Arsyllfa Wledig Cymru
Wales Rural Observatory

Rural Business Survey

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Report 16

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SECTION 1 INTRODUCTION

1.1 Introduction

This report provides an overview of results from a survey of businesses in rural Wales undertaken by the Wales Rural Observatory [WRO] during 2007. Following the 2004 Business Report, it is the second report conducted by the WRO on businesses in rural Wales. The 2004 and 2007 reports have a number of similarities. They both had approximately the same number of respondents; some respondents to the 2004 survey also responded in 2007; both surveys used a postal questionnaire (although in 2007 an e-mail option was offered); and some questions were identical or similar. However, for the 2007 survey a number of changes to questions were made, building on the experience of the 2004 survey; new questions were posed; and new sections were built into the questionnaire design.

1.2 The definition of rural adopted throughout this report follows the definition used in the Welsh Assembly Government's Consultation on the Draft Rural Development Plan for Wales 2007 – 2013. Broadly, under this definition Wales is classified into:

RDP Classification	Description	Number of Wards
Rural Wards	Have a solely or predominantly rural or small town population profile.	492
Service Centre	Have an urban population profile with strong links to surrounding rural areas.	51
Host ward	Have a large town population profile and playing a key role in surrounding rural areas.	35
Ineligible ward	Have only a large town population profile that has no or limited links with rural areas.	303

1.3 The report consists of four sections. Following this introduction, Section 2 sets out the rationale and research objectives of the report, and describes the methods used for data collection. Section 3 provides an analysis of the data. Finally, there is a summary of the report together with some concluding remarks in Section 4.

SECTION 2 METHODOLOGY

2.1 Rationale for the Survey

The 2007 Business Survey was designed as an integral part of the WRO 2006-2009 work programme, with an underlying rationale that:

1. The survey would provide a data source for future WRO work.

2. Building on the 2004 WRO Business Survey and those respondents who agreed to be re-contacted, the survey would provide longitudinal data.

3. The survey would complement and build on completed WRO work including:

    a. 'Rural Business Survey 2004'
    b. 'Assessing the Eco-economy'
    c. 'Living and Working in Rural Wales'
    d. 'Rural Services in Wales'

2.2 Research Objectives

The Research Objectives of the survey were:

1. To examine the state of rural (non-farm) business activities in Wales.

2. To explore and quantify the attitudes of rural business owners in Wales towards a range of business, economic and environmental issues.

3. To provide a database for WRO work on the eco-economy, businesses in rural Wales, and other related work.

4. To provide qualitative data on the attitudes of rural business owners in Wales towards a range of business, economic and environmental issues.

5. To ascertain what changes have affected businesses in rural Wales.

2.3 Questionnaire Design

The starting point for the design of the 2007 questionnaire was a study of the 2004 Business Survey and analysis of the 2004 responses. There followed an iterative process of WRO team meetings and drafts through which it was decided which questions from 2004 to retain; which questions to modify and update; and areas and themes for new questions. A final draft was sent to WAG statisticians who made some non-essential suggestions for improvement. The questionnaire was then submitted to the WAG 'Approval of Statistical Surveys' process.

As is always the case with public questionnaires, an important design consideration was its length and time for completion. Potential respondents may decide against completion of a questionnaire that looks overlong.

2.4 Piloting the questionnaire

To ascertain how long it would take to complete each questionnaire, it was piloted in two ways.

1. A member of the WRO research team completed the questionnaire under timed conditions. Before completion the researcher compiled data for an imaginary business. This type of exercise is useful; in addition to providing an indication of time for completion, previously unnoticed inconsistencies and errors in the questionnaire may be revealed.

2. Telephone contact was made with 10 businesses that had agreed to be re-contacted on the 2004 survey. These businesses agreed to pilot the new questionnaire; to inform the WRO of time for completion; and to provide critical feedback.

The pilots indicated that time for completion was approximately 20 minutes, which was felt to be acceptable.

2.5 Covering letter

On posting to businesses the questionnaire was accompanied by a covering letter. This letter outlined the work of the WRO and its connection to WAG, and pointed towards the WRO website for further information. The letter emphasized that completion of the questionnaire was voluntary; that all information would be treated in strict confidence; and that the anonymity of respondents would be preserved. It was requested that, wherever possible, completion should be by, or on behalf, of the business owner. A new feature of the survey was the opportunity to complete the questionnaire electronically, and the letter provided instructions for this option.

The covering letter was produced in both English and Welsh language versions. Copies are in Appendices A and B respectively.

2.6 Questionnaire content

The final questionnaire consisted of eight sections. Although the majority of questions required a tick or a number, some qualitative data was requested. Some of the questions used five-point Likert scales, which are input and analysis-friendly.

Section 1 – A Profile of the Business and the Owner

This section called for basic information about the business, such as the core activity, and biographical information concerning the owner, including qualifications and business training.

Section 2 – About your Employees

Section 2 garnered data on the number, gender and status of employees, and the distances from the business at which employees were recruited. In addition, there was a question about the Workers Registration Scheme, which registers employees from the recent EU accession states.

Section 3 – Recruiting and Training your Employees

These questions were concerned with the media that businesses used to recruit employees and respondent's perceptions of the labour supply and training of employees.

Section 4 – Your Business Operations and Strategy

This, the longest section of the questionnaire, included a range of methods: box-ticking, Likert scales, and both quantitative and qualitative data. The questions covered the following subjects: business planning, advertising media, supplier and customers bases, sponsorship activities, business networks, and a range of qualitative questions that concerned the advantages and disadvantages of rural business locations and the perceived strengths and weaknesses of the business.

Section 5 – Business Support

In this section business owners were asked to rate the quality of support provided by a range of agencies, and to critically assesses the role of WAG in supporting businesses.

Section 6 – Changes in Business Activities

This section asked for details of changes in business practice over the past five years, and also whether or not the business planned to expand within the next two years.

Section 7 – Your Business and the Environment

In recent years relations with the natural environment have come to the fore. This section sought data on recycling, participation in environmental initiatives, energy consumption and attitudes to environmental regulation.

Section 8 – Financial Information

This section sought data on VAT registration, turnover and annual profits. In addition, respondents were asked to provide outline reasons for any changes.

Details for re-contact

Finally, respondents were thanked for their participation and, if they were willing to be re-contacted for future research, asked to provide contact details.

The questionnaire was produced in both English and Welsh language versions, which are in Appendices C and D respectively.

2.7 Constructing the Survey Sample

To achieve parity with the 2004 Business Survey, which analysed 1008 responses, this survey had a target response of 1000 businesses. There were two elements to the target population:

1. Respondents to the 2004 survey who agreed to be re-contacted. There were 442 of these.

2. New respondents, whose contact details were obtained from a commercial data-broker. The data elements included were:

- Business name
- Address
- Personal contact name
- Telephone number
- Standard Industrial Classification [SIC]
- Core business activity
- Number of employees
- Turnover

In order to ensure that the survey was representative, a stratified sample of the target population was constructed as follows.

1. The list of Postcode Sectors that comprised rural Wales was constructed using a best fit analysis. If the postcode sector fell wholly within the boundary of the nine most rural authorities (The Isle of Anglesey, Gwynedd, Conwy, Denbighshire, Powys, Ceredigion, Pembrokeshire, Carmarthenshire, and Monmouthshire) or the boundary of the predominantly rural wards with the three semi-rural authorities (Flintshire, Wrexham, The Vale of Glamorgan) then it was included for use in the survey.

2. The total population of businesses in these rural Postcode Sectors was calculated.

3. The population of businesses in each of the rural Postcode Sectors was calculated.

4. Using the figures in (2.) and (3.) above, the number of businesses in each Postcode Sector was calculated as a percentage of the total number of rural businesses. These percentages are the true proportion of the total required for a stratified sample.

5. To integrate the 442 'potential re-contacts':
   a. They were grouped by Postcode Sector and the total number within each Postcode sector was calculated.
   b. The total within each Postcode Sector in the original population (3.) minus the total of 'potential re-contacts' in that Postcode Sector (5a.) was calculated.
   c. The number at (5b.) was expressed as a percentage of the total number of rural businesses.

6. The commercial data-broker provided a random sample of 8,000 businesses, using the proportions at (5c.) for the rural Postcode Sectors.

7. When this database was obtained the 442 'potential re-contacts' were added to it.
   a. This brought the numbers and proportions back to the true proportions required for a stratified sample.
   b. As the 442 'potential re-contacts' were obtained from a random sample, and were random responses, randomness was maintained.

2.8 Survey administration

In the interests of costs and the best use of resources tasks, such as photocopying and envelope 'stuffing', associated with posting the survey were contracted-out. The first posting was in the second week of July 2007. Each potential business respondent received a package containing:

- Covering letter in English
- Covering letter in Welsh
- Questionnaire in English
- Questionnaire in Welsh
- A 'business reply' envelope addressed to WRO at Cardiff University.

The covering letter with the first posting requested completion by Friday 3rd August 2007, which allowed respondents between 3 and 4 weeks to complete the questionnaire.

The response to the first posting was low; a series of national postal strikes over this period might have affected it. A second package, as above but with a reminder letter, was sent out during the last week of August 2007 to those businesses that had not responded. This reminder letter extended the return date for the questionnaire to 21st September 2007 and emphasised the research value of data from rural businesses. It was produced in both English and Welsh language versions. Copies are at Appendices E and F respectively.

For the reminder package attention was paid to two details. Firstly, the envelope was addressed to the business, not to a named owner as happened with the initial posting. It was felt that if personnel had moved on that a personalised letter might not be opened – it might be returned or discarded. Secondly, rather than a printed second class logo on the envelope, as with the initial posting, a second class stamp was used. Again, it was felt that the initial posting had another potential for discarding; there was a perceived tendency for addressees to associate a printed second class logo with unsolicited 'junk' mail, which is often discarded without being opened. Apparently, although the stamp option costs more, charities often use it to maximise the chances of the envelope being opened.

2.9 Survey responses

A total of 1034 responses were received. This total consisted of:

- Postal English language 958
- Postal Welsh language 52
- Electronic English language 22
- Electronic Welsh language 2

Sub-totals for 're-contacts' and 'potential re-contacts' were:

- Re-contacts from 2004 (potentially 442)
- Potential re-contacts returned = 118

2.10 Data Analysis

The questionnaire responses were entered into the 'Statistical Package for Social Science' [SPSS] for analysis. For this report a set of cross-tabulations was produced for each question, which provided quantitative information. SPSS also has the facility to record qualitative data. These qualitative responses were analysed thematically. Combining the quantitative and qualitative analyses the report presents an overview of the state of rural (non-farm) business activities in Wales, and the attitudes of rural business owners in Wales towards a range of business, economic and environmental issues. Where appropriate, comparisons were made between results from the 2004 survey and the 2007 WRO Rural Business Survey.

SECTION 3 RESULTS AND ANALYSIS

As outlined in Section 2, the returned questionnaires were input into SPSS and analysed. The following sections provide an outline description of this analysis. Some of the analysis is concerned with biographical and historical data; some with quantifiable results; and some with qualitative responses. Where appropriate, comparisons are made with the WRO Business Survey 2004.

3.1 A Profile of the Business and the Owner

This section called for basic information about the business, such as the core activity, and biographical information concerning the owner, including qualifications and business training.

Business Type

For the 2007 survey, businesses were classified using 11 categories, which replicated those used by the Business Survey 2004. Table 3.1 shows the proportions of respondents in each category for both 2004 and 2007.

Broadly, 2007 and 2004 were comparable, and the majority of businesses surveyed continued to be in the categories of Retail (20%); Accommodation, Food and Drink (17%); and Construction (10%). However, in the 2007 survey Services (10%) and Transport (9%) featured strongly. Note that although Retail remained the most represented category, it experienced a drop of 12 percentage points in 2007 compared to 2004.

Table 3.1 Type of business surveyed

Type of Business	2004	2007
1.Agriculturural services	5%	4%
2. Construction	10%	10%
3.Accommodation, Food and Drink	18%	17%
4. Manufacturing	8%	9%
5. Retail	32%	20%
6. Real Estate	2%	3%
7. Wholesale	7%	4%
8. Health and Beauty	9%	8%
9. Transport	3%	9%
10. Charitable and Social Work	3%	5%
11. Services	3%	10%

Starting the business

The earliest reported year of establishment for a business in the survey was 1640, with 11 new businesses starting in 2007.

- 6% of businesses surveyed had been established in the last five years (2002 – 2007)
- 11% had been established since 2000
- 24% were established in the 1990s
- 51% were established between 1950 and 1989
- 10% were established in the first half of the 20th century (1900 – 1949)
- 3% were established in the 19th, 18th and 17th centuries

The earliest year that a current owner had started a business was 1941, with one other business starting in 1942. In terms of the ways by which owners became involved in business, 44% of survey respondents had started the business; 10% of respondents had taken-over the business from another family member; 21% of respondents had bought the business; 13% of owners had become involved with the business by other, unspecified methods; and the remaining 12% did not answer this question. Presenting the ways by which owners became involved in business in tabular form gives some indication of both the strength of business activity in a time period, and the commitment and stamina of the business owners.

Table 3.2 Decade that current owners became involved with business

Decade	Start-up	Family takeover	Bought	Other
1941 – 1949	1%			
1950 – 1959	2%	3%	1%	2%
1960 – 1969	5%	10%	1%	
1970 – 1979	11%	13%	4%	8%
1980 – 1989	37%	24%	20%	17%
1990 – 1999	32%	32%	30%	26%
2000 – 2007	13%	18%	44%	47%

Important factors when starting a business

Respondents were asked to rate a range of factors that might have had a bearing on their decision to embark on a business venture. Table 3.3 shows the results.

Table 3.3 Relative importance of factors when starting a business

	Very Important	Important	Not Important	Not Relevant
Independence	60%	29%	6%	5%
To increase income	44%	39%	13%	4%
To maintain income	41%	44%	6%	9%
To carry on the family business	21%	11%	6%	62%
To a exploit a market opportunity	29%	38%	12%	21%
Other – please specify	32%	11%	2%	55%

The specified ‘others’ included altruistic factors such as ‘to provide a service to the community’ and ‘to keep the village post office going’, and personal factors such as ‘to be happy’. There was an apparent difference between this 2007 survey and the 2004 Business Survey. The 2004 Business Survey asked a direct question – ‘do you consider the business to be a family business’ – which turned out at 79%. Table 3.3 indicates that at least 62% of the respondents in 2007 had not taken over a family business.

Gender and Age of business owners

In terms of gender, 79% of business owners were male – 21% female. With regard to age, 10% were under 40 and 17% over 65. The majority of business owners at 71% were aged 40 to 64. This compares to 79% for the same age group in the 2004 survey.

Owner's qualifications

Table 3.4 shows the highest qualifications held by business owners in the survey, and compares the results with the 2004 survey.

Table 3.4 Highest qualifications held by business owners

Qualification	2007	2004
Higher Degree/NVQ Level 5	17%	9%
Degree/ NVQ Level 4	21%	21%
A Level / NVQ Level 3	11%	16%
O Level/GCSE/ NVQ Level 1 – 2	22%	22%
None	17%	21%
Other	11%	11%

The results for 2004 and 2007 were broadly comparable. However, there was a general rise in standards in that fewer respondents had no qualifications and considerably more had a post-graduate or equivalent qualification in 2007. At 17% this was approaching one in five respondents, which seemed high. Given that the question asked for the highest qualification held, this increase in higher education qualifications potentially accounted for the five-point decrease in 2007 for respondents holding A level or equivalent.

Among the specified 'other' qualifications were apprenticeships, City & Guilds, national diplomas, and medical and nursing qualifications.

Formal Business Training

Formal training in business is assuming increasing importance with regard to larger organizations. The survey results indicated that this was, however, not the case with the smaller and medium businesses in rural Wales – only 28% of respondents had received formal business training.

This relatively low proportion of formally qualified respondents was reflected by the opinions held by respondents of the importance of business training. At 40%, the largest proportion of respondents had no strong opinion on the importance of formal business training, and while 35% agreed that they were important 25% thought that they were not important, with 10% of these dissenters 'strongly disagreeing' that formal business training was important.

Business training qualifications held by respondents included the prestigious Masters in Business Administration [MBA] from leading universities such as Bath, Cranfield, Manchester and Warwick; the BA in Business Studies; chartered accountancy and other accountancy qualifications; certificates and diplomas in Business studies and in Hotel Catering and Management at Ordinary and Higher levels; the NVQ level 4 Registered Managers Award; in-house training by firms such as Bass Charrington, Harrods, Jaeger and W H Smith; and the Welsh Development Agency's ' Be your Own Boss'.

Business and Professional Networks

Respondents were asked whether or not they were members of a professional, business or trade association – 45% were members. With regard to how useful was membership of an association, 36% agreed that it was useful, with 12% of these ‘strongly agreeing’; 32% had no opinion on the matter; and 32% did not find membership useful.

Professional, business and trade associations named included the Federation of Small Businesses, numerically this featured strongly; professional chartered institutes such as those for Directors, Chartered Accountants, Foresters and Engineers; national associations such as Headteachers, Master Bakers, Care Homes and Funeral Directors; trade guilds; medical and nursing associations; the Royal Colleges; and the Road Haulage Association.

3.2 About the Employees

This section called for information about employees from the 64% of businesses surveyed that had employees. In total, 663 businesses employed 11,075 employees, which was a rate of 17 (16.7) employees per business. Taken over the total survey population, the rate dropped to 11 (10.7) employees per business. Table 3.5 shows the numbers in each category of employee.

Table 3.5 Number of Employees by Category

Employee numbers	Regular Full time	Regular Part time	Seasonal Full time	Seasonal Part Time	Casual
Male employees	5178	643	171	138	287
Female employees	2453	1573	82	252	298
Total M+F = 11075	7631	2216	253	390	585

As previous research has indicated, there were more full-time male employees than female and more part-time female employees than male.

Recruitment catchment area

Information requested included the extent of the business’s catchment area for employee recruitment. The majority of employees were recruited locally: 64% were recruited within 10 miles of the workplace; 24% from between 10 and 50 miles; 7% from more than 50 miles but within the UK; and 5% from outside the UK. In comparison the Business Survey 2004 reported that 12% of workers were recruited from more than 20km (12.5) miles and 3% from outside the UK.

Workers Registration Scheme

Businesses were asked if they had employees on the Workers Registration Scheme [WRS], which registers employees from the recent EU accession states. Returns were low with 17 businesses employing a total of 74 WRS workers. In proportional terms, less than 2% of businesses surveyed had WRS employees, and less than 0.7% of employees were WRS registered. There was a range of numbers of WRS workers employed by individual businesses. Seven businesses employed one WRS worker and the other numbers of WRS workers per business ranged between two and twelve, while one business had 20 WRS employees.

3.3 Recruitment and Training of Employees

Recruitment Methods

As in the 2004 Business Survey, respondents were asked which methods they used to recruit employees. Table 3.6 compares the results for 2004 and 2007. The 2004 and 2007 results were broadly comparable, with ‘word of mouth’ the most popular method used, and ‘local newspapers’ the second most used method in 2004 and third in 2007. Note that ‘Jobcentre’ was not a separate category in 2004 but was included in ‘Other’ methods – Jobcentre was the second most popular method in 2007.

Table 3.6 Methods Used to Recruit Employees

	Local newspapers	National Newspapers	Local radio/TV	Job Centre	Internet	Word of mouth	Other	None
2007	27%	3%	1%	28%	7%	43%	8%	6%
2004	32%	2%	2%	-	8%	40%	7%	12%

‘Other’ methods included recruitment agencies; posters in locations such as local shop windows, community centres, colleges and sports clubs; professional networks; Yellow Pages; Go Wales; Careers Wales; school interviews; and professional and trade journals.

The quality of recruitment methods and the quality of applicants for employment

Survey participants were asked to respond to a series of statements concerned with their perceptions of recruitment methods and the quality of applicants for employment.

A large proportion of respondents (63%) agreed that it was difficult to recruit appropriately skilled employees. Breaking down the results showed that 34% strongly agreed; 29% agreed that there was some difficulty; 21% had no strong views on the subject; 11% disagreed that there was a difficulty; and 6% strongly disagreed.

The balance was similar with respect to the availability of applicants for work, with 50% of respondents agreeing to some extent that there was a shortage of applicants. A breakdown showed that 25% strongly agreed that there was a shortage of applicants; a further 25% agreed that there was a shortage; 26% had no opinion; 16% disagreed that there was a shortage; and 8% strongly disagreed.

Regarding the performance of the formal recruitment agencies (e.g. Jobcentres), three times as many respondents thought that they did not provide good applicants as those who thought they did. The figures were 38% disagreed that they provided good applicants, and 13% agreed they provided good applicants. Breaking down the results showed that 15% strongly disagreed that the formal recruitment agencies provided good applicants; 23% disagreed that the formal recruitment agencies provided good applicants; 50% had no strong views; 9% agreed that the formal recruitment agencies provided good applicants; and 4% strongly agreed.

The high percentage of businesses using informal networks for recruitment (see Table 3.6 above – 43%) was reflected in the perceptions of the usefulness of these networks, with 50% agreed on their usefulness against 16% who disagreed. A breakdown showed that 19% strongly agreed that informal networks were useful; 31% agreed; 34% had no opinion; 11% disagreed; and 5% strongly disagreed.

Taken together these data pointed to a degree of disenchantment with both the recruitment agencies and the quality of potential employees. This reflected the findings of the Business Survey 2004, which although asking a different set of questions about these issues produced similar results. For example, results from the Business Survey 2004 showed that:

- 62% of respondents identified a 'lack of applicants'
- 66% suggested that applicants lacked appropriate work experience
- 48% cited lack of academic/professional training

Skills Training for Employees

Survey participants were asked to respond to a series of statements concerned with their perceptions of skills training for employees.

Regarding the cost of skills training, at 40% more respondents agreed that skills training was too expensive than disagreed at 24%. The breakdown revealed that 15% strongly agreed that skills training was too expensive; 25% agreed; 36% had no strong opinion; 16% disagreed; and 8% strongly disagreed.

There was, however, some indication that skills training was of good quality with 56% agreeing that skills training was good and only 13% disagreeing. Breaking down these results showed that 21% strongly agreed that skills training was good; 35% agreed; 32% had no strong opinion; 9% disagreed; and 4% strongly disagree.

Perceptions of the accessibility of skills training were fairly evenly divided, with 34% agreeing that skills training was easy to obtain and 29% disagreeing. The breakdown revealed that 6% strongly agreed that skills training was easy to obtain; 28% agreed; 37% had no strong opinion; 20% disagreed; and 9% strongly disagreed.

The problematic issue with skills training, then, appeared to be cost, although there were indications that accessibility could be difficult.

3.4 Business Operations and Strategy

Business and Marketing Plans

Associated with the perceived increasing need for formal business training and qualifications, noted at 3.1, some businesses produce a written business plan and a written marketing plan. The relatively low proportions of business owners in the survey who had formal business training were reflected in the proportions of those businesses that had written business and marketing plans: only 31% had a written business plan, and 18% had a written marketing plan

Advertising Products and Services

Table 3.7 shows the methods used by businesses in the 2007 survey to advertise products and services, compared with the 2004 survey.

Table 3.7 Methods Used to advertise Products and Services

	Local newspapers	National Newspapers	Local radio/TV	Internet	Word of mouth	Other	None
2007	40%	6%	8%	40%	59%	30%	12%
2004	49%	5%	8%	27%	72%	18%	6%

The results for 2007 and 2004 were broadly similar in the categories local newspapers, national newspapers, and local radio and TV. Major changes were indicated by the increased use of the Internet for advertising. The increase of 13 percentage points in Internet advertising was matched by the decrease in advertising by 'word of mouth'. While there was no necessary connection, it is interesting to speculate on the expanding role played by the Internet in people's lives.

Locations of Suppliers and Customers

Respondents were asked to provide the approximate proportions of both their suppliers and customers located at certain distances from the business: less than 20 miles; between 20 and 60 miles; more than 60 miles but within the UK; and outside the UK. Table 3.8 indicates the proportions of businesses surveyed with customers and suppliers at each range. In addition, the table shows the proportion of businesses surveyed that were 100% reliant on customers or suppliers in each specific range.

Table 3.8 Distances of customers and suppliers

Range	% of total businesses with customers and suppliers at range		%of total businesses reliant on customers and suppliers at range	
	Customers	Suppliers	Customers	Suppliers
Less than 20 miles	70%	55%	11%	6%
20 – 60 miles	62%	50%	3%	4%
More than 60 miles	53%	58%	2%	8%
Outside UK	22%	13%	0.3%	0.5%

With regard to the short-range of *Less than 20 miles*, unsurprisingly, 70% of businesses had customers within a 20 mile radius, which might have been expected to be higher. A relatively low 11% of the total number of businesses had 100% of their customers at this distance.

Types of Customer and the Sales they Generate

Sales were generated by a range of types of customer. For the survey the following categories were designated: private and household, shops, small businesses, larger businesses, the public sector, wholesalers and distributors, and others. Table 3.9 indicates the proportions of sales generated by the categories of customer. In addition, the table shows the proportion of businesses surveyed that were 100% reliant for sales on a particular category of customer.

Table 3.9 Types of Customer

Type of customer	% of total businesses with type of customer	% of total businesses relying on type of customer
Private and Household	74%	25%
Shops	19%	0.3%
Small Businesses	39%	0.4%
Larger Businesses	30%	2%
Public Sector	31%	1%
Wholesalers and Distributors	9%	1%
Others	7%	0.5%

Other types of customer reported included the independent education sector; the construction industry sub-contract sector; the voluntary and charity sectors; farms; holiday camps; the export sector; direct trade sales; and churches.

Sponsorship of local community activities

Over half of businesses surveyed (53%) sponsored local community activities. The activities sponsored included a range of clubs, teams and events for sports such as athletics, rugby, swimming, netball, golf; hockey, football, cricket, tennis, boxing and karate; food festivals; hospitals and air ambulances; Dr Barnados homes; canine societies; darts and pool teams; cancer support groups and hospices; pony clubs and other equine activities; hospital radio; the Air Training Corps; school events; arts foundations; carnivals; life boats; community festivals and fetes; regattas; the Eisteddfod; agricultural shows; scouts, guides, brownies and cubs; Tenby Blues Festival; and ploughing matches. In addition, businesses made donations to charities and organizations such as RNLI, NSPCC, cancer research, churches and local charities, with one respondent donating 10% of annual profits to charity.

There were two principal reasons given for not sponsoring local activities; both were financial. Firstly, some businesses stated that they could not afford to provide sponsorship or make donations. Secondly, other businesses argued that there were no financial incentives or benefits attached to sponsorship.

3.5 The perceived advantages to business of rural location

In terms of the perceived advantages of running a business in a small town or a rural area, many of the respondents referred to the superior quality of life in rural areas. References were made to the beautiful scenery of rural Wales, both inland and coastal, and to the pleasant small market towns. It was observed that there was a slower pace of life; a better work-life balance; and less crime than in more urban settings.

Some of the other advantages adduced related to quality of life. The ways in which rural life, with its smaller populations compared to urban areas, fostered a good community spirit featured strongly in respondents' accounts. In turn, it was argued, this led to the facilitation of local networks of family, friends, customers and suppliers, and the building of a strong business reputation. Respondents reported favourably on the quality of local staff. In some cases respondents had moved to rural Wales, while in others they had been born there and cited strong attachments to place and to a Welsh identity. Conversely, in relation to place, there were references to the 'snob value' of a rural location.

For some there were perceived economic advantages to doing business in rural Wales. These are best summarised by these selected quotations from respondents:

> *"[We are] a big fish in a small pond."*

> *"Competition is less fierce."*

> *"I am the only Post Office within a ten mile radius."*

> *"There are no Tesco-type outfits."*

> *"A Tesco or Asda opening nearby would spell disaster – so a town with a population too small for them to be interested is a positive for us."*

Other economic advantages cited were lower costs, lower overheads, affordable premises and reduced or non-existent commuting times and costs.

In addition to the personal cost-advantages of less commuting, it was also perceived to be advantageous on the global scale of carbon costs and emissions, with several business owners pointing to the lower carbon costs of rural businesses. Indeed, one respondent claimed that:

> *"I am able to generate my own power from wind, hydro and wood fuel."*

3.6 The perceived disadvantages to business of rural location

Those respondents who perceived disadvantages in doing business in rural Wales pointed to a number of interrelated issues. They tended to characterize rural Wales as having a low population density; a low wage economy; and low disposable incomes. From these basic perceptions flowed arguments that there was a small customer base and little or no passing trade, with a definite seasonal element, and limited markets. In addition, there was a lack of job applicants; a small pool of skilled labour; and perceived low educational attainment:

> *"[There is] a lack of potential employees due to incredibly poor educational standards. It comes to something when someone can't even spell the name of a subject in which they have a GCSE!"*

There were perceived difficulties in attracting high level personnel and managers to the area. Moreover, it was observed that those high-earners who lived locally tended to commute to towns and to spend their money there rather than use the village shop.

A principal perceived financial disadvantage was the costs, such as fuel, arising from the need to travel both around the local area and to more distant places. Other perceived cost-related disadvantages included high business

rates, following the withdrawal of rural rate relief; the high cost of goods in local shops and other retail outlets; and higher than warranted charges made by both local trades people, due to their comparative scarcity, and those who had to travel to the area to do work.
Perceived feelings of rural isolation and remoteness from both customers and suppliers were exacerbated by poor roads; inadequate public transport; and generally poor access to transport and other services. Specific service examples were no mains water; no broadband connection; and unreliable Internet connections.

Although, as discussed in Section 3.5, rural community networks were perceived as an advantage by some, others argued that they were a potential disadvantage. It was suggested that if a business owner made a mistake or upset an individual that it could lead to the exclusion of the business and owner from local networks, resulting in loss of trade and profits.

Finally, there were indications of the existence of an alternative economy, to the detriment of legal businesses. For example, this respondent suggested that local people on welfare benefits were conducting an illicit trade in scrap metal:

> *"I try to do everything legal in my business but some locals on benefit buy a small pickup to take scrap in for beer money – making my business go down."*

3.7 The perceived strengths of rural businesses

When asked what they perceived to be the main strengths of their business respondents pointed to a range of, sometimes interconnected, factors. Many of these could be applied to any business, whether located in rural or urban areas. For example, good quality featured prominently. Quality here referred to craftsmanship, service, customer relations and products. Some businesses perceived the uniqueness of their product as a major strength, such as 'Timberkits' and the 'only rack and pinion mountain railway in the UK'. A related factor as a source of perceived business strength was independence from larger businesses and 'middlemen'.

Personnel-related factors were also seen as major strengths. Specific references were made to flexibility; to the advantages of a family business; and to the skills and training of personnel, particularly specialized skills and technical expertise.

Rurality was an aspect of location perceived as a strength. Businesses referring to advantageous locations included public houses, hotels and tourist-related businesses. Another strength that could be related directly to rural locations was 'localness'. This was connected with knowing customers; personal contact with customers; being a part of the local community; the reliability of the business; and building a good reputation. Several businesses referred to the fact that they were the only shop in a village as an obvious strength.

Finally, some businesses indicated that they were in a niche market. Although not overtly a rural strength, many of these businesses were based in Welsh language and culture, which potentially provided them with a particular place in the market.

3.8 The perceived weaknesses of rural businesses and threats to them

Although respondents were asked two separate questions regarding what they perceived to be the main weaknesses of their business, and what they saw as a threat to the business, there was a tendency to conflate the two. Indeed, some of the responses could also have been included under 'Disadvantages' at 3.6. Rather than present two sections the responses for 'weaknesses' and 'threats' are combined in this report.

Unsurprisingly, a large number of businesses pointed to financial issues as both weaknesses and threats. There was a range of issues mentioned including cash flow; profitability; lack of capital and difficulties in accessing capital; bad debts; and monetary exchange rates. Other finance-related issues included a general increase in overhead costs with specific mentions of fuel costs, bank charges, parking charges, which deterred potential customers, and rates on business premises. Macro-economically, some businesses cited a decline in the local, rural economy; problems in the UK economy; and foresaw a world recession.

While it would be unusual for businesses not to comment on their competition, some interesting observations were made. A number of businesses were concerned about the threat posed by 'giant multiples', with Tesco singled out by several. There was a general concern about supermarkets, specifically out-of-town supermarkets. Internet trading was perceived as a major threat; it resulted in both direct losses of trade and drove down prices. Similarly, foreign competition had a two-fold effect: there was a loss of trade to cheap imports, and competition for tourists in the shape of cheap flights. Although some respondents complained of the competition from 'cowboy' operators, these would not necessarily be illegal. However, reflecting the comments presented at 3.6, other respondents pointed to the existence of an alternative economy in parts of rural Wales.

Personnel issues were of two types: personal and staff. Several businesses were single person operations which involved heavy work-loads; long hours – one respondent reported a working week in excess of 60 hours; and a lack of cover, which both obviated taking a holiday and meant a loss of business if illness struck. Some respondents perceived their own lack of management skills, business acumen and formal business training as a weakness as discussed at 3.1. A range of staff issues were reported, some of which resonated with the perceived skills-gap indicated at 3.3. Business owners observed shortages of skilled labour; the lack of motivation and dedication of staff; a shortfall in young people coming through into work and careers; and the loss of staff, who often left the job and the local area when they were trained and formally qualified at the expense of the business. Taken together, these issues indicated an ageing cohort of business owners and workforce personnel.

The inference above concerning the ageing cohort of business owners in the survey was supported by the biographical data discussed at 3.1. These data indicated that less than 2% of business owners were under 30 years of age and 10% were under 40. The numbers for these comparatively youthful owners compared to 71% of owners between 40 and 64, and 17% over 65. Further support is available from the data for business 'start-ups'. At 51%, over half of businesses surveyed were established between 1950 and 1989, with 11% established since 2000.

Another set of issues emerged regarding customers. It was observed that the rural customer base was both ageing and shrinking. A specific example given by a veterinary practice was that, in recent times, fewer people owned pets, particularly dogs. Seasonal dependence on specific customers such as tourists or students was seen as a weakness of some businesses. Similarly, a reliance on a single customer sector, such as farmers, was perceived as a weakness; when customers' business suffered so did their suppliers.

Government at both national and local levels was perceived as a threat to business. It was argued that there was too much regulation of business and too much legislation. Health and safety at work legislation and the recent smoking ban were particular targets here. Local government was castigated for raising parking charges; for high business rates; for failure to promote rural areas and villages in relation to tourism; and for a general lack of investment in rural Wales.

Miscellaneous threats to businesses were perceived in the forms of threats to outdoor activity, such as the Foot and Mouth outbreak of 2001, which resulted in hardship for many rural businesses; lack of space to expand businesses; and theft and vandalism.

3.9 The perceived opportunities for rural businesses

Opportunities for businesses in rural Wales identified by survey respondents were mainly concerned with the opening and expansion of markets, although a number of business type-specific opportunities were also identified. Some saw the increase in the older population as a business opportunity. Other markets of opportunity identified were the growing environmental sector and green consumer awareness; the market for quality and organic foods and healthy eating; outdoor activities; and export markets, particularly India and China. Businesses pointed to the continuing growth of interest in gardening and landscape planning; the opportunities provided by value-added products; the growth of tourism and global travel; and niche markets, lifestyle and premium brands. There were also perceptions that Welsh identity and locality in rural Wales provided business opportunities.

A widely identified opportunity, which also featured as a threat (section 3.8), was Internet selling. Related to the Internet was Mail Order, which some saw as a way forward:

> *"High rents and rates mean that High Street record shops will not survive much longer."*

Among opportunities specific to certain business sectors were the perceived increases in compulsion and coercion through regulation (e.g. Health and Safety), which generated business for 'qualified' tradesmen and practitioners. Others pointed to the forthcoming switchover to digital TV; new demand for off-site fabrication in the construction business; and an increasing need for residential care:

> *"Since the closure of psychiatric hospitals and the policy of care in the community, there are some people who will always need residential care."*

3.10 Perceptions of network opportunities

Finally, in this section on business operations and strategy, survey participants were asked to respond to two statements concerned with their perceptions of the usefulness of networks. The first statement concerned business networks, while the second referred to the usefulness of family networks in business.

With regard to the usefulness of business networks, of those who used them, 25% disagreed that business networks were useful; of those who disagreed, 8% ‘strongly disagreed’. There was 31% who agreed that business networks were useful, with 9% of these ‘strongly agreeing’. Also 44% neither agreed nor disagreed. To a certain extent the relative lack of enthusiasm for business networks reflected the earlier results in this report regarding the usefulness of business associations, where 36% agreed they were useful; 32% disagreed; and 32% neither agreed nor disagreed.

For family networks and their usefulness in business, of those involved in them, 28% disagreed that family networks were useful; of those who disagreed, 12% ‘strongly disagreed’. Among those who agreed that family networks were useful in business, 24% ‘agreed’ and 14% ‘strongly agreeing’. In addition, 35% neither agreed nor disagreed. It could be argued that the relatively high proportion of respondents (38%) who agreed that family networks were useful in business accords with the 50% who found informal networks useful for recruitment.

3.11 Perceptions concerning Business Support

The provision of support and advice to businesses is an important factor in developing the economy. Respondents were asked to rate the quality of business support and advice available from a range of agencies. Table 3.10 shows the results.

Table 3.10 Rating of Business Support and Advice

	Very Good	Good	Satisfactory	Bad	Very Bad	Never Used
Welsh Assembly Government [WAG]	5%	10%	22%	11%	6%	46%
Local Authorities	3%	11%	27%	15%	10%	34%
Enterprise Agencies	2%	7%	23%	12%	6%	50%
Unions/ Chambers of Commerce	1%	4%	18%	9%	4%	64%
Trade Organisations [1]	6%	18%	25%	7%	3%	42%

[1] There is a ‘rounding error’ of 1% in the results for Trade Organisations.

There was a pattern to these results. Of those businesses that used a service, in all cases most found it to be ‘satisfactory’. But, with the exception of Trade Organisations, more users rated the services as ‘bad or ‘very bad’, than as ‘good’ or ‘very good’. Indeed, Enterprise Agencies recorded 18% ‘bad’ against 9% ‘good’, and Unions/Chamber of Commerce 13% ‘bad’ and 5% ‘good’: in both cases the proportions of ‘bads’ were twice or more than the ‘goods’. Local Authorities recorded 25% ‘bad’, almost the same as the 27% ‘satisfactory’. From this it could be inferred that a bad experience makes a greater impression on service users than does a good experience.

The proportions of businesses making use of these support services were similar to those of the 2004 Business Survey. ‘Other’ institutions for support and advice had been used by 20% of businesses. For these ‘Other’ services 21% were rated ‘good’ or ‘very good’, and 5% were ‘bad’ or ‘very bad’. The ‘Other’ services included banks, the Arena network, Visit Wales and local tourist associations, franchise operators, suppliers, Snowdonia National Park, NFU, LANTRA, the Carbon Trust, the National House Building Council, WRU, Sports Council Wales, and WDA.

3.12 Perceptions concerning WAG and business support and economic development

The Welsh Assembly Government [WAG] is an important actor in developing the rural economy. Businesses were asked a range of questions concerning their relationships with and perceptions of WAG. Of the businesses surveyed, 2% had benefited directly from WAG financial initiatives. Foremost among the initiatives identified by respondents were a selection of grants for different activities, administered by various bodies. Businesses had received grants for investment, machinery and plant, technology, training, rural retail, processing and marketing, development, broadband provision, and business start-up. Administrative institutions included Regional Enterprise, RSA, Wales Tourist Board, and Adfywio. Some businesses had received business loans from Finance Wales, while others had benefited under Objective 1. Also mentioned were the Technological Enhancement Programme and rural business rate relief, although it was noted that when this ceases many shops in rural Wales will close. Another business commented that there was:

> *“Very little communication from WAG, the local authority or the Enterprise Agency informing us what is available.”*

Only 10% of businesses in the survey were aware of *‘Wales: A Vibrant Economy’* [WAVE], the Welsh Assembly Government’s strategic framework for economic development. In addition, responses to a series of statements concerned with the effects of WAG policies on job creation, the economy, community regeneration, skills training and business support appeared to question the effectiveness of WAG policies, with substantial numbers of respondents failing to endorse WAG’s role in all categories apart from skills training.

For example, 28% disagreed that WAG policy helped to create more jobs – of these 12% ‘strongly disagreed’ and 16% ‘disagreed’. Against this 18% agreed that WAG policy helped in job creation, with 13% ‘agreeing’ and 5% ‘strongly agreeing’. The largest proportion at 54% neither agreed nor disagreed.

With regard to the quality of jobs being created, 30% disagreed that WAG policy helped to create higher quality jobs– of these 12% ‘strongly disagreed’ and 18% ‘disagreed’. Of the 14% who agreed that WAG policy was creating higher quality jobs, 10% ‘agreed’ and 4% ‘strongly agreed. Again, at 56% the largest proportion neither agreed nor disagreed.

In judging the effects of WAG policies on economic growth, 28% disagreed that they helped to stimulate economic growth (12% ‘strongly disagreed’ and 16% ‘disagreed’). Among the 22% who agreed that WAG policy helped to stimulate economic growth, 17% ‘agreed’ and 5% ‘strongly agreed’. Once again the largest proportion at 50% neither agreed nor disagreed.

In terms of the effects of WAG policies on community regeneration, 27% disagreed that they helped to regenerate communities, with 11% ‘strongly disagreeing’ and 16% ‘disagreeing’. Of the 23% who agreed that WAG policies helped to regenerate communities, 18% ‘agreed’ and 5% ‘strongly agreed’. The largest proportion was the 50% who neither agreed nor disagreed.

Regarding business support, 25% disagreed that WAG policies helped to improve business support, with 12% ‘strongly disagreeing’ and 13% ‘disagreeing’. In support of WAG, 23% agreed that WAG policies helped to improve business support (18% ‘agreed’ and 5% ‘strongly agreed’). However, the largest proportion was the 52% who neither agreed nor disagreed.

Finally, in the one category where a narrow majority endorsed WAG, 24% agreed that WAG policies helped to improve skills training, with 20% ‘agreeing’ and 4% ‘strongly agreeing’. Against this, 22% disagreed that WAG policies helped to improve skills training – 9% ‘strongly disagreed’ and 13% ‘disagreed’. Again, the largest proportion at 52% neither agreed nor disagreed.

Key Messages for WAG from Rural Businesses

In terms of business support, businesses were asked what key messages they would send to WAG, and 59% of the businesses surveyed provided messages for WAG. These messages fell into a number of broad themes, which are outlined in the following précis.

Firstly, there were a number of messages of support for WAG; observations that they provided good support for businesses; and exhortations to:

“Keep up the good work.”

Some respondents asked to be left alone; to *“let business get on with business”*. In a similar vein, there were calls for reductions in ‘red tape’, bureaucracy and regulation, particularly to rescind the recent ban on smoking in public places and for some relaxation of Health and Safety regulations, which some perceived constrained the ability of businesses to function profitably. Others called for reductions in costs such as taxes, car parking and rates. Echoing other comments in this report, some businesses argued that the withdrawal of rural rate relief would result in the closure of rural businesses. Minimum wage legislation, particularly above-inflation rises, was also argued to hamper businesses.

Regionalism was another prominent theme. It was argued that WAG paid too much attention to Cardiff and south-east Wales to the detriment of businesses in other parts of rural Wales. There were calls for WAG to install regional offices in rural Wales.

It was argued by some businesses that too much money was spent on producing bilingual material and too much attention paid to teaching children Welsh language and culture. These businesses held that spending on business education in schools would produce better results.

WAG's position was also called into question regarding business size. There were two strands to these arguments. Firstly, it was observed that WAG tended to focus on large, opportunistic businesses that often left the area in times of economic uncertainty. It was argued that WAG should focus on smaller businesses and SMEs, which tended to have long-term commitments to rural areas:

> *"We appreciate that ministers like to be seen opening factories that provide one hundred jobs, but it is the smaller businesses that keep the money in the area and provide steady economic growth and employment. When things get tough smaller businesses stay in the area, larger businesses go to another more vibrant economic country."*

WAG support for large multiples such as Tesco and Asda was also criticised.

Secondly, it was argued that WAG should focus on and invest in:

> *"…wealth-creating businesses not woodland path and village hall projects."*

It was also argued that WAG should be better at targeting its grants and investments. This message related to bitter personal experience:

> *"Stop wasting my hard-earned tax on pointless exercises. Two of my employees left to start in direct competition to me. As young entrepreneurs they were given a grant of something like £8000. Within ten months the expensive instrument and PC equipment was being sold on Ebay."*

Some businesses criticised the ways that WAG marketed their initiatives and programmes:

> *"Stop changing the programmes – i.e. Business Connect became Business Eye then Business Link. Evolve not change. There is a fundamental misunderstanding of how to market such programmes. TV ads – waste of money. Use that for business support. Civil servants have no understanding of business need."*

A number of messages from businesses could be grouped under the theme of 'non-communication'. Some businesses stated that WAG must do better in their communications with business. Others claimed not to know who or what WAG was.

The final theme addressed in this précis of messages from rural businesses to WAG is planning. There were calls to *'free-up'* planning. For example:

> *"Local planning policy should support growth not ossification."*

3.13 Changes in business activities

Over time businesses change in response to a number of different factors, not least the state of the economy, current and predicted market conditions, technology and innovation, and personal strategies and sentiments. In order to gain some understanding of changes in business activities in rural Wales, respondents were asked a range of questions designed to track changes over the last five years, and to think forward about their business.

At 94%, a high proportion of businesses answered the question concerning changes in the business over the past five years, and more businesses had expanded than had contracted. Of the responding businesses, slightly more than 50% had expanded over the past five years; slightly more than 35% had stayed the same; and slightly fewer than 14% had contracted.

Respondents were asked to provide outline details of the conditions that had led to the expansion, contraction or stability of their business. Although an extensive range of factors were given some themes also emerged, which are outlined below.

Expansion

The most common factors perceived to contribute to business expansion were hard work, quality products and good personnel. Less generally, the role of markets appeared to be important and respondents observed that existing markets were expanding and new markets were opening-up. For example, there were expanding markets because of increases in segments of the population, such as students in some areas, and older people in rural Wales more generally. New markets were forming for organic products and environmental and carbon neutral products and services. Some respondents had identified niche markets for their products and services. In some instances, an opportunity had arisen when a competitor had dropped out of a market. There were also cases of unforeseen market expansion. For example the closure of slate quarries had led to substantial increases in the demand for slate. This might be seen as analogous to the situation of land shortages and an observed increase in demand in building and construction.

The recognition and exploitation of market opportunities was perceived to be important for business expansion. In this context, several businesses pointed to good business and marketing plans, and sound business strategy as key factors. These factors connected with the responses concerning business training and planning at 3.1 above.

Networking was another key theme. It was suggested by some respondents that personal recommendations, word of mouth and embeddedness in the local community were very important for a business in a rural area:

> *"In a rural area it's not dog-eat-dog – if you scratch my back I'll scratch yours. You support customers by giving back to the community.*

There were references to the use of the Welsh language and the role of Welsh identity and culture. In addition, some businesses had been able to expand with the aid of financial assistance from, for example, Objective 1 and WAG.

Staying the same

Slightly more than 35% of the businesses that responded to this question had stayed the same. While some businesses put forward reasons for staying the same, such as personal choice, lack of space, optimal levels of business, keeping below the VAT threshold, a new business finding its feet, or at the other end of the timescale, an older owner content with a certain level of business, many respondents appeared to perceive staying the same as contraction. They adhered to the business maxim - to flourish a business must expand. Consequently, many of the reasons adduced were similar to those concerned with business contractions, which are outlined below.

Contraction

Taking together the 14% of businesses that had contracted and those who saw staying the same as contraction, a number of themes emerged. Several respondents pointed to the economic climate, which they perceived as characterised by high interest rates, difficulties in securing grants and financial investment, high prices and low profit margins. This unfavourable economic climate, it was suggested, had led to low disposable incomes, which, in turn, contributed to a perceived drop in the numbers of tourists. It was argued that the difficulties of making a living and profits were exacerbated by over-zealous and restrictive regulations, including the recent ban on smoking in public places, red tape, government policy and, in particular, planning regulations. However, it was observed that some local 'business people' circumvented the legal constraints and, as discussed earlier in this report, there were complaints concerning 'cowboys' and an alternative economy. A more widely voiced reason for contraction was the sparse population of rural Wales. Many respondents observed that they were increasingly losing business to the large supermarket chains and to trading on the Internet.

3.14 Planned changes

Optimism is an important factor in business and 40% of respondents planned to expand their business over the next two years. The reasons that respondents gave for not planning expansion resonated with those discussed above concerning contraction. Similarly, those respondents who planned to expand were tuned in to the factors connected with recent expansion over the past five years: the extension of existing markets; the identification and exploitation of new markets; the perceived natural growth of a successful business; and the introduction and innovation of new products and services.

3.15 New products and services

At 58%, a majority of businesses had introduced new products and services over the last five years. Of those businesses that had not, some were seeking to optimise their existing product ranges; some were unwilling to take risks in the current economic climate; some argued that their products and services were not amenable to change; and some were winding down towards retirement. The new products, services and innovations that had been introduced included new product lines; new stock items; offering different methods of payment; customer incentive schemes; entry into new markets; and more use of the Internet.

3.16 Internet use by Businesses

The Internet is, of course, a potentially valuable tool for business and respondents were asked about the frequency of their Internet use over the last five years. Of the 67% of respondents with Internet access, the majority, at 80%, had increased use over the last five years; 18% had stayed the same, although one respondent had stayed the same because the business had always been a heavy Internet user; and 2% now used the Internet less. Reasons for using the Internet less included perceived inappropriateness in terms of the business, and a lack of skills, sometimes coupled with suspicions of both the Internet's efficacy as a business tool and its potential for fraud:

"We are not able to exploit the Internet fully because we do not have the skills. Many organisations have offered schemes to help us – most turned out to be scams. Some similar companies to us in the UK have invested heavily in the Internet, but I have not seen an increase in their business."

Some respondents complained of unreliable or non-existent Broadband access in rural Wales.

Conversely, other respondents attributed an increase in Internet use to improved or new Broadband access. Many of those who had increased their use saw the Internet as a business necessity in the modern age. They pointed to the advantages and ubiquity of e-mail and e-communications and the Internet's use for accounting and book-keeping; as an advertising medium; as means of communicating with both customers and suppliers; and as a research tool.

3.17 Research and Development

At 64%, the majority of respondents did not do Research and Development. The principal reasons given were a lack of resources, financial constraints and no apparent need. Similar reasons were given by the 20% of respondents whose Research and Development had remained the same for the past five years and the 1% whose Research and Development had contracted. However, this respondent appreciated the potential value of increasing Research and Development but argued that under the current economic regime there were higher priorities and no real incentive:

"...lack of support from the government. Further R & D would result in increased turnover. [But] with the increased need for more working capital and reserve funding, together with a top rate tax of 40% and lower capital allowances, there is little incentive."

The 15% of respondents whose Research and Development had increased over the past five years were, in general, looking for innovation and newness in products, services and markets, and trying to stay ahead of the competition.

3.18 Changes that affected the business

All of the respondents provided information on what they considered to have been the biggest change for their business in the last five years. Analysing the information thematically, a number of endogenous themes emerged – changes brought about by decisions made within the business. These changes tended to be seen as positive for the business and included changes in ownership; incorporation, partnership and related issues; new and larger premises; new products and the other modes of expansion discussed above.

There were also a number of exogenous themes – changes brought about by external factors. Some of the changes brought about by exogenous factors were seen as positive for the business, others were seen as negative. Many of the respondents pointed to the introduction of perceived excessive regulation, government policies and government intervention as factors detrimental to their business. Examples cited included minimum wage legislation, increases in rates, the loss of rate relief, and the ban on smoking in public houses. Other negative factors for change were the introduction to a local area of large competitors such as Tesco, and a general rise in costs, particularly energy costs. There were also a number of ambivalent comments about exogenous factors. For example, some business saw the local introduction of broadband and improved Internet access as a benefit to their business; others argued that they had lost customers to Internet sales. Similarly, for some businesses the influx of labour from Eastern Europe was an opportunity; for others it was a threat.

3.19 Business and the Environment

In recent years the relationship between business and the environment has been seen as increasingly important, in terms of issues such as pollution, energy use, and global warming. The 2007 rural business survey posed a range of questions designed to explore the attitudes and practices of businesses in rural Wales concerning the environment.

3.20 Recycling

Recycling is an important factor in environmental awareness and 61% of businesses in the survey recycled waste products. The proportion of waste recycled seemed to depend on the type of business and some businesses claimed to be recycling 100% of waste materials. Where businesses stated the types of waste involved, 100% was achieved with, for example, glass, scrap metal, paper and cardboard. Other businesses claimed recycling rates of between 10% and 80%, or provided figures for specific types of waste.

Even some of those businesses that recycled argued that there were problems with the regulatory regime for business waste recycling. Some local authorities such as Ceredigion and Pembrokeshire were identified as performing poorly in recycling. A more general complaint was that businesses were not allowed to use local authority recycling sites, and that businesses had to pay extra charges to dispose of their waste in an environmentally friendly way – this was not seen as an incentive to recycle. Indeed, the costs of recycling were cited as a mitigating factor by many of the businesses that did not recycle.

3.21 Environmental awareness initiatives

An important aspect of environmental awareness for businesses is taking initiatives and 53% (546) of businesses surveyed were participating in an environmental initiative. Table 3.11 below shows the environmental initiatives being undertaken, and the proportions of the survey population taking them. Note that some businesses were participating in more than one initiative.

Table 3.11 Environmental Initiatives

Initiative	% of Environmentally Active Businesses	% of Total Businesses Surveyed
Tree planting	21%	11%
Carbon-offset	6%	3%
Buy green power	8%	4%
Use low energy devices (e.g. light-bulbs)	89%	47%
On-site energy generation (e.g. solar panels, wind-turbine)	8%	4%
Other initiative (see below)	10%	5%

Other initiatives being undertaken included the conversion of a company vehicle to biofuel (waste vegetable oil); the use of bio-fuels and bio-diesel; composting green vegetable waste; the use of eco-friendly cleaning products; upgrading of insulation; reed bed drainage and water collection; low volume WCs and cisterns; bio-degradable carrier bags; using food and materials from local sources; and buying timber from sustainable sources.

Five businesses mentioned membership of ‘Green Dragon’, which is awarded by Arena Network to those businesses that maintain certain specified environmental standards. Among other substantive commitments to the environment was a capital expenditure programme aimed at reducing power use; environmentally sensitive and enhancing landscape site designs; and a project to finance the installation of wind-power generation for ventilation and hot water, and light tubes using a carbon-trust loan.

The most numerous reasons given for non-participation in environmental initiatives related to costs. There was also some cynicism displayed about ‘green’ thinking as these selected quotes by respondents indicate:

> *“Buying green power is a marketing ploy. Carbon offset is a ridiculous scheme to allow people to justify their over consumption and does nothing to remove damage.”*
>
> *“[It’s a] load of codswallop.”*
>
> *“All these ‘Eco-friendly’ schemes are another money making device.”*
>
> *“It’s all a con.”*

However, regulation was also cited as a problem for some who wished to become more environmentally friendly:

> *“We would like solar panels but they are not allowed in a National Park.”*
>
> *“We use £10000 worth of electricity per year and would be delighted to install a 100Kw turbine. However, Pembrokeshire Coast National Park is prepared to allow a 6Kw max due to the visual impact of a larger turbine being unacceptable.”*
>
> *“Would like to use our water-wheel again but we will be charged for extraction even though we don’t retain the water!”*

Several respondents stated that they did not have the information regarding how to take up environmental initiatives.

3.22 Business energy consumption

In terms of energy consumption, 17% of businesses had decreased their consumption over the last five years compared to 54% who had stayed the same, and 29% who had increased their consumption. On this basis, approaching twice as many businesses had increased energy consumption as had achieved a decrease.

Most of the reasons given for increased energy consumption related to an expansion of the business. This might have been additional personnel, more customers, larger premises or additional plant and appliances. One respondent pointed to an unforeseen result of the ban on smoking in business premises:

> *“Have to use extra heaters and electricity for the canopies and shelters for the smokers.”*

Decreases in energy consumption were attributed to a range of factors. These included increased environmental awareness; a desire to cut costs; downsizing of the business; energy saving practices such as more insulation, light bulbs, radiator thermostats and timers; and recent mild winter weather.

3.23 Relationship between Environmental Issues and Business

Finally, concerning the environment, businesses were asked to agree or disagree with two statements. In terms of the effects of environmental regulation on business, 78% of businesses responded. Of these more disagreed than agreed that environmental regulation overly constrained business. The proportions were 12% strongly disagreed; 17% disagreed; 12% agreed; 6% agreed; and 52% were undecided.

At 79% slightly more businesses responded to a statement that proposed financial incentives for businesses be environmentally friendly. Unsurprisingly, a majority agreed with the proposal: 39% strongly agreed, 32% agreed; 5% disagreed; 6% strongly disagreed; and 19% held no opinion on the subject.

3.24 Financial Information

The last section of the survey concerned financial information. As this information might have been seen as sensitive, the questions did not ask for specific figures, and respondents were instead offered categories.

Businesses with an annual turnover in excess of £64000 must register for Value Added Tax [VAT], and 62% of the businesses surveyed were VAT registered. It should be noted that 18% of businesses surveyed did not respond to this question.

To provide a further indication of turnover, businesses were given the standard Inland Revenue range of turnover bands and asked to indicate which band was appropriate to their business. Table 3.12 presents these results. The response was quite high and 79% of businesses responded to this question.

Table 3.12 Annual Turnover

Annual Turnover	% of Businesses that responded Number = 822 / 1034
Less than £61,000	22%
£61,000-£99,999	11%
£100,000- £249,999	20%
£250,000-£499,999	14%
£500,000-£999,999	14%
£1m - £1.49m	6%
£1.5m - £2.8m	6%
More than £2.8m	7%

Over the last five years, 18% of businesses surveyed had experienced a decrease in turnover; 58% had seen an increase; and 24% had maintained the same turnover.

Decreases in turnover were attributed to downsizing of the business; increased competition, particularly from the large retailers; the withholding of grants; the rise of Internet trading; fewer customers; and government policy. Broadly, increases in turnover were seen to be the result of hard work and the various modes of expansion discussed above. Some businesses called for the introduction of a graduated limit for VAT registration. They argued that if a business was just below the VAT registration limit, it would not pay to expand. Any increases in turnover would be eroded, nullified or worse by the costs attached to VAT registration.

To gain some idea of the profits that businesses in rural Wales were making, survey respondents were asked for an approximation of profit as a percentage of turnover. These results are shown at Table 3.13

Table 3.13 Profit as a Percentage of Turnover

Profit as a % of Annual Turnover	% of Businesses that responded Number = 815 / 1034
A loss or break-even	15%
Above 0% up to 1%	7%
Above 1% up to 5%	20%
Above 5% up to 10%	20%
Above 10%	39%

Over the last five years, 27% of businesses surveyed had witnessed a decrease in profits; 42% had seen an increase; and 31% had maintained the same level of profits. Comparing these data with those at Table 3.12 for turnover, indicated that business operating costs had tended to rise. The reasons for decreases in profits given by customers tended to support this inference, with increased costs one of the principal reasons.

SECTION 4 SUMMARY AND CONCLUDING REMARKS

In this final section the report is summarised under three headings:

1. The state of rural (non-farm) business activities in Wales.
2. The attitudes and perceptions of business owners in rural Wales towards a range of business, economic and environmental issues.
3. Changes that have affected businesses in rural Wales, and the attitudes of business owners to change and the future.

This framework was constructed by editing and collapsing the five research objectives set out in Section 2. The analysis in Section 3 approximates to the order of the questionnaire; this summary is presented more thematically. Where appropriate, references are made to, and comparisons are made with the 2004 WRO Business Survey.

4.1 The state of rural (non-farm) business activities in Wales.

About the businesses

In terms of the types of businesses surveyed, 62% were VAT registered and the majority of businesses were in the categories of Retail (20%); Accommodation, Food and Drink (17%); and Construction (10%). The 2007 results were broadly comparable with 2004 with three notable exceptions. In 2007 Services (10%) and Transport (9%) featured strongly, and although at 20% Retail remained the most represented category, it dropped from 32% in 2007.

Characteristics of the Business Owners

The start dates for the businesses surveyed ranged from 1640 to 2007 but most were more contemporary, with a large majority starting since 1950; 24% in the 1990s; 11% since 2000; and 6% in the last five years to 2007. For business owners the most important factor when starting a business was to gain a measure of independence.

The biographical and historic survey data enabled the construction of a picture of business owners. They were four times more likely to be male than female (79% against 21%) and 71% were aged 40 to 64, with 10% under 40 and 17% over 65. These age-related results were broadly comparable with the 2004 survey. However, a smaller proportion of the 2007 owners were in the middle range of 40 to 64; more of the 2007 owners were over 65; and fewer were under 40, which indicated a trend towards an ageing population of business owners in rural Wales.

In terms of qualifications and training, in 2007 almost twice as many respondents had a higher degree or post-graduate qualification than in 2004. Encouragingly, fewer respondents had no qualifications in 2007.

At 28%, a relatively small proportion of business owners had received formal business training. Additionally, at 35% a relatively low proportion considered formal business training to be important and a substantial minority of 25% thought that it was not important. These negative attitudes towards formal business practice tended to be carried over into the realm of Business Operations and Strategy.

Business Operations and Strategy

Although 45% of businesses were members of a professional or trade association (the Federation of Small Businesses was the most represented) only 36% of these found membership useful. This trend of apparent disregard for structure in business, identified above with respect to formal business training, was further indicated by the relatively low returns for formal business and marketing plans. Only 31% of businesses had a written business plan, and 18% had a written marketing plan.

In terms of advertising, the most noticeable result was the increase in the use of the Internet, which rose from use by 27% of businesses in 2004 to 40% in 2007. Although the use of local newspapers dropped by nine points to 40% of businesses in 2007, and 'word of mouth' dropped from 72% to 59%, national newspapers and local radio/TV remained the same. However, 12% of businesses did not advertise in 2007, compared to 6% in 2004.

Advertising is important in terms of the recruitment of employees. The methods used, and their popularity, in 2007 were similar to those in 2004. Word of mouth continued to be the most used method of recruitment; indeed, its use increased from 40% in 2004 to 43% in 2007. Surprisingly, advertising for employees on the Internet was lower by one percentage point in 2007 at 7% compared to 8% in 2004. In addition, and similarly to the general advertising discussed above, 12% of businesses did not advertise in 2007, compared to 6% in 2004.

The second most popular recruitment method in 2007 was the Jobcentre at 28%. This was notable because the Jobcentre only registered as an 'Other method' in 2004. Business owners' perception of the quality of these methods and the quality of applicants for employment are summarised below at 4.2.

Employees and Businesses in rural Wales

Of the businesses surveyed, 64% had employees. In total, 663 businesses employed 11,075 employees at a rate of 17 (16.7) employees per business. Taken over the total survey population, the rate dropped to 11 (10.7) employees per business. Reinforcing previous research, there were more full-time male employees than female (68% against 32%) and more part-time female employees than male (29% against 71%). The scale and ranking of these proportions were a close approximation for seasonal full and part time workers, while those of casual workers were almost evenly divided in terms of gender.

The majority of employees were recruited locally: 64% were recruited within 10 miles of the workplace; 24% from between 10 and 50 miles; 7% from more than 50 miles but within the UK; and 5% from outside the UK. In comparison the Business Survey 2004 reported that 12% of workers were recruited from more than 20km (12.5) miles and 3% from outside the UK.

The Workers Registration Scheme [WRS], which registers employees from the EU accession states, is a recent feature of UK employment regulation. Returns were low with 17 businesses employing a total of 74 WRS workers. In proportional terms, less than 2% of businesses surveyed had WRS employees, and less than 0.7% of employees were WRS registered.

Customers and Suppliers

As might have been expected in a rural survey, 70% of businesses had customers within a 20 mile radius. A relatively low 11% of the total number of businesses had 100% of their customers at this distance.

More than half of businesses surveyed had customers at a greater distance than 60 miles, and one in five businesses had customers outside the UK. Although sales were generated by a range of types of customer, one in four businesses had a 100% reliance on the Private and Household sector. Suppliers tended to be at a greater distance than customers.

Businesses and Sponsorship of local community activities

Over half of businesses surveyed (53%) sponsored local community activities. There were two principal reasons given for not sponsoring local activities; both were financial. Firstly, some businesses stated that they could not afford to provide sponsorship or make donations. Secondly, other businesses argued that there were no financial incentives or benefits attached to sponsorship.

4.2 Attitudes and Perceptions of Business Owners in Rural Wales

Concerns - the quality of job applicants, recruitment agencies, & skills training

There appeared to be a degree of dissatisfaction with both the quality of potential employees and of the recruitment agencies. Half of the respondents perceived that there was a shortage of applicants and a large proportion of respondents (63%) agreed that it was difficult to recruit appropriately skilled employees. With regard to the performance of the formal recruitment agencies (e.g. Jobcentres), three times as many respondents thought that they did not provide good applicants as those who thought they did. In contrast, high proportions of businesses thought that informal networks were useful for recruitment and used them. The Business Survey 2004 found similar results.

Respondents were not as concerned about the quality of skills training. A majority considered skills training to be of good quality. However, they were concerned about both the cost and accessibility of skills training.

Rural Wales as a location for business

Respondents identified a range of advantages, disadvantages and opportunities connected to their location in rural Wales. In terms of the perceived advantages of running a business in a small town or a rural area, while many pointed to the business advantages conferred by rural locations, others referred to the superior quality of life in rural areas. References were made to the beautiful scenery of rural Wales, both inland and coastal, and to the pleasant small market towns. It was observed that there was a slower pace of life; a better work-life balance; and less crime than in more urban settings. Many references were made to the ways in which rural life, with its smaller populations compared to urban areas, fostered a good community spirit; the facilitation of local networks of family, friends, employees, customers and suppliers; and the building of a strong business reputation. Economically, there were perceived advantages in being the leading players in smaller and niche markets, without competition from the large multiples; lower costs; lower overheads; affordable premises; and reduced or non-existent commuting times and costs. These perceived advantages were extended by some to include the global scale of reduced carbon costs and emissions.

The perceived disadvantages of doing business in rural Wales tended to stem from the same roots as the advantages. A low population density was held to have led to a low wage economy with low disposable incomes; a small customer base, perceived to be both ageing and shrinking; little or no passing trade; a reliance on seasonal working; and limited markets. Rural community networks, perceived as an advantage by some, were argued by others to have the potential for social and business exclusion. Moreover, there were perceptions of lack of job applicants; a small pool of skilled labour; and low educational attainment. In addition, the remoteness of some rural locations led, inevitably, to high fuel and commuting costs; poor roads; inadequate public transport; and generally poor access to transport and other services. Specific service examples were no mains water; no broadband connection; and unreliable Internet connections. There were indications of the existence of an alternative economy, to the detriment of legal businesses.

In addition to 'business commonplace' complaints connected to, for example, access to finance, a potential recession, threats from international multiples and overseas competition and excessive regulation, business owners observed shortages of skilled labour; the lack of motivation and dedication of staff; a shortfall in young people coming through into work and careers; and the loss of staff, who often left the job and the local area when they were trained and formally qualified at the expense of the business. The Internet was seen as an opportunity by some respondents and as a threat by others. Similarly polarised perceptions focused on the ageing rural population; the growing environmental sector; and Welsh identity and culture.

Perceptions of business support

Although most of the businesses that had used support services such as Local Authorities, Unions and Chambers of Commerce, and WAG found them satisfactory, more perceived them to be 'bad' than 'good'. The exception was Trade Organisations, which received more praise than censure. WAG is, of course, an important factor in the promotion, maintenance and development of rural businesses.

Rural Businesses and WAG

Of the businesses surveyed, 2% had benefited directly from WAG financial initiatives. In general, perceptions of WAG tended not to be favourable. For example, when rated on the following issues – job creation; the quality of jobs created; the stimulation of economic growth; community regeneration; and business support – more respondents held negative perceptions of WAG's performance than held positive perceptions. Only on the issue of improving skills training was there a narrow majority that praised WAG's record.

In terms of key messages to WAG, although there were messages of support the majority of messages implied criticism. There were calls for reductions in business regulation, the minimum wage, taxation and costs. There were also messages concerned with a perceived over-emphasis on Cardiff and south-east Wales to the detriment of businesses in other parts of rural Wales, coupled with a call for regional WAG offices. Conversely, it was argued that there was too much money spent on producing bilingual material and too much attention paid to teaching children Welsh language and culture, and that spending on business education in schools would produce better results. WAG was criticised for focusing on large businesses, which were perceived as less than committed to rural areas, rather than locally embedded SMEs. Another perceived problem was WAG's lack of focus in targeting grant aid, business incentives, business programmes and advertising.

Finally, in this summary of perceptions of WAG, a number of messages could be grouped under the theme of 'non-communication'. Some businesses stated that WAG must do better in their communications with business; others claimed not to know who or what WAG was; and only 10% of businesses in the survey were aware of *'Wales: A Vibrant Economy'* [WAVE].

Rural Business and the Environment

In recent years the relationship between business and the environment has been seen as increasingly important, in terms of issues such as pollution, energy use, and global warming. The 2007 rural business survey included a range of questions designed to explore the attitudes and practices of businesses in rural Wales concerning the environment.

In terms of recycling, 61% of businesses in the survey recycled waste products, with some businesses claiming to recycle 100% of waste materials. Problems were observed with the regulatory regime for business waste recycling; specifically that businesses were not allowed to use local authority recycling sites, and that businesses had to pay extra charges to dispose of their waste in an environmentally friendly way. This was not seen as an incentive to recycle. Indeed, the costs of recycling were cited as a mitigating factor by many of the businesses that did not recycle.

Over half 53% (546) of businesses surveyed were participating in an environmental initiative such as tree planting, carbon offset or green power. Reasons given for non-participation in environmental initiatives included costs, regulation, particularly planning, and lack of information.

However, despite the increasing levels of environmental awareness and concern, over the last five years approaching twice as many businesses had increased energy consumption as had achieved a decrease. Most of the reasons given for increased energy consumption related to an expansion of the business. This might have been additional personnel, more customers, larger premises or additional plant and appliances. Decreases in energy consumption were attributed to a range of factors. These included increased environmental awareness; a desire to cut costs; downsizing of the business; energy saving practices such as more insulation, light bulbs, radiator thermostats and timers; and recent mild winter weather.

4.3 Rural businesses and change

The ability to manage change is, arguably, a key factor of good business practice. Businesses were asked a number of questions that related to changes in their circumstances. These are summarised under thematic headings.

Financial change – Turnover and Profit

Over the last five years, 18% of businesses surveyed had witnessed a decrease in turnover; 58% had seen an increase; and 24% had maintained the same turnover. In terms of profit, over the last five years, 27% of businesses surveyed had witnessed a decrease in profits; 42% had seen an increase; and 31% had maintained the same level of profits. Data analysis indicated that business operating costs had tended to rise.

Expansion and Contraction

At 94%, a high proportion of businesses answered the question concerning changes in the business over the past five years; more businesses had expanded than had contracted. Of the responding businesses, slightly more than 50% had expanded over the past five years; slightly more than 35% had stayed the same; and slightly fewer than 14% had contracted.

In terms of expansion, both expanding and new markets were seen as an important factor. For example, there were expanding markets because of increases in segments of the population, such as students in some areas, and older people in rural Wales more generally. New and niche markets were forming for organic products and environmental and carbon neutral products and services. Several businesses pointed to good business and marketing plans, and sound business strategy as key factors in the exploitation of markets. Another key factor for the expansion of some businesses was a combination of networking; embeddedness in the local community; and Welsh language, identity and culture. Some businesses had been able to expand with the aid of financial assistance from, for example, Objective 1 and WAG.

Some businesses put forward reasons for staying the same, such as personal choice, lack of space, optimal levels of business, keeping below the VAT threshold, a new business finding its feet, or at the other end of the timescale, an older owner content with a certain level of business. However, many respondents appeared to perceive staying the same as contraction and put forward reasons similar to those for business contractions.

Taking together the 14% of businesses that had contracted and those who saw staying the same as contraction, a number of factors emerged. Several respondents pointed to the economic climate, which they perceived as unfavourable and characterised by high interest rates, difficulties in securing grants and financial investment, high prices and low profit margins. Other factors included low levels of disposable income; the sparse population of rural Wales; decreasing numbers of tourists; over-zealous and restrictive regulations, including the recent ban on smoking, red tape, government policy and, in particular, planning regulations; and the alternative economy of rural Wales. Some respondents observed that they were increasingly losing business to the large supermarket chains and to trading on the Internet.

Planned changes

Optimism is an important factor in business and 40% of respondents planned to expand their business over the next two years. The reasons that respondents gave for not planning expansion resonated with those discussed above concerning contraction. Similarly, those respondents who planned to expand were tuned in to the factors connected with recent expansion over the past five years: the extension of existing markets; the identification and exploitation of new markets; the perceived natural growth of a successful business; and the introduction and innovation of new products and services.

New products and services

At 58%, a majority of businesses had introduced new products and services over the last five years. Of those businesses that had not, some were seeking to optimise their existing product ranges; some were unwilling to take risks in the current economic climate; some argued that their products and services were not amenable to change; and some were winding down towards retirement. The new products, services and innovations that had been introduced included new product lines; new stock items; offering different methods of payment; customer incentive schemes; entry into new markets; and more use of the Internet.

Internet use by Businesses

The Internet is a potentially useful tool for business and of the 67% of respondents with Internet access, the majority at 80% had increased use over the last five years; 18% had stayed the same; and 2% now used the Internet less. Reasons for using the Internet less included perceived inappropriateness in terms of the business, and a lack of skills, sometimes coupled with suspicions of both the Internet's efficacy as business tool and its potential for fraud. Some respondents complained of unreliable or non-existent Broadband access in rural Wales.

Conversely, other respondents attributed an increase in Internet use to improved or new Broadband access. Many of those who had increased their use saw the Internet as a business necessity in the modern age. They pointed to the advantages and ubiquity of e-mail and e-communications and the Internet's use for accounting and book-keeping; as an advertising medium; as means of communicating with both customers and suppliers; and as a research tool.

Research and Development

At 64%, the majority of respondents did not do Research and Development. The principal reasons given were a lack of resources, financial constraints and no apparent need. Similar reasons were given by the 20% of respondents whose Research and Development had remained the same for the past five years and the 1% whose Research and Development had contracted. The 15% of respondents whose Research and Development had increased over the past five years, were, in general, looking for innovation and newness in products, services and markets, and trying to stay ahead of the competition.

Endogenous and Exogenous Factors

All of the respondents provided information on what they considered to have been the biggest change for their business in the last five years. Endogenous factors tended to be seen as positive for the business and included changes in ownership; incorporation, partnership and related issues; new and larger premises; new products and the other modes of expansion discussed above.

Some of the changes brought about by exogenous factors were seen as positive for the business, others were seen as negative. Many of the respondents pointed to the introduction of perceived excessive regulation, government policies and government intervention as factors detrimental to their business. Other negative factors for change were the introduction to a local area of large competitors such as Tesco, and a general rise in costs, particularly energy costs. There were also a number of ambivalent comments about exogenous factors. For example, some business saw the local introduction of broadband and improved Internet access as a benefit to their business; others argued that they lost customers to Internet sales. Similarly, for some businesses the influx of labour from Eastern Europe was an opportunity; for others it was a threat.

Concluding remarks

The WRO Business Survey 2007 covered much of the same territory, both geographically and figuratively, as the 2004 Business Survey. Comparisons have been made, where appropriate, between the 2007 and 2004 results, and these have tended to support the trends indicated by the 2004 survey. Important differences such as the shifts in the importance of business sectors and increases in Internet use have either pointed to new trends or confirmed those existing. In addition, and importantly, the 2007 survey has explored new areas such as the relationships between businesses in rural Wales and the environment. These new areas are becoming increasingly significant. The 2007 WRO Business Survey provides a baseline for future research in these important areas.

APPENDIX A

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Arsyllfa **Wledig** Cymru
Wales **Rural** Observatory

Dear Madam/Sir,

The enclosed survey is being conducted by the Wales Rural Observatory, an independent research centre based at Cardiff University and the University of Wales, Aberystwyth. The Wales Rural Observatory is funded by the Welsh Assembly Government to undertake economic, social and environmental research in rural Wales. For information on the Wales Rural Observatory, including a range of research reports, please see the website: www.walesruralobservatory.org.uk.

Please note that completion of the survey is voluntary; the information that you provide is confidential; and anonymity will be preserved. Completion of the survey should take approximately 20 minutes.

Wherever possible the survey should be completed by, or on behalf of, the business owner; please note that the questions are worded accordingly. If the business is located across a number of different sites information should only be provided in relation to the premises to which the questionnaire was addressed. In the case of businesses that are located on a farm or form part of the total income for a farm, information is not sought on the agricultural holding, only on the non-agricultural holding business initiatives. The majority of questions require a tick or a number, although there are some open response questions – please write in the space allocated for these questions.

The preferred method for completion of the survey is by e-mail. For an electronic version of the survey please look under the NEWS section at this website: http://www.walesruralobservatory.org.uk/eng/main-e.html

Alternatively, if you prefer to complete the enclosed paper copy, please return it in the Freepost envelope provided.

Please complete and return the survey by **Friday 3rd August 2007**.

If you have any queries, please contact Dr. Lawrence Kitchen at the Wales Rural Observatory: telephone 029 20874970; e-mail KitchenL@Cardiff.ac.uk

Yours faithfully,

Dr. Lawrence Kitchen

APPENDIX B

Ysgol Cynllunio Dinesig a Rhanbarthol
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Arsyllfa **Wledig** Cymru
Wales **Rural** Observatory

Annwyl Madam/ Syr

Mae Arsyllfa Wledig Cymru, sy'n ganolfan ymchwil annibynol â gartrefir ym Mhrifysgol Caerdydd a Phrifysgol Cymru, Aberystwyth, yn cynnal yr arolwg busnes sydd yn dilyn. Ariennir yr Arsyllfa gan Lywodraeth Cynulliad Cymru ar gyfer ymchwil economaidd, cymdeithasol ac amgylcheddol yng nghefn gwlad Cymru. Am fwy o wybodaeth ynghlyn ag Arsyllfa Wledig Cymru, gan gynnwys nifer of adroddiadau ymchwil, gwelwch y wefan: **www.arsyllfawledigcymru.org.uk**

Hoffwn nodi fod cwblhau'r arolwg yn hollol wirfoddol, ac y bydd unrhyw wybodaeth y byddwch yn ei gyfrannu yn cael ei drin yn gyfrinachol ac yn ddienw. Ni ddylai cwblhau'r arolwg gymeryd may na rhyw 20 munud.

Mor bell â sydd bosib dylai'r arolwg gael ei gwblhau gan, neu ar ran perchennog y busnes, a nodwch fod y cwestiynnau wedi eu geirio felly. Os ydyw'r busnes wedi ei leoli mewn mwy nag un man dylid rhoi gwybodaeth am y lle yr anfonwyd yr arolwg iddo yn unig. Os ydyw'r busnes wedi ei leoli ar fferm neu os ydyw yn cyfrannu rhan o incwm y fferm, nid yw'r arolwg yn gofyn am wybodaeth ynghlyn â'r fferm ei hun ond yn hytrach am y busnes tu allan i waith y fferm yn unig. Mae'r rhan fwyaf o'r cwestiynnau yn gofyn am rîf neu dic, er bod rhai cwestiynnau yn rhai mwy agored – ysgrifennwch atebion yn y blychau sydd ar gael i'r cwestiynnau hynny.

Gorau os y gallwch gwblhau'r arolwg drwy e-bost. Cewch gopi electroneg o'r arolwg ar y wefan: http:// **www.arsyllfawledigcymru.org.uk** ac edrychwch ar y dudalen Hafan o dan is-adran 'Newyddion'.

Fel arall, os oes well ganddoch, cwblhewch y copi papur â amgaeir yma, ac anfonwch, yn rhad ac am ddim, yn yr amlen Freepost amgaedig.

Cwblhewch a danfonwch yr arolwg o fewn tair wythnos os gwelwch yn dda. Os oes gennych unrhyw gwestiynnau cysylltwch â Dr. Lawrence Kitchen: rhîf ffôn 029 20874970; ebost KitchenL@Cardiff.ac.uk

Yr eiddoch yn gywir,

Dr. Lawrence Kitchen

APPENDIX C

Wales Rural Observatory

Rural Business Survey (2007)

Section 1 – A Profile of the Business and the Owner

Q1a. Please provide the name of your business; a short description of your business and the most important products or services in terms of volume of sales:

____
____
____
____
____
____
____

Q1b. What year was the business established? ______________________

Q1c. Please indicate how you came to be involved with the business and in which year this occurred?

Started it ? 1 Year: _______

Took over from another family member ? 2 Year: _______

Bought it ? 3 Year: _______

Other ? 4 Year: _______

Q1d. When starting up/ taking over the business, how important for you were the following factors:

	Very Important	Important	Not Important	Not Relevant
Independence	❑1	❑2	❑3	❑4
To increase income	❑1	❑2	❑3	❑4
To maintain income	❑1	❑2	❑3	❑4
To carry on the family business	❑1	❑2	❑3	❑4
To a exploit a market opportunity	❑1	❑2	❑3	❑4
Other – please specify	❑1	❑2	❑3	❑4

____
____
____
____

Q1e. Please indicate your gender.

Female ? 1 Male ? 2

Q1f. Please indicate your age using the ranges below.

Under 30 years ? 1
30 years to 39 years ? 2
40 years to 49 years ? 3
50 years to 59 years ? 4
60 years to 64 years ? 5
65 years or over ? 6

Q1g. What is your highest level of qualification?

Higher Degree/ NVQ Level 5	? 1
Degree/ NVQ Level 4	? 2
A Level/ NVQ Level 3	? 3
O Level/GCSE/ NVQ Level 1 - 2	? 4
None	? 5
Other (please specify) ____________	? 6

Q1h. Have you had any formal training in business? ? 1 Yes ? 2 No
If YES, please provide details:

____
____
____
____

Q1i. Are you a member of a Professional, Business or Trade institution or organisation? ? 1 Yes ? 2 No
If YES, please provide details:

____
____
____
____

Q1j. Thinking about personal training and business affiliations, please indicate how strongly you agree/disagree with each statement by circling the appropriate number:
1 = strongly disagree; 1 = disagree; 3 = neither agree or disagree; 4 = agree; 5 = strongly agree

Q1jA. Formal business training is important 1 2 3 4 5

Q1jB. Professional associations are useful to me 1 2 3 4 5

Q1k. Are you a sole trader or an employer?

Sole trader ? 1 [*If sole trader, please go directly to Section 4]

Employer ? 2

Section 2 – About your Employees

Q2a. Please indicate the current number of employees in each of the following categories:

	Regular Full time	Regular Part time	Seasonal Full time	Seasonal Part Time	Casual
Male employees					
Female employees					

Q2b. Approximately what proportions of your workforce were recruited from:

	% of workforce
Locally – less than 10 miles	____________
Regionally – 10 to 50 miles	____________
More than 50 miles within the UK	____________
Outside of the UK	____________

Q2c. Are any of your employees registered on the Worker Registration Scheme [WRS]? ? 1 Yes ? 2 No

If YES – Approximately how many are registered on WRS? ___________

Section 3 – Recruiting and Training your Employees

Q3a. Please tick which of the following you use to recruit employees.

Local newspapers	❑1
National newspapers	❑2
Local radio/ television	❑3
Job Centre	❑4
Internet	❑5
Word of mouth/ family and friends	❑6
None	❑7
Other (please specify)	❑8

Q3b. Thinking about recruiting and training employees, please indicate how strongly you agree/disagree with each statement by circling the appropriate number: 1 = strongly disagree; 2 = disagree; 3 = neither agree or disagree; 4 = agree; 5 = strongly agree

Q3bA. It is difficult to recruit appropriately skilled employees 1 2 3 4 5

Q3bB.There is a shortage of applicants for work 1 2 3 4 5

Q3bC It is useful to use informal networks for recruitment 1 2 3 4 5

Q3bD. Formal recruitment agencies provide good applicants 1 2 3 4 5

Q3bE. Skills training for employees is too expensive 1 2 3 4 5

Q3bF. Skills training for employees is good 1 2 3 4 5

Q3bG. Skills training for employees is easy to obtain 1 2 3 4 5

Section 4 – Your Business Operations and Strategy

Q4a. Do you use a written business plan? ? 1 Yes ? 2 No

Q4b. Do you use a written marketing plan? ? 1 Yes ? 2 No

Q4c. Please tick which of the following you use to advertise products and services.

Local newspapers	❑1
National newspapers	❑2
Local radio/ television	❑3
Internet	❑4
Word of mouth/ family and friends	❑5
None	❑6
Other (please specify)	❑7

Q4d. Approximately what proportions of your customers and suppliers are located at the following distances from the business premises:

	Percentage	
	Suppliers	Customers
Less than 20 miles radius	________	________
Between 20 and 60 miles radius	________	________
More than 60 miles radius within UK	________	________
Outside of the UK	________	________

Q4e. Approximately what proportions of your sales are generated from the following types of customer?

	%
Private customers and households	_______
Shops	_______
Small businesses (excluding shops)	_______
Larger businesses (excluding shops)	_______
Public sector (e.g. local authority procurement)	_______
Wholesaler/ distributor	_______
Other (please specify)	_______

Q4f. Does your business sponsor any local community activities, clubs, events or teams? ? 1 Yes ? 2 No

If YES, please provide details – If NO, please outline the reasons why you do not.

Q4g. What do you see as the advantages of being a business in a small town or rural area such as where you are based?

Q4h. What do you see as the disadvantages of being a business in a small town or rural area such as where you are based?

Q4i. What do you regard as the main strengths of the business?

Q4j. What do you see as the main weaknesses of the business?

Q4k. What are the main opportunities for the business?

Q4l. What are the main threats to the business?

Q4m. Thinking about your business operations, please indicate how strongly you agree/disagree with each statement by circling the appropriate number: 1 = strongly disagree; 2 = disagree; 3 = neither agree or disagree; 4 = agree; 5 = strongly agree

Q4mA. Business networks are useful to me 1 2 3 4 5

Q4mB. Family networks are useful to me in business 1 2 3 4 5

Section 5 – Business Support

Q5a. Please rate the quality of the business support/ advice offered by the following:

	Very Good	Good	Satisfactory	Bad	Very Bad	Never Used
Welsh Assembly Government [WAG]	❑1	❑2	❑3	❑4	❑5	❑6
Local Authorities	❑1	❑2	❑3	❑4	❑5	❑6
Enterprise Agencies	❑1	❑2	❑3	❑4	❑5	❑6
Unions/ Chambers of Commerce	❑1	❑2	❑3	❑4	❑5	❑6
Trade Organisations	❑1	❑2	❑3	❑4	❑5	❑6
Other (please specify) ____________________ ________________	❑1	❑2	❑3	❑4	❑5	❑6

Q5b. Please indicate if your business has benefited directly from any WAG financial initiatives. ? 1 Yes ? 2 No

If YES, please provide details of the WAG initiative(s)

____

____

Q5c. Concerning the support to business and the economy provided by WAG, please indicate how strongly you agree/disagree with each statement by circling the appropriate number: 1 = strongly disagree; 2 = disagree; 3 = neither agree or disagree; 4 = agree; 5 = strongly agree

Q5cA. WAG policies help to create more jobs 1 2 3 4 5

Q5cB. WAG policies help to create higher quality jobs 1 2 3 4 5

Q5cC. WAG policies help to stimulate economic growth 1 2 3 4 5

Q5cD. WAG policies help to regenerate communities 1 2 3 4 5

Q5cE. WAG policies help to improve skills training 1 2 3 4 5

Q5cF. WAG policies help to improve business support 1 2 3 4 5

Q5d. Are you aware of 'Wales: A Vibrant Economy' [WAVE] – the Welsh Assembly Government's Strategic Framework for Economic Development?

? 1 Yes ? 2 No

Q5e. What key message would you send to WAG in terms of supporting your business?

____

____

____

Section 6 – Changes in business activities

Q6a. In the last 5 years has your business:

Contracted ? 1
Stayed the same ? 2
Expanded ? 3

What are the reasons for this?

Q6b. In the last 5 years has your business introduced new products or services?
? 1 Yes ? 2 No

If YES, please provide details – If NO please outline why not.

Q6c. Do you plan to expand the business over the next 2 years?
? 1 Yes ? 2 No

If YES, please provide details – If NO please outline why not.

Q6d. Thinking about investment in Research and Development, over the last 5 years has your business's investment in Research and Development:

Contracted ? 1
Stayed the same ? 2
Increased ? 3
Not relevant ? 4

What are the reasons for this?

Q6e. Thinking about using the Internet, over the last 5 years has your business's Internet use:

Contracted ? 1
Stayed the same ? 2
Increased ? 3
Not relevant ? 4

What are the reasons for this?

Q6f. What has been the biggest change for your business in the last 5 years?

Section 7 – Your Business and the Environment

Q7a. Does your business recycle any of its waste products?

? 1 Yes ? 2 No

If YES, please provide details (if possible include the percentage of waste recycled) – If NO, please outline any obstacles to recycling.

Q7b. Does your business participate in any of these environmental awareness initiatives? Please tick all that apply.

Tree planting	? 1
Carbon-offset	? 2
Buying green power	? 3
Low energy devices (e.g. Light-bulbs)	? 4
On-site energy generation (e.g. solar panels, wind turbines)	? 5
Other – please specify	? 6

____
____

If your business does not participate in any environmental initiatives, please outline the reasons why not

____
____
____
____

Q7c. In the last 5 years has your business energy consumption:

Decreased	? 1
Increased	? 2
Stayed the same	? 3

What are the reasons for any changes?

____
____
____
____

Q7d. Thinking about environmental issues and your business, please indicate how strongly you agree/disagree with each statement by circling the appropriate number: 1 = strongly disagree; 1 = disagree; 3 = neither agree or disagree;
4 = agree; 5 = strongly agree

Q7dA. Environmental regulations overly constrain my business	1 2 3 4 5
Q7dB. There should be financial incentives for environmentally-friendly business practices (e.g. tax-breaks, subsidised energy-saving)	1 2 3 4 5

Section 8 – Financial information

Q8a. Is the business VAT registered? ? 1 Yes ? 2 No

Q8b. Please indicate the annual turnover of the business by ticking one of the ranges below:

Less than £61,000	? 1
£61,000 - £99,999	? 2
£100,000 - £249,999	? 3
£250,000 - £499,999	? 4
£500,000 - £999,999	? 5
£1m - £1.49m	? 6
£1.5m - £2.8m	? 7
More than £2.8m	? 8

Q8c. Over the last 5 years has your turnover:

Decreased	? 1
Increased	? 2
Stayed the same	? 3

Please outline the reasons for any changes.____
____
____
____

Q8d. Please indicate the annual profits of the business by ticking one of the ranges below:

Less than or equal to 0% of turnover (i.e. a loss or break even) ? 1

Above 0% and up to 1% of turnover ? 2

Above 1% and up to 5% of turnover ? 3

Above 5% and up to 10% of turnover ? 4

Above 10% of turnover ? 5

Q8e. Over the last 5 years have your profits:
Decreased ? 1
Increased ? 2
Stayed the same ? 3

Please outline the reasons for any changes.

____
____
____
____

Thank you for taking the time to complete this questionnaire. Would you be willing to take part in a short telephone interview of between 20 -30 minutes about some of the issues raised in this survey? ? 1 Yes ? 2 No

If YES, you would be willing to be interviewed, please provide your contact details below.

Name ____

Name of Business____

Contact Telephone
No____

e-mail address ____

APPENDIX D

Arsyllfa Wledig Cymru

Arolwg Busnesnau yng Nghefn Gwlad (2007)

Adran 1 – Darlun o'r Busnes a'r Perchennog

C1a. Rhoddwch enw eich busnes, a disgrifiad byr o'r busnes a'r cynnyrch neu'r gwasanaethau mwyaf pwysig yn nhermau cyfaint neu werthiant:

____
____
____
____
____
____
____

C1b. Ym mha flwyddyn y sefydlwyd y busnes? _______________________

C1c. Nodwch sut y daethoch chi i ymwneud â'r busnes, ac ym mha flwyddyn digwyddodd hyn?

Cychwynnais o	? 1	Blwyddyn: ________
Cymeryd drosodd oddiwrth aelod arall o'r teulu	? 2	Blwyddyn: ________
Prynais o	? 3	Blwyddyn: ________
Arall	? 4	Blwyddyn: ________

C1d. Wrth ddechrau/ gymryd y busnes drosodd, pa mor bwysig oedd y ffactorau canlynol:

	Pwysig iawn	Pwysig	Ddim yn Bwysig	Amherthnasol
Annibyniaeth	? 1	? 2	? 3	? 4
I wella fy incwm	? 1	? 2	? 3	? 4
I gadw fy incwm yn sefydlog	? 1	? 2	? 3	? 4
I barhau busnes teuluol	? 1	? 2	? 3	? 4
I fanteisio ar gyfle yn y farchnad	? 1	? 2	? 3	? 4
Arall- Nodwch beth	? 1	? 2	? 3	? 4

____
____
____
____

C1e. Nodwch eich rhyw.

Benywaidd ? 1 Gwrywaidd ? 2

C1f. Nodwch eich oed gan ddefnyddio'r ystodau islaw.

Dan 30 mlynedd	? 1
30 mlynedd i 39 mlynedd	? 2
40 mlynedd i 49 mlynedd	? 3
50 mlynedd i 59 mlynedd	? 4
60 mlynedd i 64 mlynedd	? 5
65 mlynedd neu drosodd	? 6

C1g. Beth yw eich cymhwyster addysgol uchaf?

Gradd uwch/ NVC Lefel 5	? 1
Gradd/ NVC Lefel 4	? 2
Lefel A/ NVC Lefel 3	? 3
Lefel O/TGAU/ NVC Lefel 1 - 2	? 4
Dim	? 5
Arall (nodwch beth) ______________	? 6

C1h. Ydych chi wedi cael hyfforddiant busness ffurfiol?
? 1 Do   ? 2 Naddo

Os DO, nodwch y manylion os gwelwch yn dda:

____
____
____
____

C1i. Ydych chi yn aelod o gorff Proffesiynol, Busnes, neu Fasnach?
? 1 Ydw   ? 2 Nac ydw

Os YDW, nodwch y manylion os gwelwch yn dda:

____
____
____
____

C1j. Wrth feddwl am hyfforddiant personnol ac pherthynas busnes, nodwch pa mor gryf ydych chi yn cytuno neu yn anghytuno â'r gosodiadau drwy gylchu y rhif cymwys:
1 = anghytuno'n gryf; 1 = anghytuno; 3 = ddim yn cytuno nag anghytuno; 4 = cytuno; 5 = cytuno'n gryf

C1jA. Mae hyfforddiant busnes ffurfiol yn bwysig   1 2 3 4 5

C1jB. Mae cymdeithasau proffesiynnol yn bwysig i mi   1 2 3 4 5

C1k. Ydych chi yn unig-fasnachwr neu yn gyflogwr?

Unig-fasnachwr   ? 1
[*Os yn Unig-fasnachwr, ewch yn syth i Adran 4]

Cyflogwr   ? 2

Adran 2 – Ynghlyn â'ch Gweithwyr

C2a. Nodwch y nifer o weithiwyr ym mhob un o'r categoriau canlynol:

	Llawn amser Rheolaidd	**Rhan amser Rheolaidd**	**Llawn amser Tymhorol**	**Rhan amser Tymhorol**	**Achlysurol**
Gweithiwyr Gwryw					
Gweithiwyr Benywaidd					

C2b. Tua pa gyfran o'r gweithlu sy'n dod o:

	% o'r gweithlu
Lleol- llai na 10 milltir	___________
Rhanbarthol – 10 i 50 milltir	___________
Mwy na 50 milltir o fewn Prydain	___________
Tu allan i Brydain	___________

C2c. Oes unrhyw rai o'ch gweithwyr wedi cofrestru o dan y Cynllun Cofrestru Gweithwyr (Worker Registration Scheme [WRS])?
? 1 Oes   ? 2 Nac Oes

Os OES – Tua faint sydd wedi cofrestru ar y cynllun?

____

Adran 3 – Cyflogi a Hyfforddi eich Gweithwyr

C3a. Ticiwch pa un o'r canlynol yr ydych chi yn defnyddio i ddod o hyd i weithwyr.

Papurau newydd lleol	? 1
Papurau newydd cenedlaethol	? 2
Teledu/ radio lleol	? 3
Canolfan Gwaith	? 4
Rhyngrwyd (y Wê)	? 5
Anffurfiol/ Teulu a ffrindiau	? 6
Dim	? 7
Arall (nodwch os gwelwch yn dda)	? 8

C3b. Wrth feddwl am ddod o hyd ac i hyfforddi gweithwyr, nodwch pa mor gryf ydych chi yn cytuno neu yn anghytuno â'r gosodiadau drwy gylchu y rhif cymwys: 1 = anghytuno'n gryf; 1 = anghytuno; 3 = ddim yn cytuno nag anghytuno; 4 = cytuno; 5 = cytuno'n gryf

C3bA. Mae'n anodd dod o hyd i weithiwyr gyda'r sgiliau cywir
1 2 3 4 5

C3bB. Mae yna brinder o ymgeiswyr am waith 1 2 3 4 5

C3bC Mae'n werth defnyddio ffyrdd anffurfiol i ddod o hyd i weithwyr
1 2 3 4 5

C3bD. Mae asiantaethau gwaith ffurfiol yn dod o hyd i ymgeiswyr da
1 2 3 4 5

C3bE. Mae hyfforddiant sgiliau i weithwyr yn rhy ddrud
1 2 3 4 5

C3bF. Mae hyfforddiant sgiliau i weithwyr yn dda 1 2 3 4 5

C3bG. Mae hyfforddiant sgiliau i weithiwyr yn hawdd ei gael
1 2 3 4 5

Adran 4 – Gweithrediad eich Busnes a Strategaeth

C4a. Ydych chi yn defnyddio cynllun busnes ysgrifennedig?
? 1 Ydym ? 2 Nac Ydym

C4b. Ydych chi yn defnyddio cynllun marchnata ysgrifennedig?
? 1 Ydym ? 2 Nac Ydym

C4c. Ticiwch pa un o'r canlynol ydych chi yn eu defnyddio i hysbysebu eich cynnyrch a'ch gwasanaethau.

Papurau newydd lleol	? 1
Papurau newydd cenedlaethol	? 2
Teledu/ radio lleol	? 3
Rhyngrwyd (y Wê)	? 4
Anffurfiol/ Teulu a ffrindiau	? 5
Dim	? 6
Arall (nodwch os gwelwch yn dda)	? 7

C4d. Tua pa gyfran o'ch cwsmeriaid a'ch cyflenwyr sydd wedi eu lleoli ar y pellterau canlynol oddiwrth eich busnes:

	% Canran	
	Cyflenwyr	Cwsmeriaid
Llai na radiws o 20 milltir	________	________
Radiws rhwng 20 a 60 milltir	________	________
Radiws mwy na 60 milltir o fewn Prydain	________	________
Tu allan in Brydain	________	________

C4e. Tua pa gyfran o'ch gwerthiant sy'n cael ei gynhyrchu gan y mathau canlynol o gwsmeriaid?

	%
Cwsmeriaid preifat a chartrefi	______
Siopau	______
Busnesau Bach (heblaw siopau)	______
Busnesau mawr (heblaw siopau)	______
Sector Cyhoeddus (e.e. Pwrcasu awdurdodau lleol)	______
Cyfanwerthwyr/ Dosbarthwyr	______
Arall (manylion os gwelwch yn dda)	______

C4f. Ydych busnes yn noddi gweithgaredd cymdeithasol, clybiau, digwyddiadau neu dîmau? ? 1 Ydyw ? 2 Nac Ydyw

Os YDYW, rhowch fanylion- Os NAC YDYW, rhowch resymau pam nac ydych yn gwneud.

C4g. Beth ddywedwch chi yw manteision fod mewn busnes mewn tref fach neu yng nghefn gwlad?

C4h. Beth ddywedwch chi yw anfanteision fod mewn busnes mewn tref fach neu yng nghefn gwlad?

C4i. Beth ydych chi yn ystyried yw prif gryfderau eich busnes?

C4j. Beth ydych chi yn ystyried yw prif wendidau eich busnes?

C4k. Beth yw prif gyfleuon i'r busnes?

C4l. Beth yw'r prif fygythiadau i'r busnes?

C4m. Wrth feddwl am y ffordd mae eich busnes yn gweithio, nodwch pa mor gryf yr ydych yn cytuno/ anghytuno gyda pob un o'r gosodiadau drwy gylchu y rhif priodol:
1 = anghytuno'n gryf; 2 = anghytuno; 3 = ddim yn cytuno nac yn anghytuno; 4 = cytuno; 5 = cytuno'n gryf

C4mA. Mae rhwydwaith busnes yn ddefnyddiol i mi 1 2 3 4 5

C4mB. Mae rhwydwaith teuluol yn ddefnyddiol i mi ar gyfer busnes 1 2 3 4 5

Adran 5 – Cefnogaeth Busnes

C5a. Rhowch eich barn am werth y gefnogaeth/ cyngor gewch chi gan y canlynol:

	Da iawn	Da	Derbynniol	Drwg	Drwg iawn	Byth yn defnyddio
Llywodraeth Cynulliad Cymru	❑1	❑2	❑3	❑4	❑5	❑6
Cynghorau lleol	❑1	❑2	❑3	❑4	❑5	❑6
Asiantaethau Menter	❑1	❑2	❑3	❑4	❑5	❑6
Undebau/ Cynghorau Masnach (busnes)	❑1	❑2	❑3	❑4	❑5	❑6
Cyrff Masnachol (busnes)	❑1	❑2	❑3	❑4	❑5	❑6
Arall (Nodwch os gwelwch yn dda) ____________________ ________________	❑1	❑2	❑3	❑4	❑5	❑6

C5b. Nodwch os ydyw eich busnes wedi cael budd yn syth oddiwrth cynlluniau ariannol Llywodraeth y Cynulliad. ? 1 Do ? 2 Naddo

Os DO, nodwch manylion o'r cynllun (iau) os gwelwch yn dda

____

____

C5c. Wrth feddwl am gefnogaeth i'r busnes ac i'r economi oddiwrth Llywodraeth y Cynulliad (LLyC), nodwch pa mor gryf yr ydych yn cytuno/ anghytuno gyda pob un o'r gosodiadau drwy gylchu y rhif priodol:
1 = anghytuno'n gryf; 2 = anghytuno; 3 = ddim yn cytuno nac yn anghytuno; 4 = cytuno; 5 = cytuno'n gryf

C5cA. Mae polisiau LLyC yn helpu i greu mwy o swyddi
1 2 3 4 5

C5cB. Mae polisiau LLyC yn helpu i greu swyddi gwell
1 2 3 4 5

C5cC. Mae polisiau LLyC yn helpu i ysgogi twf economaidd
1 2 3 4 5

C5cD. Mae polisiau LLyC yn helpu i adfywio cymunedau
1 2 3 4 5

C5cE. Mae polisiau LLyC yn helpu i wella hyfforddiant sgiliau
1 2 3 4 5

C5cF. Mae polisiau LLyC yn helpu i wella cefnogaeth busnes
1 2 3 4 5

C5d. Ydych chi'n ymwybodol o 'Cymru: Economi yn Ffynnu'- strategaeth fframweithiol y LLyC ar gyfer datblygiad economaidd?
? 1 Ydwyf ? 2 Nac Ydwyf

C5e. Beth fyddai'r prif neges y byddech chi am anfon i LLLyC ynghlyn â chefnogi eich busnes?

____

____

____

Adran 6 – Newidiadau mewn gweithgareddau busnes

C6a. Dros y 5 mlynedd olaf a wnaeth eich busnes:

Leihau ? 1
Aros yr un faint ? 2
Cynyddu ? 3

Beth ywr rhesymau am hyn?

____
____
____

C6b. Dros y 5 mlynedd olaf a ydyw eich busnes wedi cyflwyno cynnyrch neu wasanaeth newydd?
? 1 Do ? 2 Naddo

Os DO, nodwch fanylion - Os NADDO, eglurwch pam os gwelwch yn dda.

____
____
____

C6c. Ydych chi yn bwriadu ehangu eich busnes dros y 2 mlynedd nesaf?
? 1 Ydw ? 2 Nac ydw

Os YDW, nodwch fanylion - Os NAC YDW, eglurwch pam os gwelwch yn dda

____
____
____

C6d. Wrth feddwl am fuddsoddiadau mewn Ymchwil a Datblygu, dros y 5 mlyneddd olaf, ydyw eich buddsoddiadau wedi:

LLeihau ? 1
Aros yr un fath ? 2
Cynyddu ? 3
Ddim yn berthnasol ? 4

Beth yw'r rhesymau am hyn?

____
____
____

C6e. Wrth feddwl am ddefnyddio'r Rhyngrwyd dros y 5 mlynedd olaf ydyw defnydd eich busnes o'r rhyngrwyd wedi:

Lleihau ? 1
Aros yr un fath ? 2
Cynyddu ? 3
Ddim yn berthnasol ? 4

Beth yw'r rhesymau am hyn?

____
____
____

C6f. Beth fu y newid mwyaf yn eich busnes dros y 5 mlynedd olaf?

____
____
____

Adran 7 – Eich Busnes â'r Amgylchedd

C7a. A ydyw eich busnes yn ailgylchu unrhywfaint o gynnyrch wastraff?

? 1 Ydyw ? 2 Nac ydyw

Os YDYW, rhowch fanylion (os yn bosib rhowch canran o wastraff sydd yn cael ei ailgylchu)– Os NAC YDYW, amlinellwch yr anhawsterau sy'n atal ailgylchu.

____
____
____

C7b. Ydyw eich busnes yn cymeryd rhan mewn unrhyw un o'r cynlluniau amgylcheddol yma? Ticiwch pob un sydd yn berthnasol.

Plannu coed	? 1
Yn sgîl cynhyrchu Carbon	? 2
Prynu pwer gwyrdd	? 3
Dyfeisiadau ag egni isel (e.e. bwlbiau golau)	? 4
Cynnhyrchu egni ar y safle (e.e. paneli solar, twrbein gwynt)	? 5
Arall- nodwch fanylion	? 6

____
____

Os nad yw eich busnes yn cymeryd rhan mewn unrhyw gynllun amgylcheddol, amlinellwch y rhesymau pam nad ydyw.

____
____
____

C7c. Dros y 5 mlynedd olaf a ydyw defnydd egni eich busnes wedi:

Lleihau	? 1
Cynyddu	? 2
Aros yr un fath	? 3

Beth yw'r rhesymau am unrhyw newidiadau?

____
____
____

C7d. Wrth feddwl am faterion amgylcheddol, nodwch pa mor gryf yr ydych yn cytuno/ anghytuno gyda pob un o'r gosodiadau drwy gylchu y rhif priodol:
1 = anghytuno'n gryf; 2 = anghytuno; 3 = ddim yn cytuno nac yn anghytuno;
4 = cytuno; 5 = cytuno'n gryf

C7dA. Mae rheoleiddiadau amgylcheddol yn llethu fy musnes yn ormodol
1 2 3 4 5

C7dB. Dylid fod yna wobrwyon ariannol ar gyfer ymarferion busnes sy'n dda i'r amgylchedd (e.e. toriadau trethi, cymorthdal arbed-egni)
1 2 3 4 5

Adran 8 – Gwybodaeth Ariannol

C8a. Ydyw eich busnes wedi ei gofrestru ar gyfer Treth ar Werth?
? 1 Ydyw ? 2 Nac ydyw

C8b. Nodwch trosiant blynyddol eich busnes drwy roi tic ar un o'r dewisiadau islaw:

Llai na £61,000	? 1
£61,000 - £99,000	? 2
£100,000 - £249,999	? 3
£250,000 - £499,999	? 4
£500,000 - £999,999	? 5
£1m - £1.49m	? 6
£1.5m - £2.8m	? 7
Mwy na £2.8m	? 8

C8c. Dros y 5 mlynedd olaf ydyw eich trosiant wedi:

Lleihau	? 1
Cynyddu	? 2
Aros yr un fath	? 3

Amlinellwch y rhesymau am unrhyw newidiadau.

____
____
____

C8d. Nodwch elw blynyddol eich busnes drwy roi tic ar gyfer un o'r dewisiadau islaw:

Llai nag, neu cyfartal â 0% o'r trosiant (h.y. colled neu tori yn wastad)	? 1
Dros 0% ac i fyny i 1% o'r trosiant	? 2
Dros 1% ac i fyny i 5% o'r trosiant	? 3
Dros 5% ac i fyny i 10% o'r trosiant	? 4
Dros 10% o'r trosiant	? 5

C8e. Dros y 5 mlynedd olaf ydyw eich elw wedi:

Lleihau	? 1
Cynyddu	? 2
Aros yr un fath	? 3

Amlinellwch y rhesymau am unrhyw newidiadau.

____

____

____

____

Diolch am gymeryd yr amser i gwblhau'r arolwg. A fyddech yn barod i gymeryd rhan mewn cyfweliad teleffon byr o ryw 20 -30 munud ynghlyn â rhai o'r materion â godwyd yn yr arolwg hwn?

? 1 Byddwn ? 2 Na fyddwn

Os BYDDWN, byddech yn fodlon cael eich cyfweld, rhowch eich manylion cyswllt islaw os gwelwch yn dda.

Enw ____

Enw eich Busnes ____

Rhif ffôn ____

Cyfeiriad e-bost ____

Appendix E

Ysgol Cynllunio Dinesig a Rhanbarthol
Prifysgol Caerdydd, Rhodfa'r Brenin Edward VII
Caerdydd, CF10 3WA
Ffôn: **0292074970**

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www.walesruralobservatory.org.uk

Arsyllfa **Wledig** Cymru
Wales **Rural** Observatory

Dear Madam/Sir, 22nd August 2007

Wales Rural Observatory – Business Survey 2007
Improving Businesses Performance in Rural Wales

You will recall that we wrote to you last month regarding the above survey. Our records indicate that you have not yet returned a completed questionnaire. We would still very much appreciate your response and have, therefore, extended the deadline for receipt of questionnaires to **21/09/2007**. We appreciate that there are many pressures on your time but your input would be extremely useful and we would be grateful to hear from you.

The survey will provide important and much needed information concerning the opportunities, constraints, strategies and entrepreneurial activities of businesses located in rural Wales. It will provide data for the major research initiative called the Wales Rural Observatory – an independent research body, which is sponsored by the Welsh Assembly Government and charged with providing an evidence base for rural policy making within Wales

It is crucial that the response rate to this survey is as high as possible to allow for examination of the full range of issues affecting businesses located in rural Wales. Please help us to achieve this by completing the enclosed questionnaire and returning it in the Freepost envelope provided.

Alternatively, if you prefer to submit electronically, an electronic version of the survey is available under the NEWS section at this website: http://www.walesruralobservatory.org.uk/eng/main-e.html

Thank you once again for your time and co-operation. If you have any questions concerning the questionnaire, or the broader research agenda of the Wales Rural Observatory, please do not hesitate to contact Lawrence Kitchen at Cardiff University: School of City and Regional Planning:
Tel. 02920 874970; Email: KitchenL@Cardiff.ac.uk

If you have already sent your questionnaire, and this letter has crossed in the post, please accept my apologies.

Yours faithfully,

Dr. Lawrence Kitchen
Wales Rural Observatory.

APPENDIX F

Ysgol Cynllunio Dinesig a Rhanbarthol
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Arsyllfa **Wledig** Cymru
Wales **Rural** Observatory

Annwyl Syr/ Madam,

22 Awst 2007

Arsyllfa Wledig Cymru – Arolwg Busnes 2007
Gwella Perfformiad Busnes yng Nghefn Gwlad Cymru

Fe gofiwch i ni ysgrifennu atoch y mîs diwethaf ynghlyn â'r arolwg uchod. Mae'n ymddangos oddiwrth ein cofnodion nad ydych wedi ymateb eto. Rydym yn dal yn awyddus i dderbyn eich hymateb ac felly yr ydym wedi ymestyn y dyddiad cau hyd at **21/09/2007**. Rydym yn ymwybodol fod yna lawer o bwysau ar eich hamser ond mae eich mewnbwn yn werthfawr iawn a byddwn yn falch iawn o glywed oddiwrthoch.

Bydd yr arolwg yn cynnig gwybodaeth pwysig ynghlyn â'r cyfleuon, yr anhawsterau, strategaethau a gweithgareddau entreprenyddol busnesau sydd wedi eu lleoli yng nghefn gwlad Cymru. Bydd yn rhoi data i Arsyllfa Wledig Cymru, sef corff ymchwil annibynol a gaiff ei gefnogi gan Lywodraeth Cynulliad Cymru, ac sydd wedi ei sefydlu i gynhyrchu tystiolaeth ar gyfer polisi cefn gwlad yng Nghymru.

Mae yn hanfodol y cawn ymateb cystal â phosib i'r arolwg hwn er mwyn i ni allu gwneud archwiliad llawn o'r materion sydd yn effeithio'r busnesau sydd yng nghefn gwlad. Wrth lenwi'r arolwg amgaeedig byddwch yn help mawr. Gallwch ei ddychwelyd yn yr amlen Freepost amgaeedig.

Os hoffwch, yn hytrach i ddanfon copi electroneg, mae hwn ar gael o dan adran NEWYDDION ar ein gwefan: http://www.walesruralobservatory.org.uk/wel/main-w.html

Diolch eto am eich hamser a'ch cydweithrediad. Os oes gennych unrhyw gwestiynnau ynghlyn â'r arolwg neu agenda ymchwil Arsyllfa Wledig Cymru, yna mae croeso i chi gysylltu â Lawrence Kitchen y, Mhrifysgol Caerdydd: yr Ysgol Cynllunio Trefol a Rhanbarthol Tel. 02920 874970; Ebost: KitchenL@Cardiff.ac.uk

Os ydych chi wedi danfon yr arolwg yn ôl yn barod, a croesodd y llythyr hwn yn y post, derbynniwch ein ymddiheuriadau.

Yr eiddoch yn gywir,

Dr. Lawrence Kitchen
Arsyllfa Wledig Cymru.