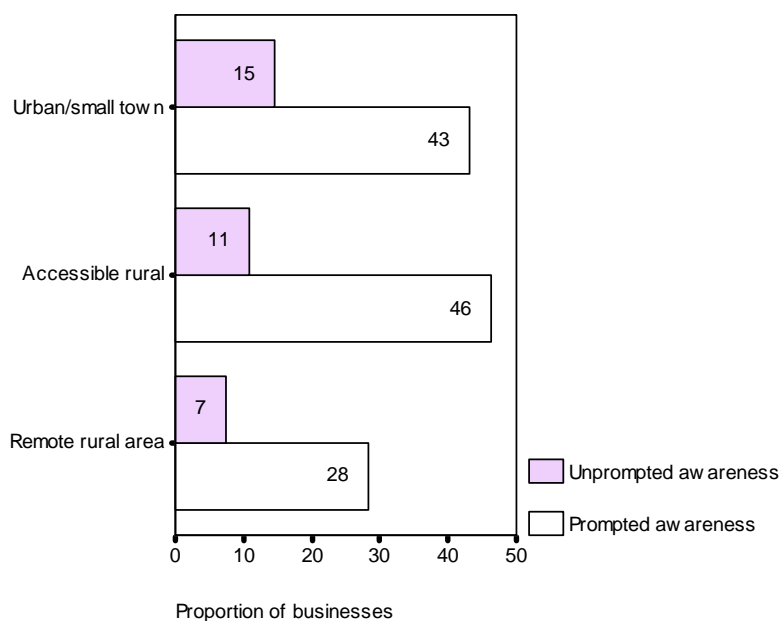
## 6.3 Small Business Gateway/Business Information Source

### 6.3.1 Awareness

Unprompted awareness is defined as those who mentioned that they had used SBG/BIS within the last year and those who, when asked if they were aware of an information and advice service for small business including a national contact centre and network of local operators, were aware of the service and the name without prompting.

Prompted awareness is defined as those who, when prompted with the name, had heard of SBG/BIS. 54% of micro, small and medium businesses in Scotland are aware of Small Business Gateway/Business Information Source.

There is a strong relationship between awareness of Small Business Gateway/Business Information Source and geographic area.



**Figure 17: Awareness of Small Business Gateway/Business Information Source by geographic area for micro, small and medium businesses (weighted, n=835)**

Nearly twice as many firms in the urban/small town area are aware of the SBG/BIS than in the remote rural area (urban/small town area – n=238, accessible rural area – n=172, remote rural area – n=52).

### **6.3.2 Use of Small Business Gateway/Business Information Source**

88 respondents in micro, small and medium firms had used SBG<sup>6</sup> (urban/small town area – n=43, accessible rural area – n=36, remote rural area – n=9). Answers should be treated with caution due to the small sample size (n=88 - 95% confidence limit within  $\pm 11\%$ ).

Use of SBG/BIS is also connected to the geographic area of the business: 12% of firms in the urban/small town area had used it, compared to 11% in the accessible rural area and 8% in the remote rural area. Although the result should be treated with caution due to the small sample size.

SBG/BIS is used more than once mostly in the urban/small town area: 54% of the businesses in the urban/small town area, compared to 45% in the accessible rural area and 24% in the remote rural area.

78% of the businesses that had used SBG/BIS in the accessible rural area and 61% of the users in the urban/small town area had used it in the last year, a significantly higher proportion than businesses in the remote rural area of which only 41% had used it in the last year.

One third of the firms in the urban/small town area and the accessible rural area said that their expectations when they last used SBG/BIS were fully met or exceeded, compared to only one in five businesses in the remote rural area.

75% of the businesses that had used SBG/BIS would recommend it to others (urban/small town area – 77%, accessible rural area – 73%, remote rural area – 76%). Again due to small sample sizes, these results should be treated with caution.

### **6.3.3 Satisfaction with Small Business Gateway/Business Information Source**

The respondents to the survey that had used the Small Business Gateway/Business Information Source were asked how satisfied they were with the efficiency of the service, the quality of the advice and the overall service that they received from Small Business Gateway/Business Information Source. The options were: very satisfied, fairly satisfied, neither satisfied nor dissatisfied, fairly dissatisfied and very dissatisfied.

The proportion satisfied (fairly or very) varies by geographic area, though comparison between areas should be treated carefully due to the small number of respondents in some areas (n=88 - 95% confidence limit within  $\pm 11\%$ ).

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<sup>6</sup> Respondents in the HIE area were asked about BIS. Whilst some respondents in HIE may have used their LEC or HIE for advice, very few said they had used the BIS product (three respondents: one in the urban/small town area and two in the remote rural area).

Overall, 69% of the businesses that have used SBG/BIS are fairly or very satisfied (n=88 - 95% confidence limit within  $\pm 11\%$ ).

Interestingly, the highest proportion of firms satisfied with the efficiency of the service is in the remote rural area (76%) and the lowest is in the accessible rural area (60%; urban/small town area- 71%).

However, the proportion of firms satisfied with the quality of help is highest in the accessible rural area (67%), compared to 55% in the remote rural area (urban/small town area – 66%). Also in the accessible rural area the proportion of firms satisfied overall with the service provided by the SBG/BIS is highest among the three geographic areas – 72% (urban/small town area – 70%, remote rural area – 59%).

## 6.4 Other schemes to assist small businesses

The number of respondents aware of and/or using other schemes is shown in the table below (the responses have not been weighted due to the small numbers):

	Used service	Heard of but not used	Not heard of or used
RSA	25	133	670
Small Firms Loan Guarantee Scheme	21	172	635
Scottish Trade International	21	160	647
TCS/Teaching Company Scheme	9	51	768
Benchmark Index	9	125	694
SMART	5	94	729
Invest for Growth	5	155	668
Inside UK Enterprise	4	67	757
STEP	3	97	728
Business Growth Fund	2	79	747

**Table 13: Awareness and use of other services (n=828)**

It can be seen that in general there is a low level of awareness and use of the other services.

The table below shows awareness of services by geographic area:

	Urban/small own area	Accessible rural area	Remote rural area
RSA	70	46	17
Small Firms Loan Guarantee Scheme	94	55	23
Scottish Trade International	85	57	18
TCS/Teaching Company Scheme	31	16	4
Benchmark Index	57	48	20
SMART	51	33	10
Invest for Growth	85	44	26
Inside UK Enterprise	35	21	11
STEP	53	29	15
Business Growth Fund	36	35	8

**Table 14: Awareness of other services by geographic area (n=828)**

Awareness of other services is strongly related to geographic area, the remote rural area being the area with lowest awareness of all services.

## 7 Appendix 1 – Additional results

### 7.1 Discrimination

#### 7.1.1 Suffered discrimination

All respondents to the survey were asked if they ever suffered discrimination in the course of running their business. 11% (n=819 - 95% confidence limit within  $\pm 3\%$ ) of businesses reported suffering discrimination in the past. Half of those are in the urban/small town area, compared to 9% of the firms in the remote rural area.

Respondents that had suffered discrimination were asked who discriminated against them. The options were bank/finance provider, employer, employee, customer, supplier, landlord, advisor, other business owners or any other. A third of the businesses in the accessible rural area and a third of the businesses in the remote rural area had been discriminated against by customers. The full results are shown in the table below:

Who discriminated	Urban/small town area	Accessible rural area	Remote rural area
Bank/financial provider	22.8%	-	12.7%
Employer	-	-	12.7%
Employee	-	-	2.3%
Customer	21.0%	33.0%	30.1%
Supplier	16.5%	19.9%	25.4%
Landlord	-	-	-
Advisor	-	-	-
Other business owner	11.4%	29.4%	17.4%
Other	45.9%	26.0%	1.6%

**Table 15: Who discriminated by geographical area**

Other instances of discrimination mentioned were discrimination by governmental bodies (planning department, Scottish Executive and Enterprise Council), public agencies, local authority.

### 7.1.2 Reasons for discrimination

Respondents were asked what the main reason for discrimination was. The main reason for discrimination is size of the business, cited by 48% of the businesses in the urban/small town area, 50% of the businesses in the accessible rural area and 68% of the businesses in the remote rural area. All results are illustrated in the table below:

Reasons for discrimination	Urban/small town area	Accessible rural area	Remote rural area
Race	.5%	18.9%	2.3%
Gender	.3%	4.7%	-
Disability	-	1.5%	-
Age – too old	4.1%	1.5%	12.7%
Age – too young	-	-	-
Size of business	47.6%	49.9%	68.3%
Other	52.2%	28.1%	16.7%

**Table 16: Reasons for discrimination by geographic area**

Other reasons for discrimination cited were religion, nature of the business, location, competitors.

### 7.1.3 Government help

57% of the businesses that think the government could take actions to alleviate the problem of discrimination are in the urban/small town area. Some of the comments cited by all respondents are given below:

- *“Government should appreciate the fact some small businesses can compete with the big boys.”*
- *“Talk more to SMEs and get their views. The paperwork involved with employment/vat/tax etc. does not help the owners run the business effectively.”*
- *“Government could come up with a fairer system of tendering.”*
- *“Could make petrol cheaper or reduce general transport costs.”*

## 7.2 Awareness of other schemes to assist small businesses (weighted results)

The proportion of businesses aware of and/or using other schemes designed to assist small businesses is shown below for each individual scheme. The results have been weighted to represent the population of SMEs in each geographic area:

<b>SMART</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Heard of service but not used	12.3%	9.6%	8.8%
Used service	.8%	.2%	-
Not heard of or used service	87.0%	90.2%	91.2%

<b>Teaching Companies/TCS</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Heard of service but not used	6.8%	4.4%	1.0%
Used service	.1%	.2%	.1%
Not heard of or used service	93.1%	95.3%	98.9%

<b>Benchmark Index</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Heard of service but not used	11.9%	10.2%	8.4%
Used service	.9%	.1%	.1%
Not heard of or used service	87.2%	89.7%	91.5%

<b>IUKE</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Heard of service but not used	9.3%	5.4%	5.9%
Used service	.0%	.2%	.1%
Not heard of or used service	90.6%	94.3%	94.0%

<b>Business Growth Fund</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Heard of service but not used	8.4%	9.2%	5.2%
Used service	-	.2%	-
Not heard of or used service	91.6%	90.7%	94.8%

<b>Small Firms Loan Guarantee Scheme</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Heard of service but not used	19.5%	18.7%	15.0%
Used service	2.4%	1.5%	.1%
Not heard of or used service	78.1%	79.8%	84.9%

<b>STEP</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Heard of service but not used	11.0%	8.5%	7.5%
Used service	.1%	.2%	
Not heard of or used service	88.9%	91.2%	92.5%

<b>Invest for Growth</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Heard of service but not used	21.1%	12.2%	15.5%
Used service	.2%	.2%	.2%
Not heard of or used service	78.7%	87.6%	84.3%

<b>RSA</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Heard of service but not used	14.3%	10.8%	9.3%
Used service	.8%	.9%	.1%
Not heard of or used service	84.9%	88.3%	90.6%

<b>Scottish Trade International</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Heard of service but not used	17.5%	19.8%	9.4%
Used service	1.9%	.9%	.4%
Not heard of or used service	80.6%	79.3%	90.2%

### 7.3 Satisfaction with other schemes to assist small businesses (weighted results)

<b>SMART</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Very satisfied	73.2%	73.5%	-
Satisfied	13.4%	26.5%	-
Dissatisfied	13.4%	-	-
Very dissatisfied	-	-	-

<b>Teaching Companies/TCS</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Very satisfied	25.5%	82.4%	-
Satisfied	74.5%	17.6%	100.0%
Dissatisfied	-	-	-
Very dissatisfied	-	-	-

<b>Benchmark Index</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Very satisfied	11.7%	50.0%	-
Satisfied	24.1%	50.0%	100.0%
Dissatisfied	64.2%	-	-
Very dissatisfied	-	-	-

<b>IUKE</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Very satisfied	-	100.0%	100.0%
Satisfied	100.0%	-	-
Dissatisfied	-	-	-
Very dissatisfied	-	-	-

<b>Business Growth Fund</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Very satisfied	-	-	-
Satisfied	100.0%	-	-
Dissatisfied	-	-	-
Very dissatisfied	-	-	-

<b>Small Firms Loan Guarantee Scheme</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Very satisfied	32.4%	80.7%	-
Satisfied	63.3%	19.3%	100.0%
Dissatisfied	4.3%	-	-
Very dissatisfied	-	-	-

<b>STEP</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Very satisfied	-	-	-
Satisfied	100.0%	-	-
Dissatisfied	-	-	-
Very dissatisfied	-	-	-

<b>Invest for Growth</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Very satisfied	-	50.0%	100.0%
Satisfied	50.0%	50.0%	-
Dissatisfied	50.0%	-	-
Very dissatisfied	-	-	-

<b>RSA</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Very satisfied	22.6%	52.4%	100.0%
Satisfied	59.3%	32.0%	-
Dissatisfied	-	-	-
Very dissatisfied	18.1%	15.6%	-

<b>Scottish Trade International</b>	<b>Urban/small town area</b>	<b>Accessible rural area</b>	<b>Remote rural area</b>
Very satisfied	33.3%	43.2%	21.0%
Satisfied	64.7%	56.8%	21.0%
Dissatisfied	2.0%	-	-
Very dissatisfied	-	-	58.1%

## 8 Appendix 2 - Questionnaire

**1:** **INTRO**  
Phone number

---

---

**2:** **CONAM**  
Business name

---

---

**3:** **TITLE**  
Title

---

---

**4:** **NAME1**  
First name

---

---

**5:** **NAME2**  
Surname

---

---

**6:** **DBSIZ**  
Dun and Bradstreet size category

Zero.....	1
Micro .....	2
Small.....	3
Medium.....	4
Unclassified size .....	5
Country .....	6

---

---

**7:** **DBCOU**  
Country

England.....	1
Wales .....	2
Scotland .....	3
Northern Ireland.....	4

---

---

**10:** **SEXSC**

*For Scotland only. Categorise gender of respondent - do not ask*

Hello, my name is \_\_\_\_\_ I'm calling from Databuild. We are an independent research company and we're doing some work on behalf of the Scottish Executive. I would like to ask your opinion about a range of issues; it will take about 15 minutes. The results of the survey will be fed back to government and will influence future policy towards small business. Is now a convenient time to talk?

Possible issues:

- All responses will be treated in complete confidence.
- The data that is provided to the Scottish Executive will be anonymous.
- Whether or not they like the government's actions this is their chance to influence them - everyone's views will be taken into account.

=> Q11  
 IF NOT Q7=3

Male ..... 1  
 Female ..... 2

**12:** **ADD1**

*Do not check address*

Address 1

**13:** **ADD2**

Address 2

**14:** **ADD3**

Address 3

**15:** **POSTC**

*Put the post code in here*

Can I check your post code, please?

**16:** **REGIO**

Can I just check what region (country for Scotland, Wales and NI) your business is based in? If Scotland check whether Highlands and Islands or the rest.

North East ..... 01  
 Yorkshire & Humberside ..... 02  
 North West ..... 03  
 West Midlands ..... 04  
 East Midlands ..... 05  
 South West ..... 06  
 South East ..... 07  
 Eastern ..... 08  
 London ..... 09  
 Scotland excluding Highlands and Islands ..... 10  
 Highlands and Islands ..... 11  
 Wales ..... 12  
 Northern Ireland ..... 13

**17:** **POSN**

Are you the person in day-to-day control of the business? What is your position? Remember we only want to speak to the people in day-to-day control - most likely to be partners, owners or directors. If they are a director, check if they own any shares

- Owner ..... 1
- Partner..... 2
- Director/shareholder ..... 3
- Director/non shareholder..... 4
- Other, please specify ..... 5 O

**18:** **STAT**

*Single response*

Can I check, is your business a company, a sole trader or a partnership?

- Sole trader..... 1
- Partnership ..... 2
- Company..... 3

**19:** **STAT2**

*Ask all respondents. (single response)*

Has this changed in the past five years?

- Yes..... 1
- No ..... 2

**20:** **STAT3**

*Single response*

Has this changed from

=> 21  
 IF Q19=2

- Sole trader..... 1
- Partnership ..... 2
- Company..... 3

**21:** **EMPS**

How many people are employees of your business at all its sites in the UK? We want the total number of full and part time employees. Owners and partners don't count. Directors of limited companies are almost certain to be employees. If more than 250 employees, close.

**22:** **SIZEC**

Size of the business. Limited companies with one employee count as zeros.

=> AUTOMATIC COMPLETION

- Zeros and limited companies with one employee (0 employees)..... 1
- Micro business (1-9 employees) ..... 2
- Small (10-49 employees) ..... 3
- Medium (50-249 employees) ..... 4
- Unclassified ..... 5

---

**23:** **EST**  
When was the business established - year?

---

**24:** **SIC**  
SIC code from database

---

**26:** **ACT**  
*This will show what was on the D&B database - change if wrong*  
Our records show that your business is in the ..... sector. Is that correct?

Agriculture, forestry and fishing .....	1
Manufacturing, mining and quarrying, energy and water .....	2
Construction.....	3
Retail and wholesale .....	4
Hotels and restaurants .....	5
Transport, storage and communications.....	6
Financial, real estate, renting and other business activities .....	7
Education, health and other services .....	8

---

**27:** **LOC**  
*For Scotland only. (single response)*  
Would you say that the markets that you serve are

Mostly within Scotland .....	1
Mostly in the UK outside Scotland .....	2
Mostly international.....	3

---

**28:** **EXPOR**  
*Ask all respondents.*  
Does your business sell outside the UK?

Yes .....	1
No .....	2

---

**29:** **EXPO1**  
*If respondent does not export.*  
Do you have any plans to start exporting in the next 2 years?

Yes .....	1
No .....	2

---

**30:**

**EXPRO**

*If respondent exports, get a percentage, enter numbers only. Enter 999 for don't know*

What proportion of your sales is outside the UK (%)?

=> Q31 IF NOT Q28=1
------------------------

**31:**

**EXPO2**

*If respondent exports. (multiple response)*

Do you export to

=> Q32 IF NOT Q28=1
------------------------

- Europe..... 1
- America..... 2
- Middle East..... 3
- Far East..... 4
- Rest of Asia..... 5
- Australia and New Zealand..... 6
- Africa..... 7

**32:**

**IMPOR**

Does your business import?

- Yes..... 1
- No..... 2

**33:**

**IMPO1**

*If respondent imports. (multiple response)*

Where do you import from?

=> Q34 IF NOT Q32=1
------------------------

- Europe..... 1
- America..... 2
- Middle East..... 3
- Far East..... 4
- Rest of Asia..... 5
- Australia and New Zealand..... 6
- Africa..... 7

**34:**

**TRADE**

*Interviewer to probe and classify verbatim. (multiple response)*

What are the main obstacles to your business trading outside the UK?

Fear of the unknown .....	01
Lack of government support .....	02
Lack of information .....	03
High level of risk and uncertainty .....	04
No resources available .....	05
Product not suitable.....	06
No demand.....	07
Business is too small.....	08
The effort of selling abroad.....	09
Effort of selling abroad .....	10
Other .....	11 O
No obstacles.....	12 X

**35:**

**UNCAT**

*Do not prompt. (multiple response)*

What would you say are the main obstacles to the success of your business in general?

Cash flow (late payments, debtors, can't get credit from suppliers, etc.) .....	01
Obtaining finance (can't get grants, loans, etc) .....	02
Regulations (employment regulations, national minimum wage, stakeholder pensions, health and safety) .....	03
Taxation (VAT, PAYE, national insurance, corporation tax, income tax, business rates) .....	04
Employing, training and keeping staff .....	05
The economic environment/strength of sterling/recession .....	06
Keeping up with new technology.....	07
Availability of suitable premises.....	08
Sales and marketing/competition .....	09
Insurance (such as Employers Liability, car insurance) .....	10
Other .....	11
None.....	12 X

**36:**

**PRCAT**

*Read out issues. (multiple response)*

I am going to read you a list of other issues and I would like you to tell me which, if any, represent obstacles to the success of your business

=> SKIP IF ALL MENTIONED IN Q35

rotation -> 10 .....	
élimination -> 10.....	
Cash flow .....	01
Obtaining finance.....	02
Regulations .....	03
Taxation.....	04
Employing, training and keeping staff .....	05
The economic environment.....	06
Keeping up with new technology.....	07
Availability of suitable premises.....	08
Sales and marketing .....	09
Insurance.....	10
None.....	11 X

**37:**

**TAX**

*If respondent mentioned tax as an issue. (single response)*

Which aspect of taxation is a bigger issue?

=> Q38  
 IF NOT Q35=04 AND NOT Q36=04

The administrative burden ..... 1  
 The level of tax ..... 2

**38:**

**ALLIS**

*Read out issues mentioned by the respondent. (multiple response)*

Thinking about the issues that you have mentioned (read out), please would you put them in the order in which they present an obstacle to the success of your business - the greatest obstacle first.

=> Q39  
 IF NOT Q36=01 AND NOT Q36=02 AND NOT Q36=03 AND NOT Q36=04  
 AND NOT Q36 = 05 AND NOT Q36=06 AND NOT  
 Q36=07 AND NOT Q36=08 AND NOT Q36=09 AND NOT  
 Q36=10 AND NOT Q35=01 AND NOT Q35=02 AND NOT  
 Q35=03 AND NOT Q35=04 AND NOT Q35 = 05 AND  
 NOT Q35=06 AND NOT Q35=07 AND NOT Q35=08 AND  
 NOT Q35=09 AND NOT Q35=10

rotation -> 10 .....  
 élimination -> 10.....  
 Cash flow ..... 01  
 Obtaining finance..... 02  
 Regulations ..... 03  
 Taxation..... 04  
 Employing, training and keeping staff ..... 05  
 The economic environment/strength of sterling/recession ..... 06  
 Keeping up with new technology..... 07  
 Availability of suitable premises..... 08  
 Sales and marketing/competition ..... 09  
 Insurance..... 10

**39:**

**ISHO1**

Thinking about the greatest obstacle <allis:1>, to what extent has it increased or reduced					
	<i>Reduced significantly</i>	<i>Reduced slightly</i>	<i>No effect</i>	<i>Increased slightly</i>	<i>Increased significantly</i>
<i>Your business's sales</i>					
<i>Your business's running costs</i>					
<i>The amount of investment that your business needs</i>					
<i>The amount of management time you personally have</i>					

**44:** **ADMIN**

*Ask all respondents. Allow up to three responses, do not prompt. (multiple response)*

Thinking about the work that you have to do to comply with government regulations and taxes, who in your business generally carries out this work?

- Owner ..... 1
- Unpaid family member ..... 2
- Other manager..... 3
- Administration staff ..... 4
- Accountant/bookeeper - employee..... 5
- Accountant/bookeeper - outside the business..... 6
- Other employee..... 7
- Other contractor or consultant..... 8
- Other, please specify ..... 9 O

**45:** **ADTIM**

*Enter 999 for don't know*

How many hours did you personally spend last week on paperwork related to complying with government regulations and taxes?

**46:** **COMIN**

Now I would like to ask you a few questions about your business's insurance. Do you have a Commercial Combined Insurance Policy, which covers Employers Liability?

=> Q50  
 IF NOT Q18=2 AND NOT Q18=3

- Yes ..... 1
- No ..... 2
- Don't know ..... 3

**47:** **RENEW**

*If renewed insurance policy.*

Thinking about the last time you renewed your policy, were there any difficulties?

=> Q50  
 IF NOT Q46=1

- Yes ..... 1
- No ..... 2

**48:** **DIFLI**

*If respondent had difficulties. (multiple response)*

What difficulties did you have?

=> Q50  
 IF NOT Q47 =1

- The existing insurer didn't offer renewal..... 1
- The premium was higher..... 2
- Can't get insurance ..... 3
- Other ..... 4 O

**49:**

**INSUR**

*If respondent had to pay a higher premium. Enter 999 for don't know*  
 What percentage increase did you have to pay?

=> Q50  
 IF NOT Q48=2

**50:**

**FINWH**

*Interviewer to categorise. Do not prompt, if necessary offer first one or two as examples. (multiple response)*

Have you tried to obtain finance for your business in the past year? What type?

- rotation -> 10 .....
- Equity/shareholders..... 01
- Bank overdraft ..... 02
- Bank loan ..... 03
- Mortgage for property purchase..... 04
- Leasing/hire purchase ..... 05
- Factoring ..... 06
- Loan from family ..... 07
- Government supported loans ..... 08
- Grants..... 09
- Local Invest Northern Ireland ..... 10
- Not tried to raise finance ..... 11 X => Q55
- Other, please specify ..... 12 O

**51:**

**DIFFI**

*If respondent had tried to raise finance interviewer to probe and record verbatim. (single response)*

Did you have any difficulties in obtaining this finance?

- Yes, didn't obtain any finance ..... 1
- Yes, obtained all the finance I wanted but with some problems ..... 2
- Obtained some finance but not all..... 3
- No difficulties in obtaining finance..... 4

**52:**

**WHATD**

*Interviewer to categorise. (multiple response)*

What were the reasons you were given?

=> Q54  
 IF NOT Q51=1 AND NOT Q51=3

- Lack of trading history ..... 1
- Lack of security ..... 2
- Business didn't have enough potential ..... 3
- No reasons given..... 4
- Don't know..... 5
- Other ..... 6 O

**53:** **OBTAI**

*Single response*

Did you succeed in getting the finance from another source?

=> Q54

IF NOT Q51=1

Yes ..... 1  
 No ..... 2

**54:** **FINHW**

*Multiple response*

What has been the effect on your business of the difficulties raising finance?

=> Q55

IF Q51=4

Threatens survival ..... 1  
 Can't grow as fast as would like ..... 2  
 Takes up management time ..... 3  
 Pushes up costs ..... 4  
 Affects investment ..... 5  
 Affects productivity ..... 6  
 Other, please describe ..... 7 O

**55:** **REFUS**

*Ask all respondents. (single response)*

Have you ever been turned down for bank, equity or grant finance?

=> Q56

IF Q51=1

Yes, please describe ..... 1 O  
 No ..... 2

**56:** **LATE**

*Ask all respondents. Obtain verbatim. (single response)*

Now I would like to ask you some questions about getting paid by your customers. Do you have a problem with customers paying you later than you require them to in your normal terms of business?

Big problem ..... 1  
 Small problem ..... 2  
 No problem ..... 3  
 Not relevant as do not provide credit ..... 4

**57:** **LALEG**

*Single response*

Are you aware that there is legislation dealing with late payment? (The Late Payment of Commercial Debts (Interest) Act, also known as the Statutory Right to Interest)?

=> Q61

IF NOT Q56=1 AND NOT Q56=2 AND NOT Q56=3

Yes ..... 1  
 No (if the respondent wants more info suggest DTI publications order line 0870 150 2500) ..... 2

**58:**

**LEGRI**

*Do not prompt. (multiple response)*

Are you aware of your rights under the legislation?

=> Q60

IF NOT Q57=1

- Rights to interest for late payment ..... 1
- Right to a fixed sum of compensation for reasonable debt recovery costs..... 2
- Right to challenge contracts that do not provide a substantial remedy for late payment 3
- Right for SMEs to have a representative body challenge a contract that does not provide a substantial remedy for late payment..... 4
- Not aware..... 5

**59:**

**USELE**

*Of the rights mentioned. (multiple response)*

Would you use your rights under the legislation?

=> Q60

IF NOT Q58=1 AND NOT Q58=2 AND NOT Q58=3 AND NOT Q58=4

- Rights to interest for late payment ..... 1
- Right to a fixed sum of compensation for reasonable debt recovery costs..... 2
- Right to challenge contracts that do not provide a substantial remedy for late payment 3
- Right for SMEs to have a representative body challenge a contract that does not provide a substantial remedy for late payment..... 4
- None..... 5

**60:**

**STOP**

*Single response*

Would you ever stop doing business with a customer that paid you late?

- Yes ..... 1
- No ..... 2
- Would depend on circumstances..... 3

**61:**

**NBANE**

*Ask all respondents*

I'd like to ask you a few questions about Business Angels. Business Angels are private investors who invest in small businesses in return for a share of the equity. Before now, had you heard of business angels?

=> Q70

IF NOT Q16=13

- Yes ..... 1
- No ..... 2

**62:**

**SEEKF**

Would you consider seeking business angel finance for your business?

=> Q64

IF NOT Q61=1

- Yes ..... 1
- No ..... 2

**63:**

**LOCAN**

*Multiple response*

Would you be interested in using the services of

=> Q70  
 IF NOT Q62=1

- The National Business Angels Network ..... 1
- Your local Business Angels Network ..... 2
- Both ..... 3

**66:**

**NBANS**

*For Scotland only*

Are you aware that there is an organisation, which is called Link Scotland, that helps businesses to find private investors, or business angels, who are interested in investing in small businesses?

=> Q67  
 IF NOT Q16=10 AND NOT Q16=11

- Yes ..... 1
- No ..... 2 => Q165

**67:**

**ANGAW**

*For England, Wales and Scotland*

How did you become aware of it?

=> Q70  
 IF Q16=13

- DTI..... 01
- Bank ..... 02
- Financial consultant ..... 03
- Associate..... 04
- London Stock Exchange ..... 05
- Trade association ..... 06
- Other business ..... 07
- Business Link..... 08
- Scottish organisations ..... 09
- Other ..... 10 O
- Don't remember..... 11

**68:**

**APPR**

*For England, Wales and Scotland*

Have you approached it for finance?

- Yes ..... 1
- No ..... 2

**165:**

**SADV**

*For Scotland only. Do not prompt, if necessary offer first one or two as examples. (multiple response)*

Now, I would like to ask you some questions about getting advice or information for your business. Have you used any external sources of advice in the last year? Any others?

=> Q201  
 IF NOT Q16=10 AND NOT Q16=11

rotation -> 19 .....	
Accountant .....	01
Bank .....	02
Trade association .....	03
Business association (FSB, CBI, etc).....	04
Consultant .....	05
Other small businesses .....	06
Suppliers .....	07
Customers .....	08
Solicitors .....	09
Friends and family .....	10
Chamber of Commerce .....	11
Business Mentor .....	12
Internet.....	13
Libraries.....	14
Trade journals .....	15
National press .....	16
Scottish Enterprise/ Highlands and Islands Enterprise/LEC .....	17
Small Business Gateway/Business Information Source .....	18
DTI.....	19
None.....	20 X
Other .....	21 O

**166:**

**SNOAD**

*If not used any advice. Record verbatim and categorise. (multiple response)*

Why haven't you used any external advice?

=> Q167  
 IF NOT Q165=20

Insufficient time .....	01
It would have cost too much .....	02
Don't need help at the moment.....	03
Outsider couldn't help .....	04
Like to be independent.....	05
No-one understands my business .....	06
Couldn't find suitable advisor .....	07
Bad experience in the past .....	08
Didn't know any advice was available .....	09
Have the expertise inside .....	10
Other .....	11

**167:**

**SADAW**

*Do not prompt. (multiple response)*

Can you name any (other) sources of advice for small businesses?

=> Q173

IF Q165=18

rotation -> 19 .....			
Accountant .....	01		
Bank .....	02		
Trade association .....	03		
Business association (FSB, CBI, etc).....	04		
Consultant .....	05		
Other small businesses .....	06		
Suppliers .....	07		
Customers .....	08		
Solicitors .....	09		
Friends and family .....	10		
Chamber of Commerce .....	11		
Business Mentor .....	12		
Internet.....	13		
Libraries.....	14		
Trade journals .....	15		
National press .....	16		
Scottish Enterprise/ Highlands and Islands Enterprise/LEC .....	17		
Small Business Gateway/Business Information Source .....	18		
DTI.....	19		
None.....	20	X	=> Q169
Other .....	21	O	

**168:**

**SADUS**

*Do not prompt. (multiple response)*

Which of the sources that you mentioned would you use if you wanted advice about ways to improve your business?

élimination -> 21 .....			
Accountant .....	01		
Bank .....	02		
Trade association .....	03		
Business association (FSB, CBI, etc).....	04		
Consultant .....	05		
Other small businesses .....	06		
Suppliers .....	07		
Customers .....	08		
Solicitors .....	09		
Friends and family .....	10		
Chamber of Commerce .....	11		
Business Mentor .....	12		
Internet.....	13		
Libraries.....	14		
Trade journals .....	15		
National press .....	16		
Enterprise Agency.....	17		
Scottish Enterprise/Highlands and Islands Enterprise/LEC .....	18		
Small Business Gateway/Business Information Source .....	19		
DTI.....	20		
Other .....	21	O	
Wouldn't go anywhere .....	22	X	

**169:**

**SBGAW**

*If Small Business Gateway/Business Information Source not mentioned without prompting.*

Are you aware that there is a public network offering a single entry point to support and advice for small business?

=> Q172  
 IF Q167=18

Yes ..... 1  
 No ..... 2 => Q171

**170:**

**SBGAC**

*If aware. (single response)*

Do you know what this is called? Do not prompt

Small Business Gateway ..... 1  
 Business Information Source ..... 2  
 Business Shops ..... 3  
 Highlands and Islands Enterprise ..... 4  
 Scottish Enterprise ..... 5  
 Local Enterprise Companies ..... 6  
 Don't know ..... 7  
 Other, please specify ..... 8

**171:**

**SBGNC**

*If not aware of network. The respondent is in <regio> only mention the relevant service.*

The service that I had in mind is now called the Business Information Source in the Highlands and Islands and the Small Business Gateway in the rest of Scotland. Have you heard of this?

=> Q172  
 IF Q170=1 OR Q170=2

Yes ..... 1  
 No ..... 2 => Q181

**172:**

**SBGUS**

*If aware.*

Have you used Small Business Gateway/Business Information Source?

Yes ..... 1  
 No ..... 2 => Q181

**173:**

**SBNUM**

*We want the number of contacts for different topics - two contacts on the same topic count as one. (single response)*

How often have you used Small Business Gateway/Business Information Source?

Only once ..... 1  
 2-4 times ..... 2  
 5-10 times ..... 3  
 More than 10 times ..... 4  
 Don't know ..... 5

**174:** **SBGDE**

*If used. (single response)*

When did you last have contact with Small Business Gateway/Business Information Source (more than just receiving a mailing)?

- In the last year..... 1
- More than a year ago, less than three years ago..... 2
- A similar organisation more than three years ago..... 3

**175:** **SBGA**

How satisfied are you with the					
	<i>Very satisfied</i>	<i>Fairly satisfied</i>	<i>Neither satisfied nor dissatisfied</i>	<i>Fairly dissatisfied</i>	<i>Very dissatisfied</i>
<i>Efficiency of the service that you received from Small Business Gateway/Business Information Source (thinking about the speed of response and any administration)</i>					
<i>The quality of the help that you received from Small Business Gateway/Business Information Source</i>					
<i>Service that you received from Small Business Gateway/Business Information Source overall</i>					

**178:** **SBGOV**

*If used. (single response)*

Thinking about your expectations when you last contacted Small Business Gateway/Business Information Source would you say that:

- None of your expectations were met..... 1
- Your expectations were partially met..... 2
- Your expectations were met in the main..... 3
- Your expectations were fully met..... 4
- Your expectations were exceeded..... 5
- Don't recall..... 6

**179:** **SBGRE**

*Single response*

Would you recommend Small Business Gateway/Business Information Source to others?

- Yes, unreservedly..... 1
- Yes, I would recommend it if someone asked me about it..... 2
- I probably wouldn't recommend it..... 3
- I definitely wouldn't recommend it, why not..... 4 O
- I have already recommended it..... 5
- Don't know..... 6

**180:** **SCOMM**

Do you have any comments about the help that you received from Small Business Gateway/Business Information Source?

- Yes..... 1 O
- No..... 2

**181:**

**SBSA**

As well as the Small Business Gateway/Business Information Source there are a number of schemes to assist small businesses. I am interested in whether you have heard of, or used, any of them. I'll read out a list of the services			
	<i>Heard of service but not used</i>	<i>Used service</i>	<i>Not heard of or used service</i>
<i>SMART or SPUR</i>			
<i>Teaching Companies/TCS</i>			
<i>Benchmark Index</i>			
<i>Inside UK Enterprise</i>			
<i>Business Growth Fund</i>			
<i>Small Firms Loan Guarantee Scheme</i>			
<i>Shell Technology Enterprise Programme (STEP)</i>			
<i>Invest for Growth</i>			
<i>RSA (i.e. Regional Selective Assistance)</i>			
<i>Scottish Trade International</i>			

**191:**

**SBSAS**

=> SKIP IF Q181-Q190 NOT "USED SERVICE"

Thinking about the services that you have used, were you satisfied or dissatisfied with the service? Is that very or fairly satisfied/dissatisfied?				
	<i>Very satisfied</i>	<i>Satisfied</i>	<i>Dissatisfied</i>	<i>Very dissatisfied</i>
<i>SMART or SPUR</i>				
<i>Teaching Companies/TCS</i>				
<i>Benchmark Index</i>				
<i>Inside UK Enterprise</i>				
<i>Business Growth Fund</i>				
<i>Small Firms Loan Guarantee Scheme</i>				
<i>Shell Technology Enterprise Programme (STEP)</i>				
<i>Invest for Growth</i>				
<i>RSA (i.e. Regional Selective Assistance)</i>				
<i>Scottish Trade International</i>				

**201:**

**REPRO**

*Ask all respondents*

We are interested in how small businesses are taking steps to improve their environmental impact through actions such as energy efficiency, water savings, waste recycling etc. How important are environmental issues to your business on a scale of one to five where one is completely unimportant and five is very important?

- 1 ..... 1
- 2 ..... 2
- 3 ..... 3
- 4 ..... 4
- 5 ..... 5

**202:** **TAKEA**

*Multiple response*

Have you taken any action to reduce the cost to your business of energy, water or waste disposal?

Implement Environmental Management System .....	1
Invest in energy efficiency improvements to buildings or plant .....	2
Reduce water/electricity consumption .....	3
Start/improve recycling.....	4
Reduce waste (effluent/VOC emissions/general waste).....	5
Other, please describe .....	6 O
Not taken any action .....	7

**203:** **TAKEB**

*Multiple response*

Are you planning to take any (more) action to reduce the cost to your business of energy, water or waste disposal?

Implement Environmental Management System .....	1
Invest in energy efficiency improvements to buildings or plant .....	2
Reduce water/electricity consumption .....	3
Start/improve recycling.....	4
Reduce waste (effluent/VOC emissions/general waste).....	5
Other, please describe .....	6 O
Not planning to take any action .....	7

**204:** **OBST**

*Multiple response*

Are there any obstacles to taking (more) action to reduce the cost of energy, water or waste disposal?

No time to investigate .....	1
No time to implement .....	2
Actions are not cost effective .....	3
Would reduce quality/process efficiency .....	4
Don't know what to do .....	5
We are already efficient .....	6
Other .....	7 O
No obstacles.....	8 X

**215:** **GOVHE**

*Ask all respondents*

Would you like the government to do anything to help you improve your environmental performance?

Yes, please describe .....	1 O
No .....	2

**223:** **DISC**

*Ask all respondents*

We are interested in whether the people who run small businesses ever suffer discrimination. Have you encountered any form of discrimination in the course of running your business recently (in the past two or three years)?

Yes, please describe .....	1 O
No .....	2

**224:** **DISBA**

*Do not prompt. (multiple response)*

Who was it that discriminated against you?

=> Q228  
 IF Q223 = 2

- Bank/finance provider..... 1
- Employer..... 2
- Employee ..... 3
- Customer..... 4
- Supplier..... 5
- Landlord..... 6
- Advisor ..... 7
- Other business owners ..... 8
- Other, please specify ..... 9

**225:** **DISDE**

*Do not prompt. (multiple response)*

What was the basis of the discrimination?

- Race ..... 1
- Gender ..... 2
- Disability..... 3
- Age - too old ..... 4
- Age - too young ..... 5
- Size of the business..... 6
- Other, please specify ..... 7

**226:** **DISDI**

Would you say that discrimination is an obstacle to the success of your business?

- Yes..... 1
- No ..... 2

**227:** **DISGV**

Is there any specific action that the government could take to alleviate the problem of discrimination?

- Yes, please describe ..... 1 O
- No ..... 2

**228:** **NET**

*Ask all respondents. (multiple response)*

We are interested in how your business uses technology such as computers and the Internet? In your business do you

- Use PCs..... 1
- Use email ..... 2
- Use the Internet ..... 3
- Have a business website..... 4
- Sell on the web..... 5
- Consider your business to be an ebusiness (most business activity is done electronically) 6
- Don't use any IT..... 7 X

**229:** **ICT**

*Multiple response*

Does your business use Information and Communication Technology for

=> Q234

IF Q228=7

Financial accounting .....	1
Invoicing .....	2
Marketing or customer relationship management .....	3
Production.....	4
Logistics or delivery .....	5
Research and development.....	6
None of the above .....	7

**230:** **LINK**

=> Q231

IF NOT Q229=7 OR Q229>2

*If yes to more than one use of Information and Communication Technology*

Are any of these systems automatically linked to each other?

Yes .....	1
No .....	2

**231:** **WHATI**

*If respondent uses the Internet. (single response)*

What type of Internet connection does your business have?

=> Q233

IF NOT Q228=3

Dial up modem.....	1
ISDN.....	2
ADSL.....	3
Cable modem .....	4
Leased line .....	5
Satellite .....	6
Don't know.....	7

**232:** **USEIN**

*If respondent has broadband (cable, leased line, satellite, ADSL) connection to the Internet*

How has this changed your usage of the Internet?

=> Q233

IF NOT Q231=3 AND NOT Q231=4 AND NOT Q231=5 AND NOT Q231=6

**233:** **NOTUS**

*If respondent does not have broadband connection to the Internet*

Do you plan to have a broadband connection to the Internet in the near future?

=> Q234

IF NOT Q231=1 AND NOT Q231=2

Yes, when .....	1
No, why not .....	2

**234:** **PALM**

Do you use a Personal Digital Assistant (PDA), i.e. a palmtop or a mobile phone to access the Internet?

- Yes..... 1
- No ..... 2

**235:** **PLMSE**

*Do not prompt. (multiple response)*

What services would you want to be available through such access?

=> Q236  
 IF NOT Q234 = 1

- Alert messages ..... 1
- Full access to the Business Link website ..... 2
- Other ..... 3 O
- Don't know ..... 4

**236:** **OBA**

Would you be interested in Online Business Advice? For example, would you find it useful to have a person live online who can answer your questions?

=> Q240  
 IF NOT Q228=3

- Yes..... 1
- No ..... 2

**237:** **OBA1**

*If respondent wants online business advice. (multiple response)*

How would you want this service provided?

=> Q240  
 IF NOT Q236=1

- Email..... 1
- On screen text chat..... 2
- Web-cam link..... 3
- Other ..... 4 O
- Don't know..... 5

**238:** **OBA2**

*Multiple response*

What sort of online business advice or service would you be interested in?

- Advice on starting up ..... 01
- Business planning advice..... 02
- Help raising finance ..... 03
- Help applying for grants ..... 04
- Assistance with training ..... 05
- Advice on IT ..... 06
- General information ..... 07
- Advice on credit or debit management ..... 08
- Other, please specify ..... 09 O

**240:** **ENVA**

On a scale of one to five, where one is definitely not and five is definitely yes, how strongly would you recommend the UK as a place to run or start a business?

- 1 ..... 1
- 2 ..... 2
- 3 ..... 3
- 4 ..... 4
- 5 ..... 5

**241:** **ENVSC**

*For Scotland only*

On a scale of one to ten, where one is terrible and ten is great, how would you rate the help that the government gives to small businesses?

=> Q243  
 IF NOT Q16=10 AND NOT Q16=11

- 1 ..... 01
- 2 ..... 02
- 3 ..... 03
- 4 ..... 04
- 5 ..... 05
- 6 ..... 06
- 7 ..... 07
- 8 ..... 08
- 9 ..... 09
- 10 ..... 10
- No opinion ..... 11

**242:** **ENV2**

*For Scotland only*

Would you encourage someone to start up in business?

- Definitely ..... 1
- Probably ..... 2
- No ..... 3
- Not at all ..... 4
- Don't know ..... 5

**243:** **EMPP**

How many people did the business employ 12 months ago (excluding owners and partners)?

**244:** **EMPF**

*If don't know or no opinion, enter 999*

How many people do you expect the business to employ in 12 months time (excluding owners and partners)?

**245:** **HEALT**

*Ask all respondents. (single response)*

- Overall how well would you say your business is doing?
- We're doing really well ..... 1
  - We're doing fine but could do better ..... 2
  - We have a few problems ..... 3
  - We're concerned about our ability to survive ..... 4

**246:** **OBJEC**

*Ask all respondents. (single response)*

- Would you say that your sales objective for the business over the next three to five years is to
- Grow significantly ..... 1
  - Grow moderately ..... 2
  - Stay the same size ..... 3
  - Planning to reduce ..... 4
  - Sell the business or retire ..... 5
  - Don't know ..... 6
  - Other, please describe ..... 7 O

**247:** **BUSOR**

*For Scotland only. (multiple response)*

Is your business a member of any of the following business organisations?

=> Q248  
 IF NOT Q16=10 AND NOT Q16=11

- Trade Association ..... 1
- Federation of Small Businesses ..... 2
- Confederation of British Industry ..... 3
- Forum of Private Business ..... 4
- Chamber of Commerce ..... 5
- Institute of Directors ..... 6
- Other ..... 7 O
- None ..... 8 X

**248:** **FAM**

*Read out the definition of a family owned business*

Is your business a family owned business? A family business is majority owned by members of the same family

- Yes ..... 1
- No ..... 2

**249:** **FAM1**

*If it is a family owned business. (single response)*

Which generation is in control of the business?

=> Q252

IF NOT Q248=1

- 1st ..... 1
- 1st and 2nd ..... 2
- 2nd ..... 3
- 2nd and 3rd ..... 4
- 3rd ..... 5
- 3rd and 4th ..... 6
- 4th ..... 7
- Other ..... 8 O

**250:** **FAMST**

*Single response*

Thinking about the future of the business, do you and your family have plans to sell the business or keep it in the family?

- Sell the business ..... 1
- Keep it in the family ..... 2
- No plans ..... 3
- Don't know ..... 4 O

**251:** **SELFA**

=> Q252

IF NOT 250=1

*If respondent has plans to sell the business. (single response)*

How do you plan to sell the business?

- Trade sale ..... 1
- Management buy-out ..... 2
- Other ..... 3 O

**252:** **NUMST**

*The business is a <stat:1 >*

How many owners, partners, directors were there in the business when it first started?

**253:** **NUMNO**

*The business is a <stat:1 >*

How many owners, partners, directors are there in day-to-day control of the business now?

**254:** **NUMWO**

*The business is a <stat:1 >*

How many of the owners, partners, directors are women?

**255:** **NUMET**

*The business is a <stat:1 >*  
 How many of the owners, partners, directors of the business are from ethnic minority groups?

**256:** **ETGP**

*If owners, partners or directors are members of an ethnic minority group. (multiple response)*

If so, which group?

=> Q257  
 IF Q255=0

- Black African..... 1
- Black Caribbean..... 2
- Asian Pakistani ..... 3
- Asian Indian..... 4
- Asian Bangladeshi ..... 5
- Asian Chinese ..... 6
- Other ..... 7 O

**257:** **ETHRS**

*Single response*

Do you consider yourself to be a member of an ethnic minority group?

- No ..... 1
- Black African..... 2
- Black Caribbean..... 3
- Asian Pakistani ..... 4
- Asian Indian..... 5
- Asian Bangladeshi ..... 6
- Asian Chinese ..... 7
- Other ..... 8 O

**258:** **AGERS**

Can I ask you which of the following bands your age falls into?

- Under 25 ..... 1
- Between 25 and 35..... 2
- Between 36 and 45..... 3
- Between 46 and 60..... 4
- Over 60 ..... 5

**262:** **FINSC**

*For Scotland only*

The Scottish Executive may want to carry out further research in the future. Would you be willing to help with that research?

=> Q263  
 IF NOT Q16=10 AND NOT Q16=11

- Yes ..... 1
- No ..... 2

**263:** **FINAL**

*This is for the respondent's comments. Use F6 for interviewer's comments*

Thank you very much for your help, do you have any further comments?

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**264:**

**TIME**

=> ALWAYS SKIP

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**265:**

**INTOP**

Interviewer's opinion of the mood of the respondent

Angry .....	1
Depressed.....	2
Positive .....	3
Apathetic.....	4

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## 9 Appendix 3 – Sample frame

UK SIC code	AB	CDE	F	GH	I	JK	MNO
Zero employee (and one employee companies)							
Proprietorship	52	25	82	54	71	85	132
Partnership	9	4	14	9	12	14	22
Company	8	4	13	9	11	14	21
Total	69	33	109	72	94	113	175
Micro (1 to 9 employees)							
Proprietorship	52	32	47	172	17	115	55
Partnership	29	18	26	97	10	65	31
Company	60	38	54	199	20	134	64
Total	141	88	127	468	47	314	149
Small (10 to 49 employees)							
Proprietorship	4	24	16	58	7	24	21
Partnership	7	40	27	98	12	40	35
Company	25	143	95	345	43	143	125
Total	36	208	138	501	62	208	181
Medium (50 to 249 employees)							
Proprietorship	0	7	1	5	1	3	2
Partnership	0	18	4	14	2	8	6
Company	3	200	45	160	28	86	74
Total	3	224	50	179	31	96	83
	250	553	425	1,220	234	731	588

