



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

Rural Business Survey

October, 2004



Acknowledgement:

We acknowledge with gratitude the assistance of the large numbers of business owners who responded to the survey on which this report is based, and/ or agreed to be interviewed in the case of future research.

CONTENTS

	Page Number
Section 1	1
Introduction	
Section 2	1
Rural Business Survey	
Section 3	2
Methodology	
Section 4	7
Results – All Respondents	
Section 5	34
Results – Sub-Group Analysis	
Section 6	70
Discussion	
Section 7	77
Conclusions	

1. INTRODUCTION

1.1 Wales Rural Observatory

The work of the Wales Rural Observatory (WRO) is based on a broad geographical definition of rural Wales. Namely, the nine Unitary Authorities of Anglesey, Gwynedd, Ceredigion, Pembrokeshire, Carmarthenshire, Powys, Monmouthshire, Conwy, Denbighshire, and; selected parts of Wrexham, Vale of Glamorgan and Flintshire.

The Observatory's activities are focused on two main areas of work: firstly, the collection and analysis of rural data, and secondly, the undertaking of research on social and economic issues in rural Wales. This programme follows five broad themes: Rural Economy and Employment; Environment, Sustainability and Land Use Planning; Social Inclusion and Exclusion; Housing and Service Provision; Society and Community.

Although providing a cross cutting base line for all themes, the particular emphasis of this report has been to develop a comprehensive evidence base for the strand of 'Rural Economy and Employment'.

2. RURAL BUSINESS SURVEY

2.1 Introduction

The Rural Business Survey is a key component of the 'rural economy and employment' work programme of the WRO. The extensive nature of this survey means that it will provide a solid benchmark for all future work undertaken by the Observatory.

The objective of the survey is to source reliable and potentially comparative data on the state of businesses, their activities, development potential, obstacles and type of entrepreneurial practices undertaken. The findings from this research will form the basis for future, more in-depth work, which will look in more detail at the processes, obstacles and opportunities facing such businesses in rural Wales.

The business survey takes as its starting point, the broad range of existing survey based business research reports that have been completed in recent years, by key actors such as the Welsh Assembly Government and the Welsh Development Agency. It sets the precedent, however, given the breadth and depth of its purely rural business focus. Whilst surveys of this nature have been attempted elsewhere in the United Kingdom¹, this is the first time that such an extensive evidence base has been compiled of (comparative) strengths, weaknesses, opportunities and threats facing businesses in rural Wales.

¹ See, for example, the survey work undertaken in recent years on rural firms by the Centre for Rural Economy (CRE), University of Newcastle Upon Tyne (<http://www.ncl.ac.uk/cre/>)

2.2 Structure of Report

The remainder of this report is structured as follows:

- Section 3 provides a detailed discussion of the various methodological steps applied in setting up, undertaking and analysing the results from the business survey.
- Section 4 provides a descriptive analysis of the findings produced by the data set as a whole.
- Section 5 discusses the results from the survey as sub-divided by business type (5.1), size (5.2) and location (5.3).
- Section 6 brings together the four sets of findings outlined in the preceding descriptive analysis and highlights the key issues and trends emerging from the data. Conclusions are then reached on both the effectiveness of the survey and the key findings of the research. The implications of these observations are discussed with regard to future avenues of research to be undertaken by the WRO.

3. METHODOLOGY

3.1 Design of Questionnaire

The principal objectives of the business survey were formed as the result of a number of different avenues of research. As well as holding preliminary discussions with key members of the Welsh Development Agency (WDA), a desk-based review of existing policies and programmes for rural Wales was initially undertaken. Evidence was also sourced, at this stage, from a range of different business surveys undertaken within the UK. A second meeting was then held with selected individuals from the WDA, as well as officials from the Welsh Assembly. This meeting stimulated detailed practitioner feedback on both preliminary ideas about the content of the questionnaire, as well as guidance on the design and targeting of the survey itself.

In achieving the aim of providing a baseline of data on businesses in rural Wales, a questionnaire was required which would simultaneously capitalise on developing existing databases of business information, as well as addressing any current knowledge gaps. The fact that such a comprehensive survey of businesses in rural Wales had never before been attempted, presented both an opportunity and a constraint. A questionnaire was required which would produce both innovative and updated data, but it had to be presented in a way which would not discourage potential respondents to participate.

3.2 Cover Letter

The questionnaire was sent out with a (personalised) cover letter introducing the remit of the WRO and the survey itself. Reassurance was given that any information provided by respondents would be 'treated in strict confidence, with only aggregate statistics being published from the research'. A deadline was stated for the return of the questionnaire. Appreciation was expressed, in anticipation of the respondent's participation in the survey.

3.3 Content of Questionnaire

Due to the focus of the survey, the request was made that it be completed by, or on behalf of, the business owner. By way of introduction, an opening statement was provided on the work of the WRO and the definition of 'rural Wales'. The questionnaire was then subdivided into seven main sections:

Section 1 – Business Profile: The aim of this section was to gain intrinsic data on the respondent's business. (for example, type of business, year of establishment, nature of the business ownership (etc)).

Section 2 – Owner Profile: Section 2 was orientated towards collecting essential base data on the characteristics of the business owner (for example, owner's age, how they became involved in the business and year of involvement; also, academic qualifications, hours worked per day in business and, whether or not they lived in rural Wales (etc)).

Section 3 – Business Location: Adopting the theme of 'business location' Section 3 was orientated towards collecting data on the factors influencing the owner's decision to locate their business in rural Wales. Respondents were first asked to rank the relevance of a series of potential influences to their own choice of business location. They were then asked to state (and give reasons for) whether or not they had ever considered relocating their business outside of rural Wales. Finally, as a measure of satisfaction of rural Wales as a viable business location, respondents were asked to rank the accessibility/ proximity of a series of components to their business.

Section 4 – Business Strategy: Section 4 – one of the most extensive sections in the questionnaire – was designed to build a picture of the individual business strategy characteristics of rural business owners. The section began by asking respondents to rank a series of pre-selected statements as influential to their choice to start up/ take over the business. Respondents were then asked to provide predictions for business size over the next 5 years. Next, a trio of statements were posed regarding business expansion, with respondents asked to agree or disagree as appropriate. Respondents were also asked to indicate constraining factors to their business. Information was then sought on potential influencers to the overall performance of the business. The sixth set of questions in this section asked respondents to indicate whether they agreed or disagreed with a series of statements relating to the perceived value, regularity and facilitation of collaboration with other local businesses. Moving on then to collect data on business support/ advice, respondents were asked to rate the business support services provided by a series of different institutions. A sliding scale of 'very important' to 'not important'/ 'not relevant' was then applied to key factors which could be perceived as influencing the success of the business. The penultimate set of questions in this section were then aimed at ascertaining information on characteristics of annual turnover spend in rural Wales. Finally, Section 4 was brought to a close with the question of whether or not the business was VAT registered.

Section 5 – Characteristics of Customers and Suppliers: Section 5 was designed with the aim of providing detailed information on the sourcing and trading patterns of businesses located in rural Wales. Firstly respondents were asked to indicate the

percentage of suppliers, and then customers, located at varying distances from their business premises. Secondly, respondents were asked to indicate the percentage of sales that were generated from a range of different types of customer. A series of questions were then set to obtain information on methods of communication with customers and suppliers. They were then asked to denote which methods (if any) were used to market and advertise goods (products or services) and/ or recruit employees. Finally, data collection on the theme of communication was completed with a question on the use of the internet by owners to enable customers to view, purchase or order the business products (goods or services). Section 5 was then brought to a close with two questions designed at obtaining information on product (goods or service) strategy. Respondents first had to indicate whether or not the a (pre-selected) set of factors promoted, constrained or were not relevant, to product (goods or service) innovation. They then had to complete an open ended question on what had been 'the most innovative activity undertaken' by their business in the last 5 years.

Section 6 – Employee Characteristics: The penultimate section in the questionnaire was designed to collect a range of information on the characteristics of business employees. To begin with specific questions were asked on the total number (and type) of people employed through the business. Data was then gleaned on employee recruitment and residential geographical location of employees. Respondents were asked to indicate whether or not problems had been experienced in recruiting employees and if so, why. Respondents were then asked to yield information on the number of employees recruited from either rural Wales, elsewhere in Wales, outside of Wales and/ or outside of the UK. They were also asked to specify the number of employees that lived either 'on site' through to 'more than 20 kilometres' from the business premises. Finally, information was sourced on the barriers which exist to the training of employees in rural Wales.

Section 7 – Further Comments: The questionnaire was concluded with a series of open ended questions designed at ascertaining firstly; whether there were particular advantages or disadvantages associated with locating a business in rural Wales, and secondly; whether or not each respondent felt that their business was sustainable in its present form over the next five years.

3.4 Selection of Survey Sample

In order for the business survey to meet the objective of providing a baseline for all future Observatory research, it was imperative that a response rate was achieved which would qualify the findings as being based on a 'representative sample' of businesses. This requirement was made all the more significant by the fact that a low response rate is traditionally achieved from business surveys. Based on the experiences of other UK surveys, it was decided that in order to meet a desired target of 1000 valid responses, then the total survey population would need to be 8,000.

In order to source such a comprehensive database of businesses within rural Wales a commercial list broker was approached. This allowed for specific requirements to be met on the nature of the businesses surveyed, as well as ensuring that the database purchased came with a guarantee for accuracy. Contact details were secured (including principal name, full postal address and telephone number) for a total of

8,000 private sector businesses. Within this list information was obtained on size of business (with regard to number of employees) and Standard Industrial Classification (SIC). The selection criteria for the 8,000 businesses was based primarily on location – businesses were requested from each of the twelve local authorities which make up ‘rural Wales’. Within each local authority, a random selection criteria was then applied. This ensured a spread of population by both size and SIC.

3.5 Questionnaires Responses

In excess of 750 responses were received from the first mailing. Using a simple equation of ‘number of responses’ against ‘size of sample’, a technique of ‘repeat mailing’ was then applied to 3/8th of the original sample size – thereby ensuring a total response rate in excess of 1000.

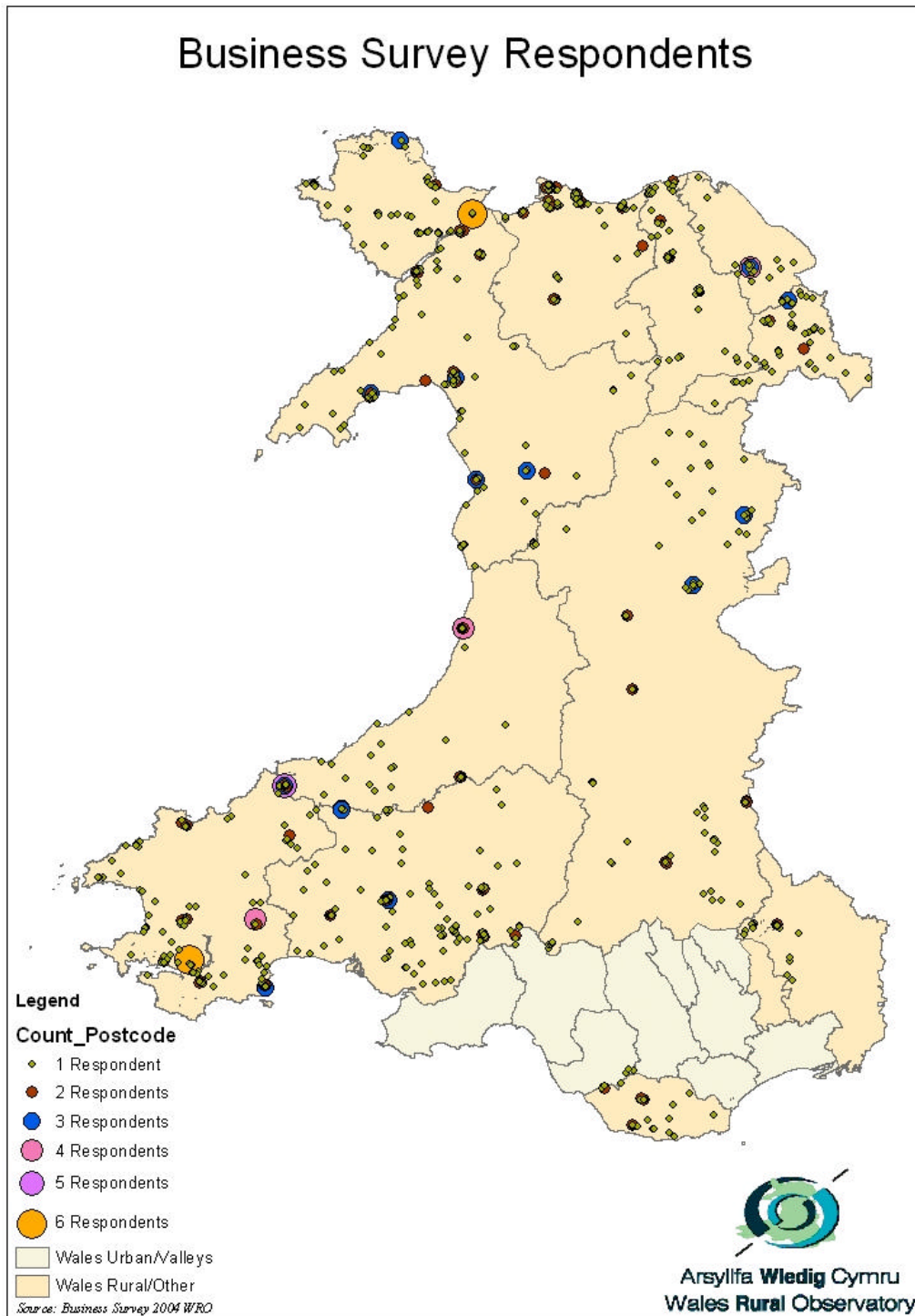
In total 1136 responses were received by the cut off date of July 31st. However, of these 58 were discounted due to the businesses ceasing trading (eg. retirement, death, solvency etc). A further 23 were discounted due to uncompleted questionnaires. Finally, 47 farmers were also separated out from the main database. This left a **total of 1008** respondents which were taken forward to the data analysis stage. Map 1 illustrates the geographical distribution of the business survey respondents across the (nine full and three part) Unitary Authorities of rural Wales. English language returns accounted for 96.2% of the questionnaires received, with the remaining 3.8% returned in Welsh. In total, 439 of the 1008 respondents agreed to be re-interviewed.

3.6 Data Analysis

In preparation for the subsequent analysis, all questionnaire responses were entered into the statistical package ‘SPSS’. Each questionnaire was tagged with its corresponding data code (for subsequent spatial analysis) (see above).

Following data entry, comprehensive frequency analysis was then undertaken. This was completed for both the data set as a whole, as well a series of sub-sets - namely; geographical location; number of employees; and type (SIC) of business. The results of the frequency analysis for both the aggregate data set (Section 4), as well as the individual data sub-sets (sections 5.1, 5.2 and 5.3) are discussed in full throughout the remainder of this report.

Map 1: Distribution of Survey Respondents across Rural Wales



4. RESULTS

4.1 Results – All Respondents

4.1.1 Section 1 – Business Profile:

Business Type: A broad range of business types were accounted for within the 1008 responses. In preparation for subsequent analysis of the respondents by ‘type’, they were divided into a number of different business classifications. These classifications are displayed in Table 1a together with details of the percentage of respondents for each. The majority of respondents came from the sectors of retail (31.8%); accommodation, food and drink (18.1%) and; construction (10.1%).

Table 4.1.1 - 1a: Type of Business (N= 1008)

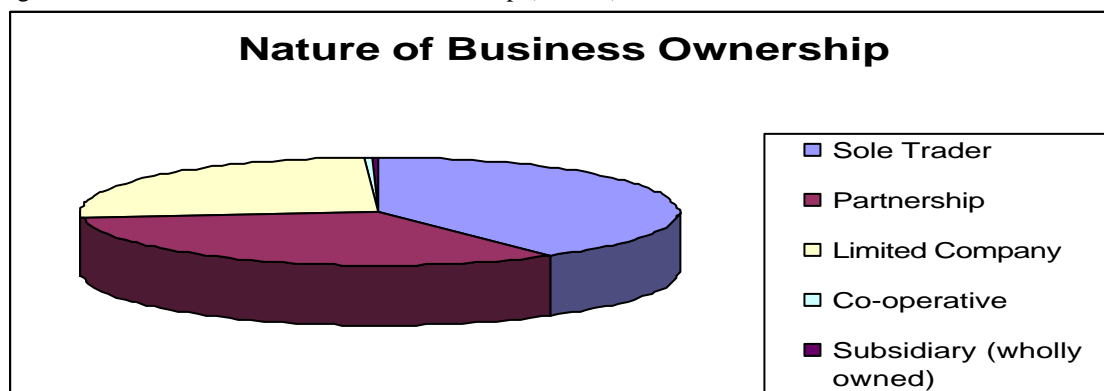
Type of Business	Percentage of Respondents (%)
1. Agricultural Service Industries	4.6
2. Construction	10.1
3. Accommodation, Food and Drink (etc)	18.1
4. Manufacturers	7.7
5. Retail	31.8
6. Real Estate	2.3
7. Wholesalers	6.7
8. Health and Beauty	9.2
9. Transport	3.0
10. Charitable/ Social work	3.2
11. Services	3.0

Year of Establishment: The year that businesses were established in, ranged from the year 1600 through to 2004 (n=960). Within this range;

- 10.8% of all businesses surveyed had been established for less than five years (2000 to 2004).
- 29.3% of businesses were established during the 1990s
- 10.7% of businesses were established prior to 1950
- 2.7% of businesses were established prior to 1900.

Business Ownership: Although the majority of businesses are owned by either an individual (40.3%) or partnership (33%) (n= 997) (see table 4.1.1-1d), 79.4% of respondents still consider their business to be a ‘family business’. In 67.7% (n=942) of cases, the business premises is owned outright by the business owner.

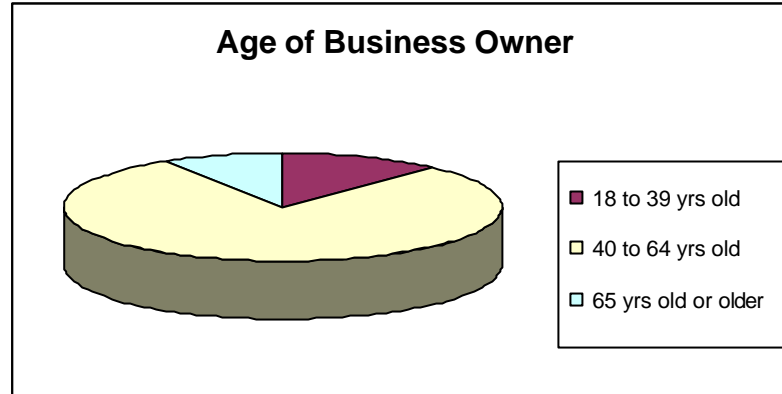
Figure 4.1.1 – 1d: Nature of Business Ownership (n= 997)



4.1.2 Section 2 – Owner Profile

Owner's Age: The vast majority of business owners are 40 to 64 years old (79.3%) (see figure 4.1.2-2a)

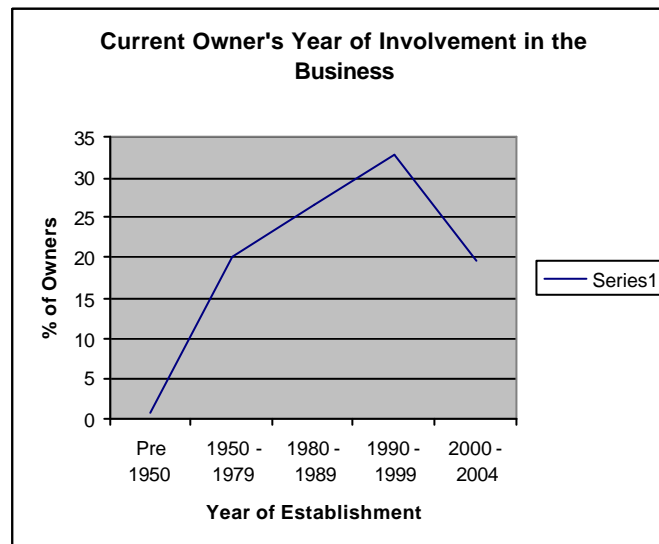
Figure 4.1.2 - 2a: Age of Owner (n= 982)



Type of Ownership: Although most owners consider their business to be a family business (see Section 4.1.1), only 15% indicated that they had taken over from another family member. The greatest proportion (55%) started the business themselves, with a further 26.8% having bought the business as an on-going concern.

Year of Involvement: Figure 4.1.2-2bii displays the current owner's year of involvement in the business. As can be seen, there is a relatively wide time range for owner's involvement, with a peak in cases during the 1990s.

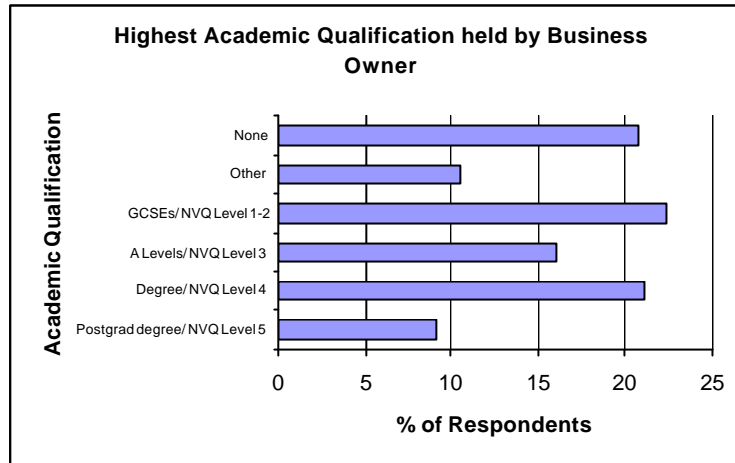
Figure 4.1.2-2bii Current owner's year of involvement in the business



Hours worked by Owners: The majority of owners (65.6%) work more than an 8 hour day in their business, with the greatest concentration (58.9%) being those who work between 8 to 14 hours per day.

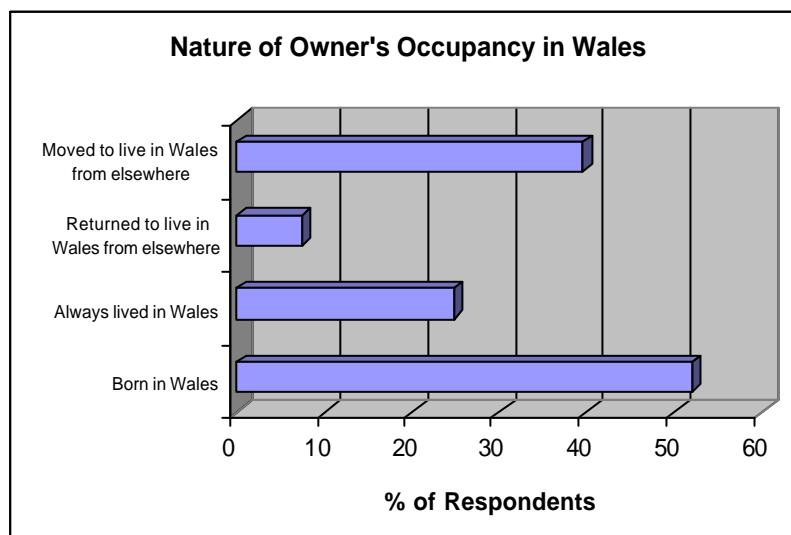
Owners qualifications: As is shown in Figure 4.1.2-2d, the results for the ‘highest level of qualifications held by the owner’ are quite evenly spread across the middle bands of GCSEs to Degree level. Just over 1/5th of owners (21.1%) are educated to degree level, however, a similar proportion of owners (20.7%) stated that they have no academic qualifications at all. Less than 1/10th of owners (9.2%) hold a post-graduate qualification (or equivalent NVQ).

Figure 4.1.2 - 2d: Highest Qualification held by Business Owner (n= 909):



Owner’s occupancy in Wales: 96% of the owners who responded live in rural Wales. A high proportion of these people (88.7%) have lived in rural Wales for 10 years or more, with 28.3% of owners stating that they have lived in rural Wales for 50 years or more. Figure 4.1.2-2f provides more detail on the nature of business owner occupancy in Wales. Although, 52% of owners were born in Wales, only 24.9% have lived in Wales all their lives. 39.5% have moved to live in Wales from elsewhere.

Figure 4.1.2-2f: Nature of Owner’s Occupancy in Wales

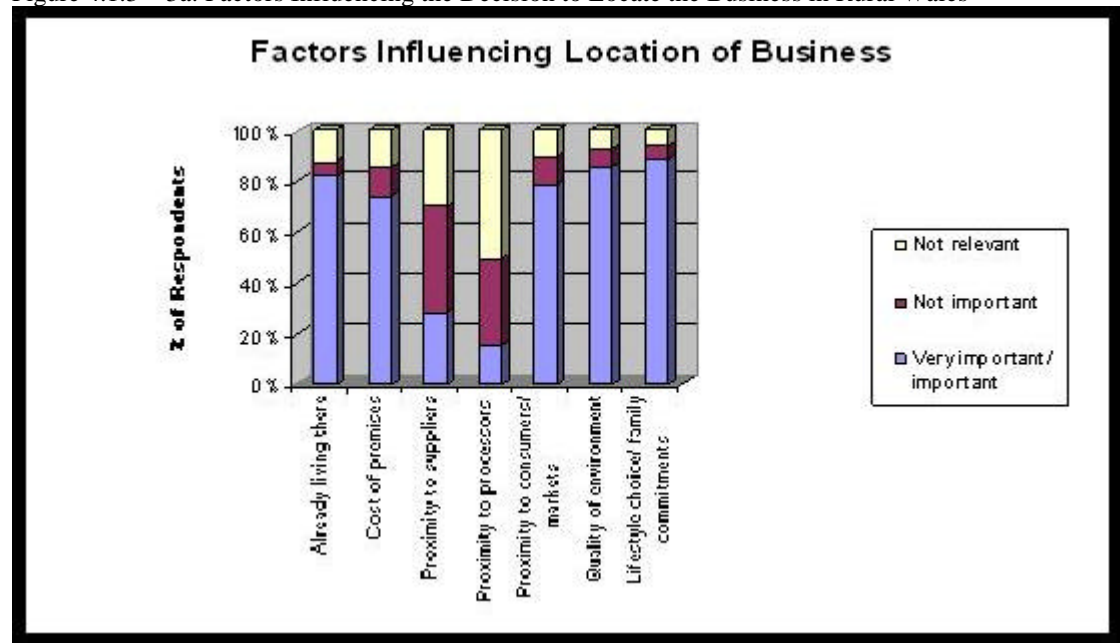


4.1.3 Section 3 – Business Location

Factors influencing the Decision to Locate the Business in Rural Wales: The three factors which were deemed to be either important or very important (in influencing the decision to locate the business in rural Wales) by the most amount of respondents were ‘lifestyle choice/ family commitments’ (87.8%), ‘quality of the environment’ (84.8%) and ‘already living there’ (81.3%). A large majority of respondents also cited ‘cost of the premises’ (73.4%) as either an important or very important influence to their decision

Only 27.7% of respondents consider ‘proximity to suppliers’ to have been important/ very important in influencing their decision to locate their business in rural Wales, with an even lower proportion of respondents (15.1) considering ‘proximity to processors’ as an important/ very important factor in influencing their choice of location. However, ‘proximity to consumers/ market’ is considered to be either an important or very important factor by 77.9% of respondents. A further 30 respondents have stated ‘Other’ reasons as either important or very important in influencing their decision to locate their business in rural Wales.

Figure 4.1.3 – 3a: Factors Influencing the Decision to Locate the Business in Rural Wales



Relocation of the Business outside of Rural Wales: Whilst 87.9% of respondents stated that they have never considered relocating their business to outside of rural Wales, a number of reasons were still given both in support of, and against relocation. Reasons against relocation can be ranked as follows:

- 20.8% of respondents quite simply stated that they were ‘happy’ in their present location
- 16.3% of respondents felt that there was no need to consider relocation because the business was already well established/ successful
- 15.7% of respondents cited lifestyle issues, family commitments and/ or feelings of embeddedness as preventing the option of relocation
- 8.9% of respondents felt that they were ‘unable’ to relocate

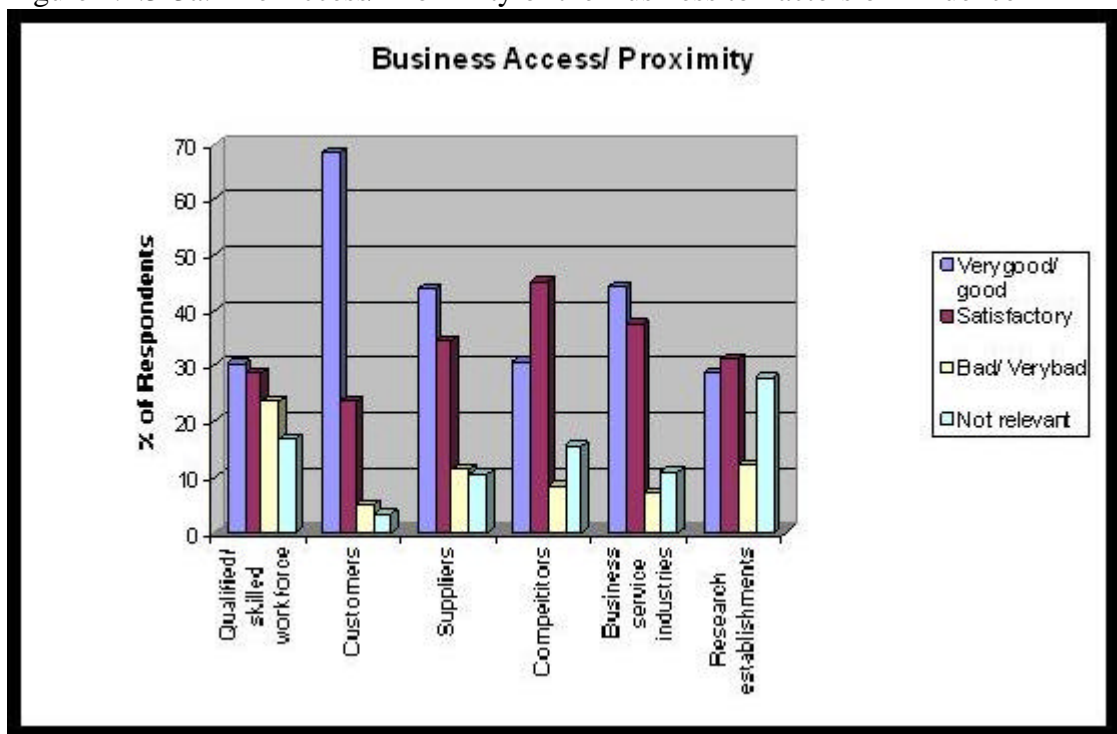
- 3.0% of respondents had not considered relocation due to the fact that they were nearing retirement
- 3.6% of respondents stated 'other' reasons for not considering relocation

In contrast, reasons in support of relocation were listed as follows:

- 13.6% of the respondents related the consideration of relocation to the need for more trade/ profit and/ or access to a higher number of customers
- 7.7% of the respondents stated the current problem of regulations/ lack of business support
- 3.0% of the respondents stated the need for better business facilities/ better access to the business premises for suppliers/ customers
- 2.7% of respondents stated the need for expansion as a reason for relocation
- 1.8% of respondents cited existing problems with staffing (eg. lack of; unsuitably qualified) as a reason for relocation
- 3.0% of respondents stated 'other' reasons for considering relocation.

Business Access/ Proximity:

Figure 4.1.3-3a: The Access/ Proximity of the Business to Factors of Influence



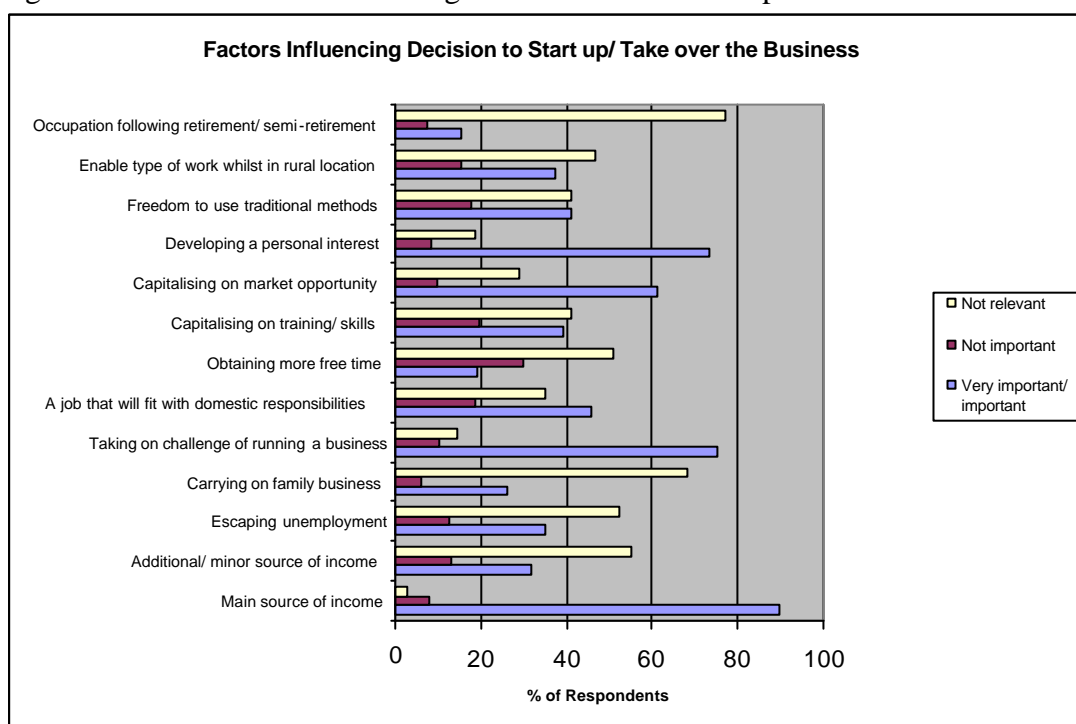
Of the six different factors for which respondents were asked to evaluate access/proximity to, 'access/ proximity to customers' scored the highest, with 68.2% rating this as either good or very good. At the other end of the scale, 'access/ proximity to qualified/ skilled workforce' received the lowest score, with less than one third of respondents (30.4%) rating this as very good/ good, and a further 23.7% rating it as bad/ very bad. Although only 28.7% of respondents ranked access/ proximity to research establishments as very good/ good, a similar amount (27.7%) did not deem this to be a factor of relevance to their business. Access/ proximity to suppliers, competitors and business service industries all received credible scores, with only a

small minority in every case opting for ‘bad/ very bad’ access/ proximity (11.2%, 8.4% and 7.1% respectively).

4.1.4 Section 4 – Business Strategy

Factors Influencing the Decision to Start Up/ Take Over the Business: Although a broad selection of influences were listed, three in particular have scored very highly in terms of being very important/ important in influencing the decision to start up/ take over the business. These are ‘provision of a main source of income’ (89.6%), ‘taking the challenge of running a business’ (75.3%) and, ‘developing a personal interest’ (73.3%). Less than one fifth of respondents have ranked either ‘occupation following retirement/ semi retirement’ (15.2%) or ‘Obtaining more free time’ (18.1%) as either very important/ important, with a further 77.1% and 50.8% (respectively) of respondents indicating that these factors are not even deemed relevant to their decision. Figure 4.1.4-4a provides a comparative display of the whole range of factors and their relative importance to starting up/ taking over a business.

Figure 4.1.4-4a: Factors Influencing the Decision to Start Up/ Take Over the Business

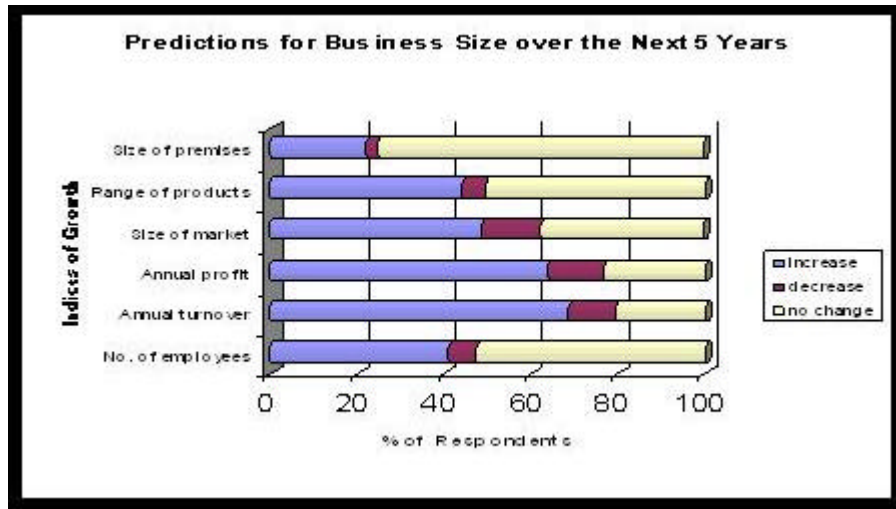


Predictions for Business Size over the Next 5 Years: Although the majority of respondents (52.5%) predict no change in terms of number of employees, a further 41.3% predict an increase during the next 5 years. The majority of respondents also predict an increase in both annual turnover (68.7%) and annual profit (63.9%) over the next 5 years, with a further 48% of respondents predicting a growth in the size of the business market. Only 10% have predicted a decline in turnover (with a similar number – 12.8% - predicting a decline in profit) during this period, whilst 13.7% have predicted a decrease in the size of the market.

Respondents are evenly spread between a prediction of either no change (50.5%) or an increase (44.2%) in the product range over the next 5 years. The vast majority of

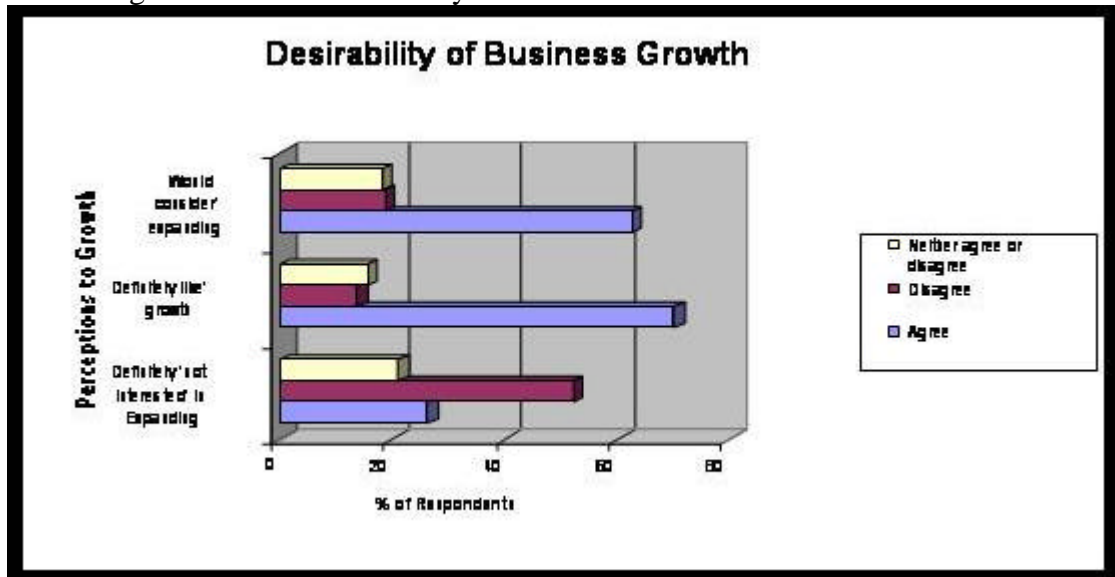
respondents (74.9%) have predicted no change in the size of premises for the next 5 years.

Figure 4.1.4-4b: Predictions for Business Size over the Next 5 Years



Desirability of Business Growth: A majority of respondents (52.2%) disagree with the statement that they would ‘definitely not’ be interested in expanding the business. Corresponding with this answer, the majority (70.2%) also agree with the statement that they ‘would definitely like’ their business to grow (with a further 62.6% of respondents in agreement with the statement that they ‘would consider’ expanding the business).

Figure 4.1.4-4c: Desirability of Business Growth



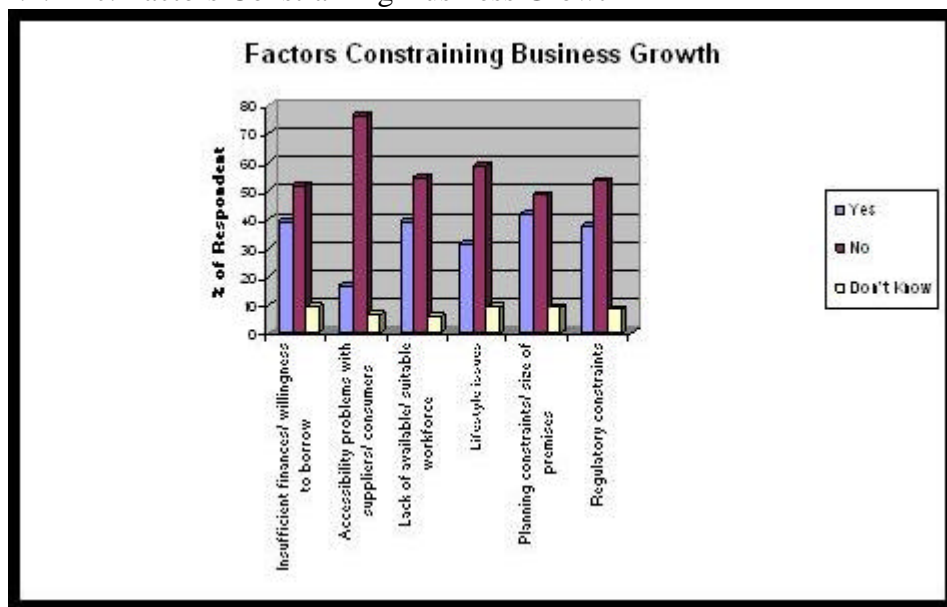
Factors Identified as Constraining the Business: Although the majority of respondents (51.8%) do not perceive insufficient finances/ willingness to borrow to be a constraint to their business, a significant minority (39.1%) do identify this as a problem. Similarly, the majority of respondents (54.8%) do not perceive a lack of available/ suitable workforce to be a constraining factor. However, this issue is still perceived to be a constraint by a significant minority of respondents (39.2%).

Interestingly enough, only 17.2% of respondents have stated that accessibility problems with suppliers/ consumers are an actual constraining factor to the business. Respondents who do (42.3%) and do not (48.7%) find planning constraints to be a restriction to the business are quite evenly spread. In the case of regulatory constraints/ VAT registration, there is a more obvious division between those respondents who find this to be a constraint (38.1%) and those who do not (53.6%). Although lifestyle issues are not perceived to be a constraint by the majority of respondents (59.1%), they are still a problem for a significant minority of respondents (31.4%).

In addition to the above issues, 87 respondents have identified a number of 'other issues' which are also perceived as a constraint to the business. The following were included amongst the specific factors cited:

- Age of owner/ owner nearing retirement
- Poor health of owner
- Lease restrictions on the business premises/ size and/or location of premises
- Unemployed people 'do not want to work'
- High levels of competition leading to a reduced share of the market
- Lack of support from local authorities, WDA, Welsh Assembly
- Costs of advertising
- Lack of (customer) parking close to the business premises
- High business rates/ premises rents
- Lack of commitment from family members
- Lack of market demand/ limited consumer spend/ limited trade
- Poor transport infrastructure

Figure 4.1.4-4c: Factors Constraining Business Growth



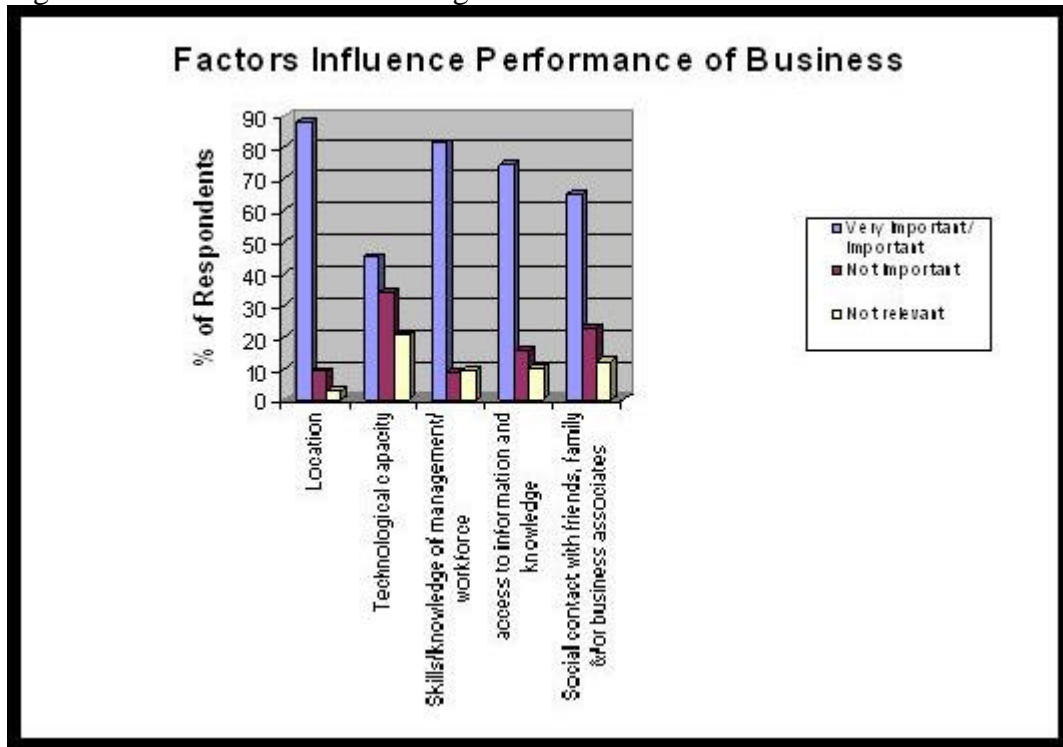
Factors influencing the overall performance of the business: Compared with the other factors identified in the survey as influencing business performance, the issue of location has gained the most overwhelming amount of support from respondents as being a very important influencer. A total of 87.6% of respondents indicate that business location is either a very important (59.3%) or important (28.6%) influencer

to overall performance. Coming second to location, 81.4% of respondents indicated that skills/ knowledge levels of the management and workforce are either very important or important to overall business performance. A similarly high number of respondents (74.3%) ranked access to information and knowledge as either very important or important to business performance.

Technological capacity is not rated as highly by respondents, with only 14.6% deeming this to be very important to business performance and a further 34.1% stating that it is not important. Interestingly enough, a further 20.6% of the respondents who answered this question do not believe technological capacity to be relevant to overall business performance.

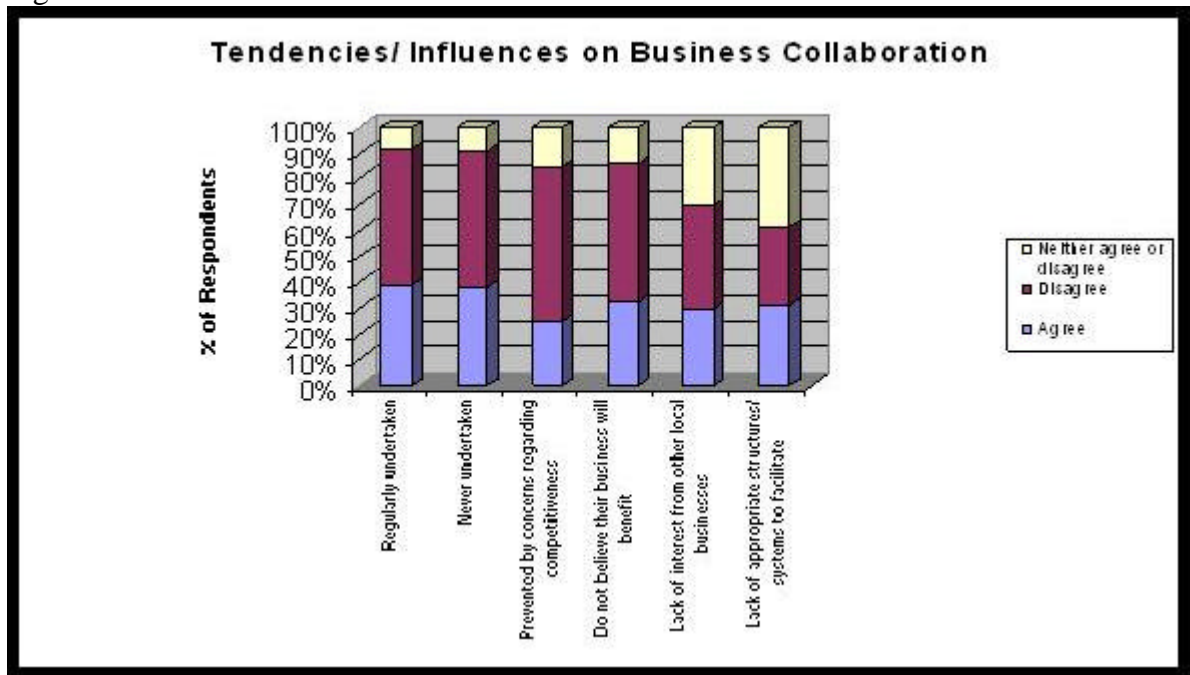
Although a significant minority of respondents rated social contact with friends, family or business associates as either not important (23.1%) or not relevant (12.1%); the majority still consider this factor to be either important or very important to overall business performance (64.9%)

Figure 4.1.4-4e: Factors Influencing the Overall Performance of the Business



Business Collaboration: Although a significant minority (39.2%) of respondents indicated that they do undertake regular collaborative/ cooperative work with other local businesses, the majority (52.5%) disagree with this statement. However, a further 53% of respondents also disagree with the statement that ‘collaborative/ cooperative work is never undertaken with other local businesses’. Although concerns regarding competitiveness are not deemed as preventing collaborative/ cooperative work between local businesses by the majority of respondents (59.9%), this is deemed to be an important constrainer by a significant minority (24.8%).

Figure 4.1.4 - 4f: Business Collaboration



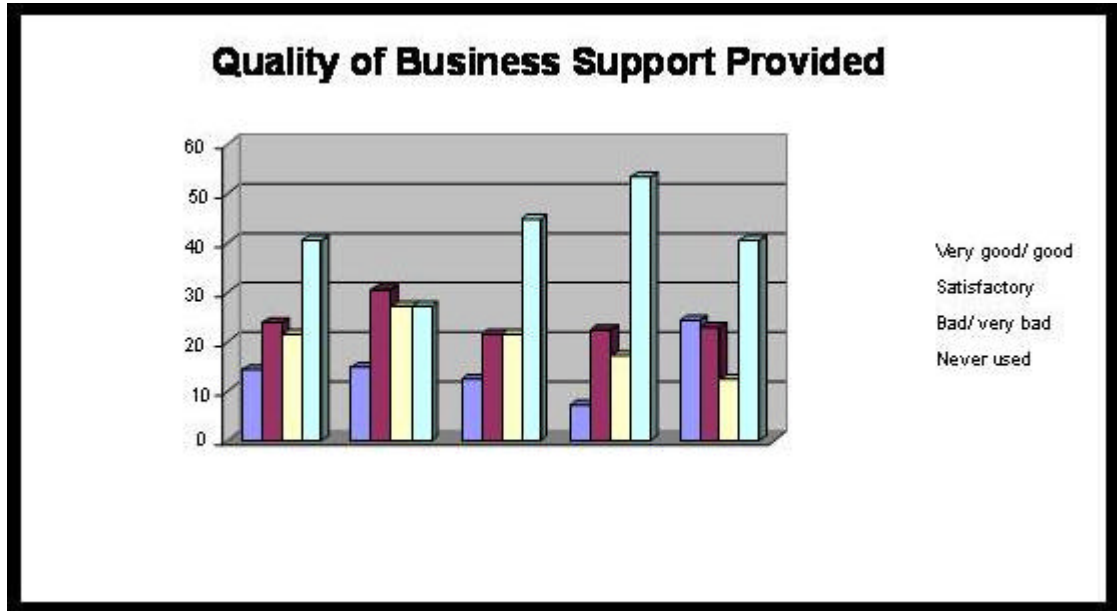
Almost one third of respondents (32.9%) do not believe that collaborative links with other local businesses will provide any benefit to their local business. Although the majority of respondents (40.4%) disagree with the statement that there is a 'lack of interest' from other local businesses for collaborative work, there is quite an even spread across all three options for this question (agree; disagree; neither agree or disagree) . There is also an even spread of answers to the question of whether a lack of appropriate structures/ systems exist to facilitate collaboration.

Quality of Business Support/ Advice: Although the most significant minority of respondents (23.8%) rate business support/ advice from national public bodies as satisfactory, twice as many respondents rate it as very bad (9%) to those who rate it as very good (4%). In total only 14.4% of respondents rate this level of support as either very good or good, whilst 21.2% rate it as either very bad or bad. Furthermore, a significant proportion of respondents (40.6%) stated that they have never used business support/ advice offered by national public bodies.

Of the five different sets of institutions listed, the local authorities come out highest in terms of the percentage of respondents (72.7%) that have made use of this business support/ advice service. However, as with national level support, similar trends are found in those respondents who rate this level of support as either good or very good (14.9%) versus bad or very bad (27.3%). Almost one third of respondents (30.4%) rate the quality of support/ advice received from local authorities as satisfactory. Neither enterprise agencies or unions/ chambers of commerce score well in terms of support/ advice offered (with only 12.5% respondents ranking enterprise agency support/ advice as good or very good; and 7.1% ranking unions/ chambers as the same). Nor, have either set of institutions been used by a large number of respondents (44.7% and 53.4% respectively).

Of the five different sets of institutions listed, it is the trade organisations which come off the best in terms of the quality of advice/ support offered (with a total of 24.2% of respondents finding this to be either good or very good and a further 23% finding it satisfactory). However, once again a very high number of respondents (40.4%) indicated that this source of advice/ support has not been used.

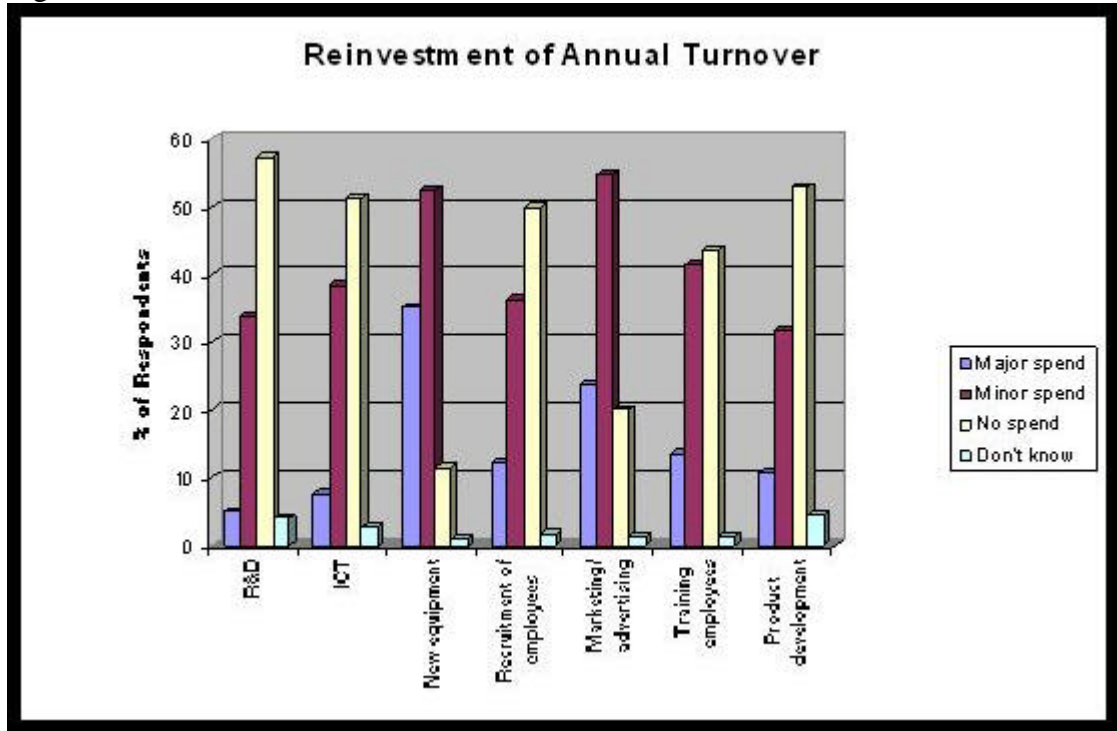
Figure 4.1.4 - 4g: Quality of business support/ advice offered



Factors of Importance with regard to the Success of the Business: Respondents agree, almost without exception, to all of the five factors identified, as being very important to the success of their business. Whilst ‘reputation’ gained the most amount of support (93.3%) for being ‘very important’; the factors of trust, reliability, customer care and reputation have all scored a combined total of more than 99% each for being either important or very important. Even ‘product satisfaction’ - the lowest scoring factor – still received a combined score of 98% for being important and/ or very important to the success of the business!

Reinvestment of Annual Turnover: Only 5% of respondents have recorded major spend on research and development (R&D), with a similarly small amount recording major spend on ICT (7.6%), recruitment of employees (12.2%), training of employees (13.6%) and product development (10.9%). Reflective of these answers, the majority of respondents also indicate that ‘no spend’ has been made on R&D (57.2%), ICT (51.3%) and product development (52.9%), with a further 49.9% indicating no spend on employees. The factors which scored the highest in terms of major and minor spend are new equipment (87.5%) and marketing/ advertising (78.6%). These are the only two factors for which the majority of respondents indicated some degree of spend.

Figure 4.1.4-4i: Reinvestment of Annual Turnover



4j VAT Registration:

74.5% of the respondents to this question (n= 924) confirmed that they are VAT registered.

4.1.5 Section 5 – Characteristics of Customers and Suppliers:

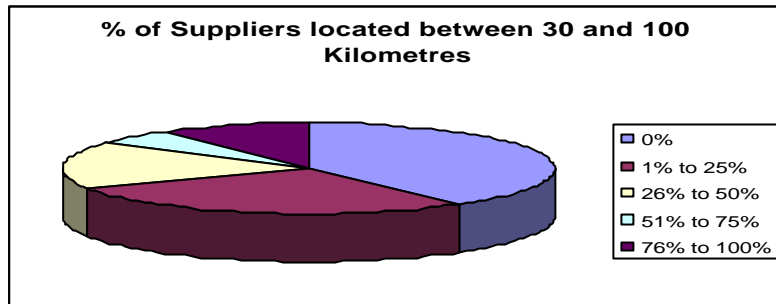
Distance of Customers and Suppliers from the Business Premises – suppliers located at less than 30 kilometres: 63.3% of respondents indicated that suppliers are located at less than 30 kilometres from the business premises. Figure 4.1.5-5ai displays the breakdown of respondents based on the percentage of suppliers located at this distance. As can be seen, whilst a quarter (25.4%) of all respondents only have a quarter or less of their suppliers located less than 30 kilometres from the business premises, a similar proportion (20.8%) have three quarters or more of their suppliers located at this distance.

Figure 4.1.5-5ai: % of Suppliers located less than 30 Kilometres from the business



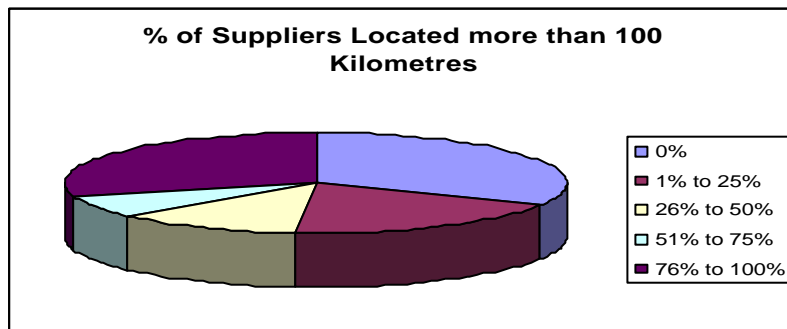
Suppliers located between 30 and 100 kilometres: 60.6% of respondents indicated that they have suppliers located between 30 and 100 kilometres from the business premises. The majority of these (28.5%) have between 1 and 25% of suppliers at this distance, with only 9.8% of respondents having between 76 and 100%.

Figure 4.1.5-5a: % of Suppliers located between 30 and 100 Kilometres from the business



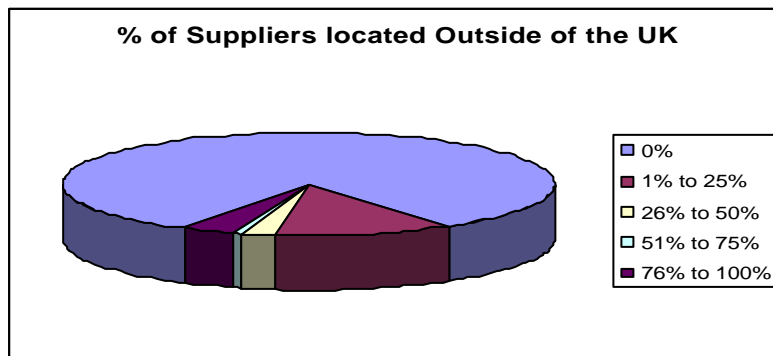
Suppliers located more than 100 kilometres: 67.9% of respondents have suppliers located at a distance of more than 100 kilometres from the business. Indeed, 28.9% of respondents have between 76 and 100% of their suppliers located at this distance.

Figure 4.1.5-5a:iii: % of Suppliers located more than 100 Kilometres from the business



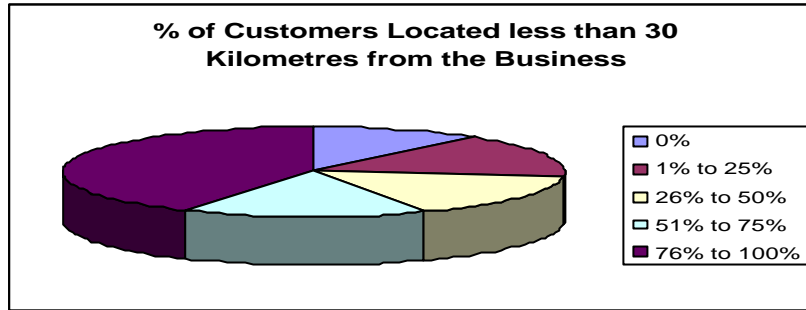
Suppliers located outside of the UK: Only 18% of the businesses have suppliers located outside of the UK. The majority of these (11.8%) have between 1 and 25% of their suppliers located outside of the UK.

Figure 4.1.5-5aiv: % of Suppliers located outside of the UK



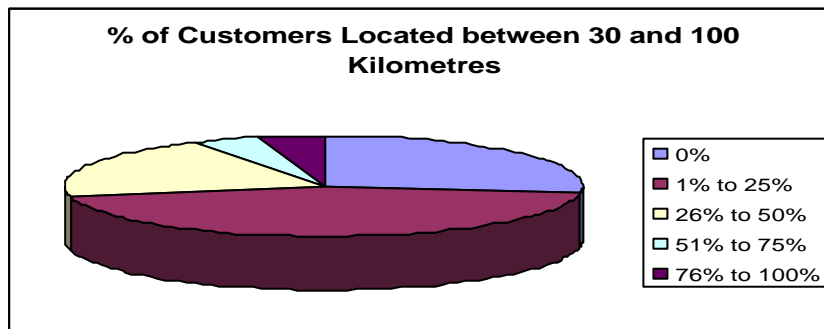
Customers located less than 30 Kilometres: 88.8% of businesses have customers located at less than 30 kilometres from the business. Of these, a substantial minority (41.5%) have between 76 and 100% of their customers located at this distance.

Figure 4.1.5-5av: % of Customers located less than 30 Kilometres from the business



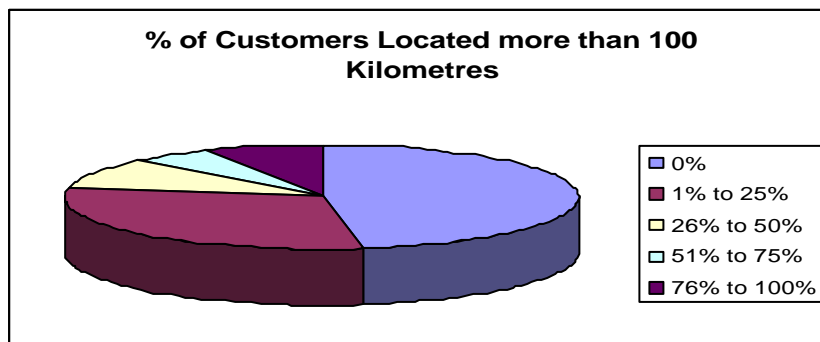
Customers located between 30 and 100 kilometres from the business: Nearly three quarters (72.8%) of respondents have customers located between 30 and 100 kilometres from the business. However, the majority of these (44.3%) only have between 1 and 25% of their customers at this distance.

Figure 4.1.5-5avi: % of Customers located between 30 and 100 Kilometres from the business



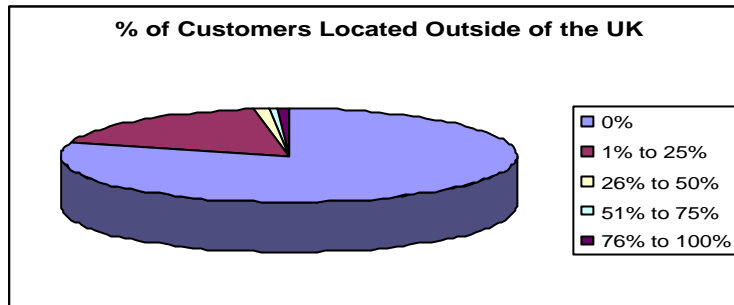
Customers located more than 100 kilometres from the business: 52.5% of respondents indicated that they have customers located more than 100 kilometres from the business. Once again, though, the majority of these (30.2%) only have between 1 and 25% of customers located at this distance:

Figure 4.1.5-5avii: % of Customers located more than 100 Kilometres from the business



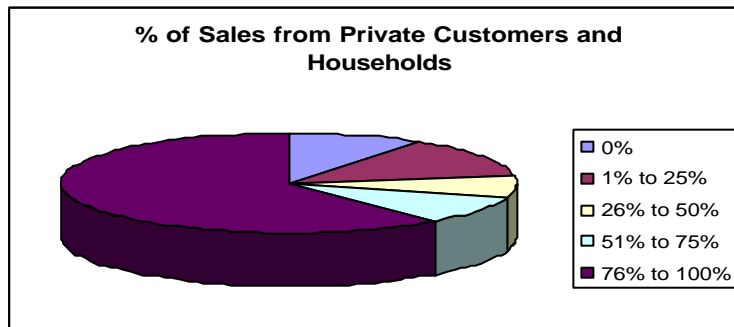
Customers located outside of the UK: Just over one fifth (22.2%) of businesses have customers that are located outside of the UK. However, of these, only 2.9% have more than 25% of their customers located within this radius.

Figure 4.1.5-5aviii: % of Customers located Outside of the UK



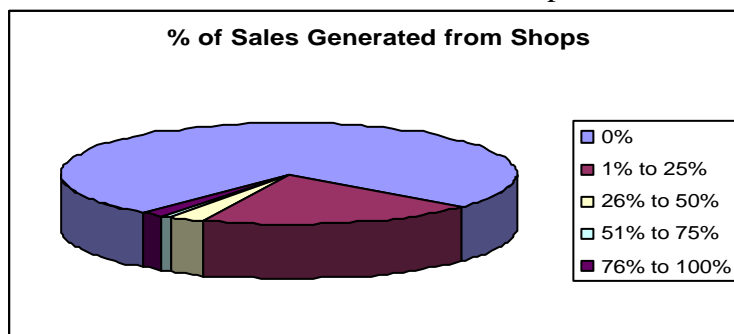
Percentage of Sales Generated from Different Types of Customer – private customers and households: 90.4% of the businesses have sales generated from private customers and households. For the majority (61.1%), this accounts for between 76 and 100% of their sales.

Figure 4.1.5- 5bi: % of Sales Generated from Private Customers and Households



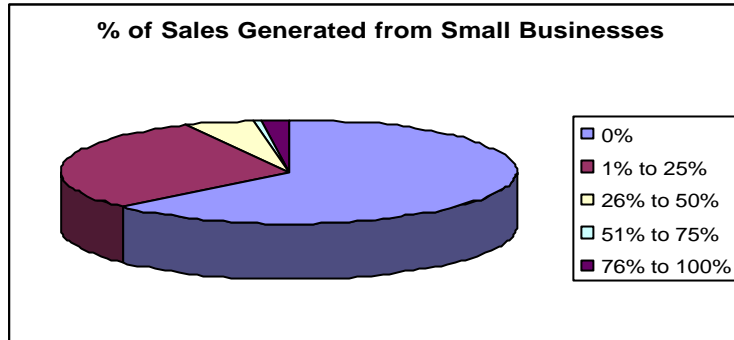
Percentage of sales generated from shops: 24.6% of the businesses have sales generated from shops. However, the vast majority of these (19.7%) indicated that it only accounts for between 1 and 25% of sales.

Figure 4.1.5- 5bii: % of Sales Generated from Shops



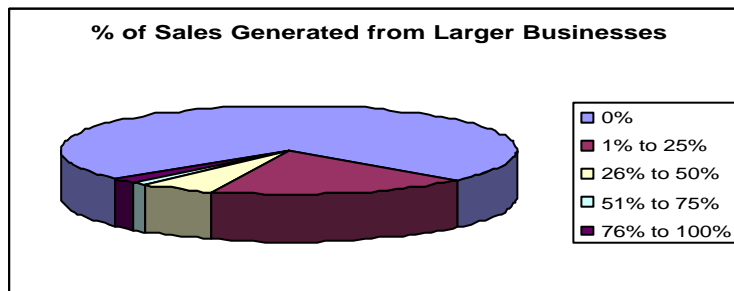
Percentage of sales generated from small businesses (other than shops): 37% of businesses have sales generated from small businesses (excluding shops). Once again, though, the clear majority of these (29.5%) indicate that this only accounts for between 1 and 25% of their sales.

Figure 4.1.5- 5biii: % of Sales Generated from Small Businesses (excluding shops)



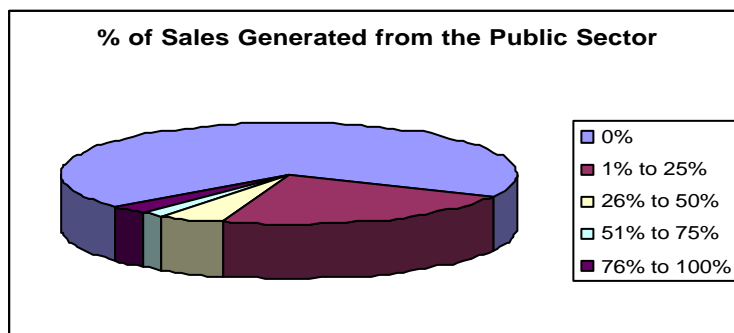
Percentage of sales generated from larger businesses (excluding shops): 27.3% of businesses have sales that are generated from larger businesses (excluding shops). However, of these, only 8.3% indicated that this source accounts for anything more than 25% of their total sales

Figure 4.1.5- 5biv: % of Sales Generated from Larger Businesses (excluding shops)



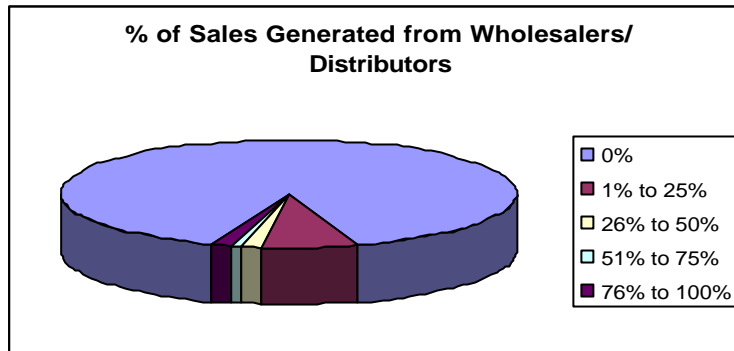
Percentage of sales generated from the public sector: 31.7% of businesses have sales generated from the public sector. For the majority of these (22.5%), though, this only accounts for between 1 and 25% of total sales.

Figure 4.1.5- 5bv: % of Sales Generated from the Public Sector



Percentage of sales generated from wholesalers/ distributors: Only 10.2% of businesses make sales to wholesalers/ distributors, with the majority of these (6.6%) indicating that this only counts for between 1 and 25% of sales.

Figure 4.1.5- 5bvi: % of Sales Generated from Wholesalers/ Distributors

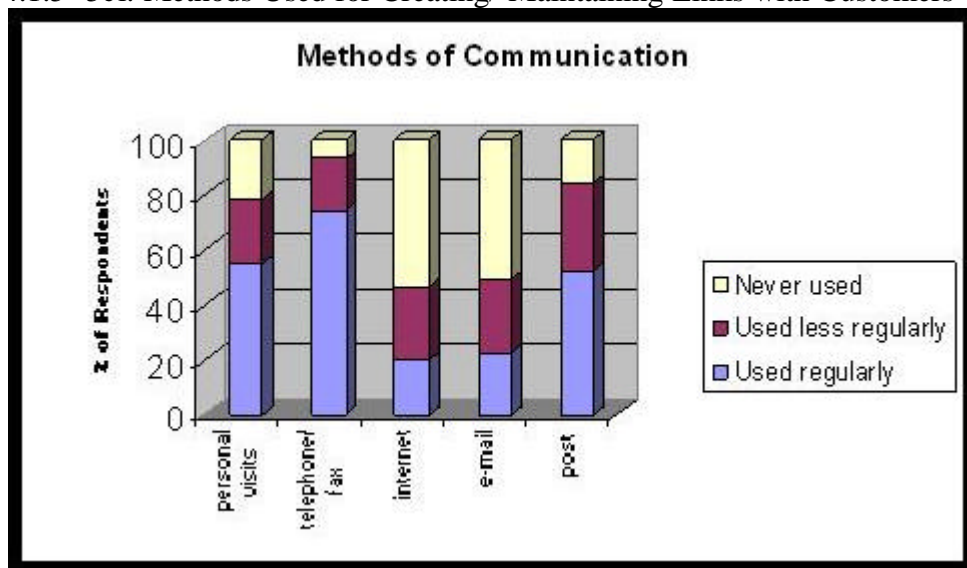


Percentage of sales generated from 'other' sources: In addition to the above categories 16% of respondents here stated that sales are also generated from 'other' sources. The following were included in the list of specific examples given:

- clubs and societies
- auctions
- charities
- voluntary organisations
- churches
- markets
- mail order

Methods of Communication for Creating/ Maintaining Links with Customers: The majority of businesses use telephone/ fax (74.4%), personal visits (54.8%) and post (52.5%) for creating/ maintaining links with customers. Over half the businesses (53.2%) have never used the internet for creating/ maintaining links, with a similar proportion (50.8%) indicating that they never use 'email'.

Figure 4.1.5- 5ci: Methods Used for Creating/ Maintaining Links with Customers

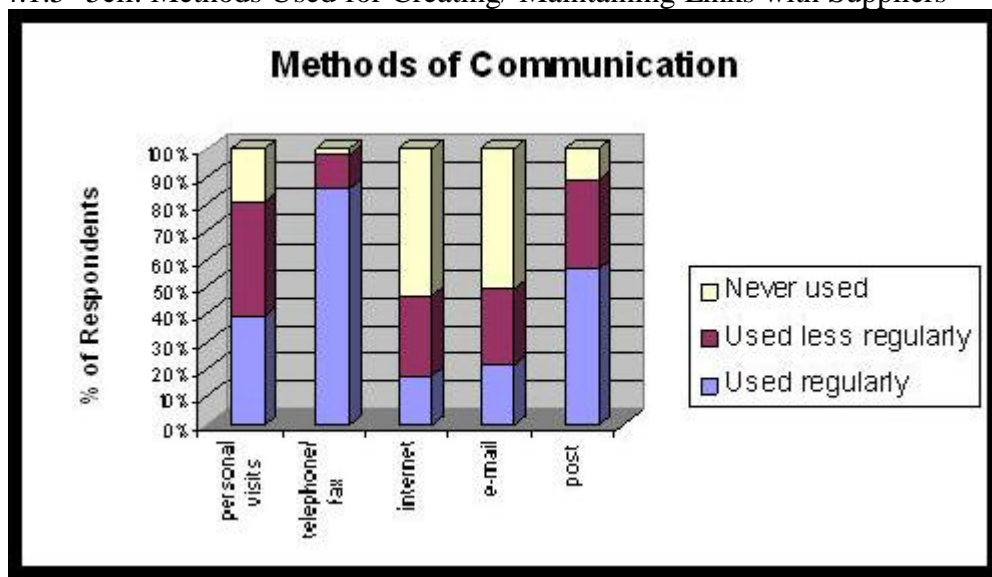


In addition to the above methods, 42 respondents stated a range of ‘other’ methods of communication for creating/ maintaining links with customers. Included amongst these were the following examples:

- advertisements
- Christmas cards
- Annual contracts
- Conferences
- Exhibitions
- Leaflets
- Overseas office
- Repeat trade and recommendation

Methods of Communication for Creating/ Maintaining Links with Suppliers: 85.8% of respondents indicated that they use the telephone/ fax for creating/ maintaining links with suppliers. Similar to the finds for communication with customers (see above) over half of the businesses never use the internet (53%) or email (51.1%) for creating/ maintaining links.

Figure 4.1.5- 5cii: Methods Used for Creating/ Maintaining Links with Suppliers

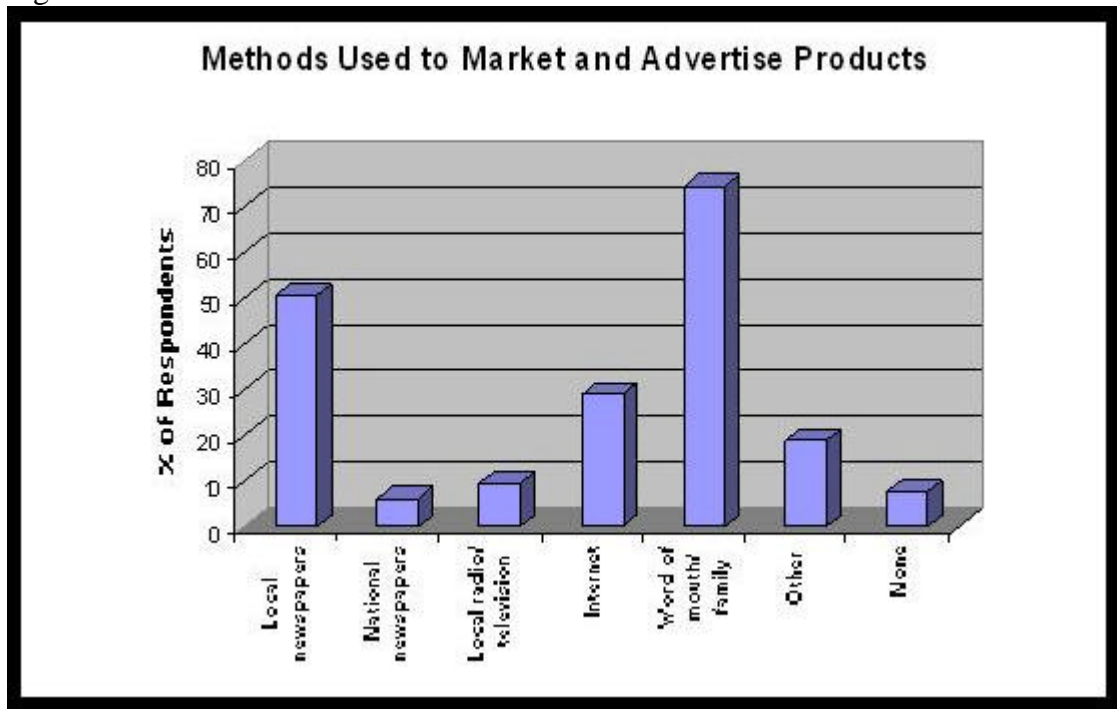


In addition to the above, 23 respondents have stated a range of ‘other’ methods of communication for creating/ maintaining links with suppliers. Included amongst these were the following:

- area representatives
- couriers
- advertisements

Methods Used to Market and Advertise Products: Almost three quarters of businesses (74.4%) use ‘word of mouth/ family and friends’ to market/ advertise goods, whilst approximately half (50.7%) use the facility of local newspapers. Less than 10% rely on local radio/ television (9.4%) or national newspapers (6.2%). Only 7.6% of businesses do not use any forms of marketing/ advertisement.

Figure 4.1.5- 5di: Methods Use to Market and Advertise Products



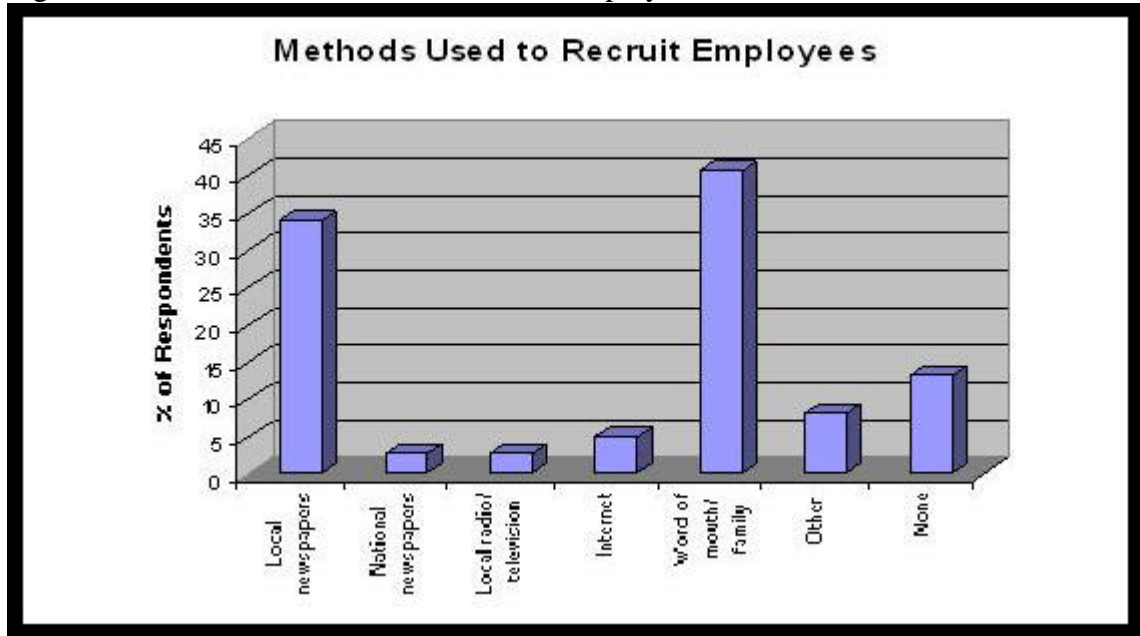
The following are a selection of the examples given by those respondents (18.8%) who indicated that 'other' sources of marketing/ advertising are used:

- Booklets/ brochures
- Yellow pages/ business directories
- Cold calling
- Approaching companies direct
- Mailing
- Local guides/ leaflets/ magazines
- Charity donations/ sponsorship
- Christmas cards
- Classified traders
- Sporting/ social club programmes
- Posters/ flyers
- Events/ exhibitions

Methods used to Recruit Employees: As with marketing/ advertising (see above), the methods of 'word of mouth/ family and friends' (40.6%) and 'use of local newspapers' (34.1%) are used most to recruit employees. With this objective though, a higher percentage of businesses (13.1%) do not use any methods of advertisement to recruit employees. In addition to the above, 8.2% of respondents use 'other' methods to recruit employees. The following examples were given:

- Advertise within shop
- Agencies
- Job centres
- Leaflet drops
- Trade magazines
- Approach local colleges

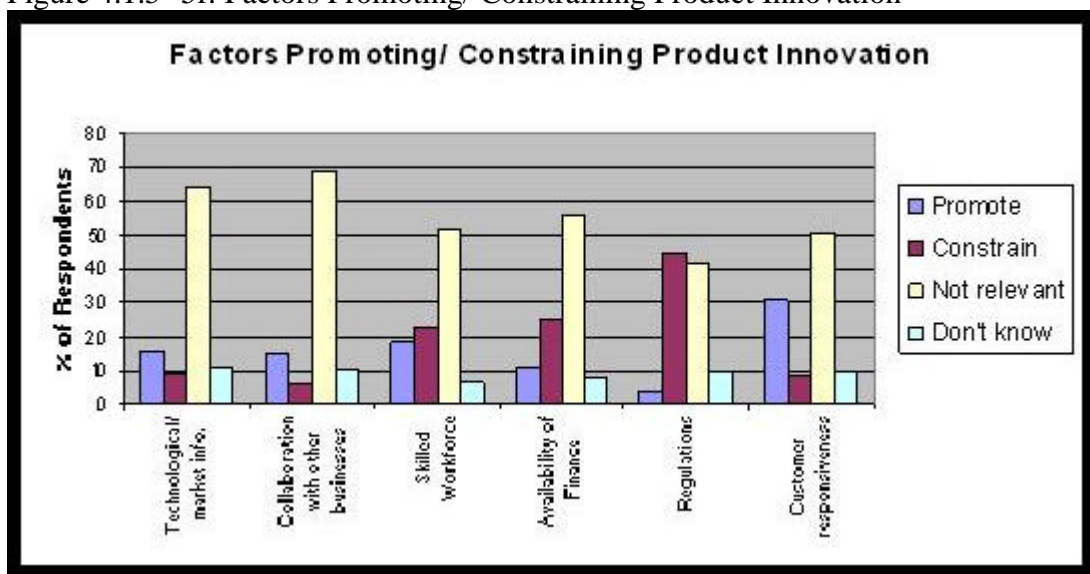
Figure 4.1.5- 5dii: Methods Use to Recruit Employees



Use of the Internet to Market Goods: 37.4% of respondents stated that the products of the business can be viewed on the internet. However, less than half of these (14.7%) indicated that their products can be purchased via the internet. Similarly, only 21.8% of respondents stated that the products of their business can be ordered online.

Factors Promoting or Constraining Product Innovation in the Business: Of the six possible factors listed, only one is deemed to be of relevance to product innovation. This is the impact of 'regulations and standards'. In all the other cases (availability of technological/ market information; collaboration with other businesses; skilled workforce; availability of finance and; customer responsiveness), the majority of respondents stated that these are 'not relevant' to product innovation.

Figure 4.1.5- 5f: Factors Promoting/ Constraining Product Innovation



The Most Innovative Activity Undertaken by the Business in the Last 5 Years: Grouped below are a selection of the examples regularly cited by respondents as the most innovative activity undertaken by their business in the last 5 years:

- 28.8% of respondents cited increasing the range/ quality of their products
- 16.4% of respondents related innovative activities to investment in their business/ business premises
- 12.2% of respondents cited the creation of a website/ internet marketing as the most innovative activity, with a further 7.7% citing computerisation/ greater use of computers in general
- 9.4% cited Research and Development/ new technology and equipment, as the most innovative activity
- 4.0% of respondents related innovation to marketing/ advertising of the business
- 3.8% relate innovation to their own active participation in training and/ or training of staff
- 3.1% cited down sizing, special offers and/ or price cuts, as a form of innovation
- 2.0% cited collaboration as the most innovative activity undertaken
- 7.2% cited 'other' forms of innovation
- Finally, 5.6% of respondents stated that 'no innovation' had occurred in the business in the last 5 years

4.1.6 Section 6 – Employee Characteristics

Total Number of People Currently Employed Through the Business: Of the respondents who stated the number of people currently employed by the business (n= 918), a combined total of 22% said that 'one or less' persons are employed. Almost three quarters (74.7%) of respondents indicated that they employ less than 10 employees through their business.

Table 4.1.6 - 6a. Total number of people currently employed through the business (n= 918):

Number of employees	Percent	Cumulative Percent
1 - 4	52.3	52.3
5 - 9	14.9	74.7
10 - 24	17.1	91.8
25 - 49	5.1	96.9
50 - 99	2.2	99.1
100 - 249	0.9	100

Categories of Employees: Of the total survey respondent population of N= 1008, the following break downs are found:

- A significantly higher proportion of businesses employ 'full time' male staff (57.1%), than those who employ 'full time' female staff (23.2%).
- Only a very small proportion of businesses employ either 'part time' male (2.9%) or female (6.4%) staff on a regular basis.
- In contrast to the findings for permanent full time staff, there is a more even balance between businesses employing 'seasonal full time' male (48.6%) and 'seasonal full time' female (45.2%) staff (see Figure 4.1.6-4bi).

- Although, once again only a very small proportion of businesses employ 'seasonal part time' males (3.5%), more than twice as many (9%) employ 'seasonal part time' females.
- Over one third of businesses (36%) employ full time Welsh speaking staff (see Figure 4.1.6-4bii), with a further 21.7% employing Welsh speaking staff on a regular part time basis.
- Over one third of businesses (33.2%) employ family members on a full time basis, whilst a further 14.6% employ them on a regular part time basis (see Figure 4.1.6-4biii).

Figure 4.1.6- 4bi: Categories of Employee by Gender (%)

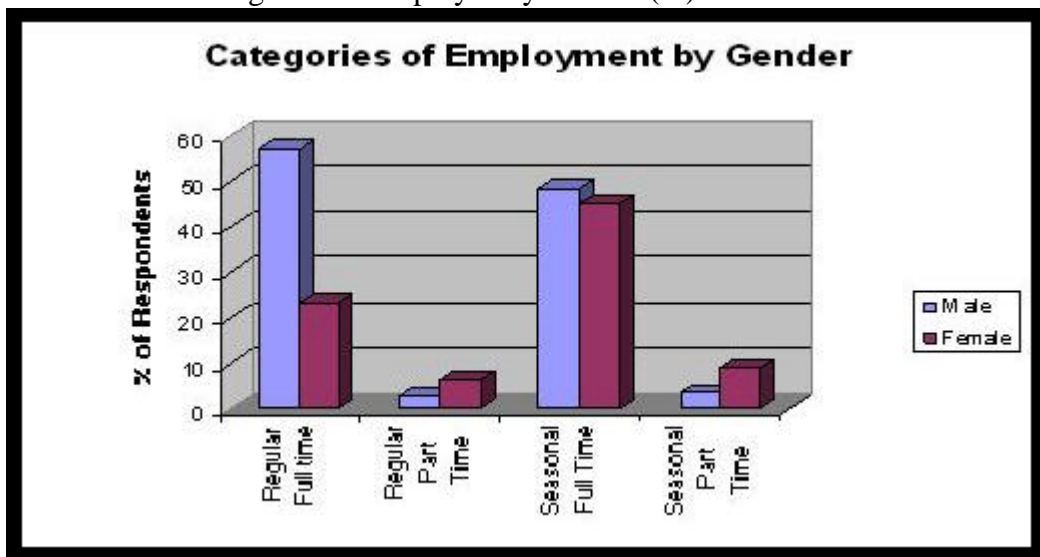


Figure 4.1.6- 4bii: Categories of Employee by Welsh Speaking (%)

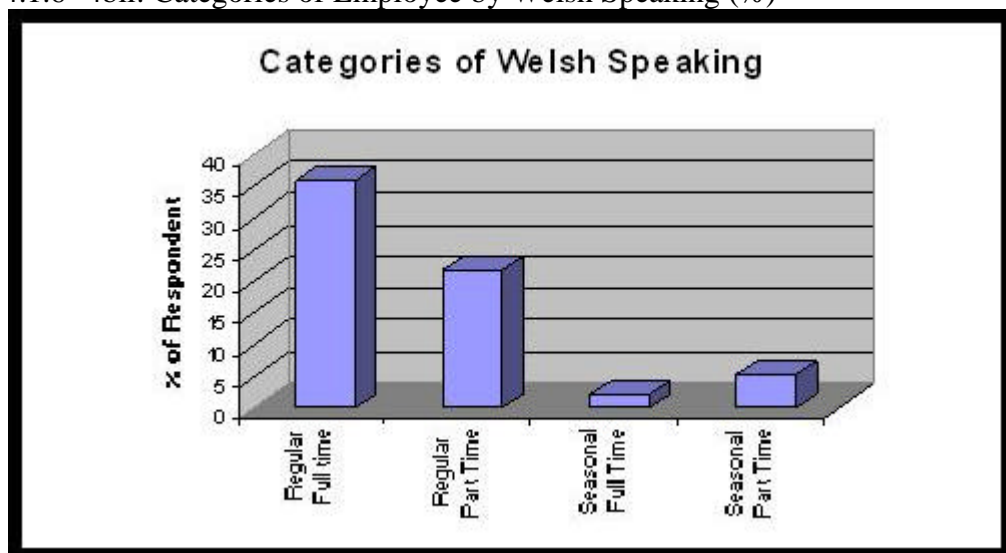
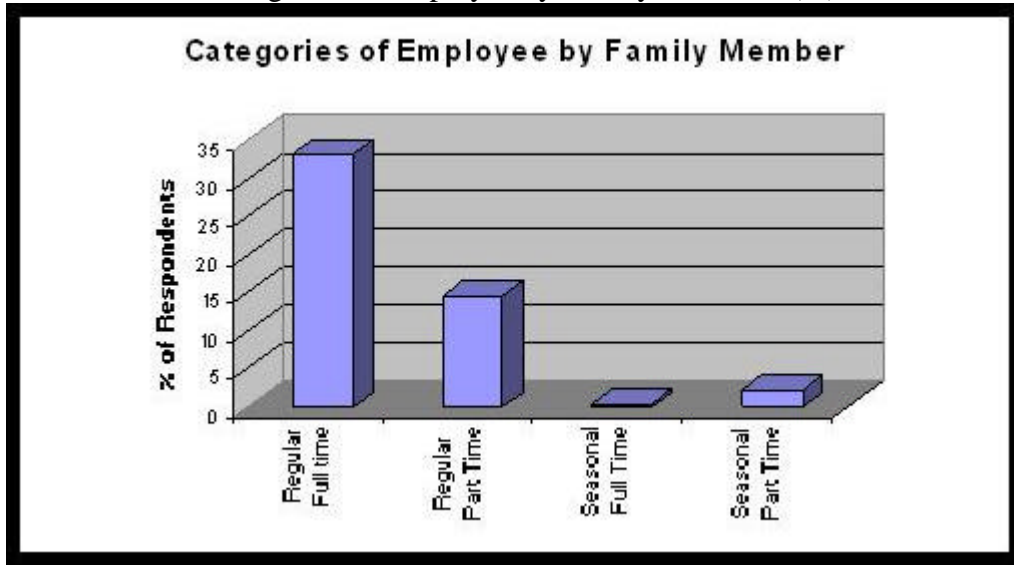
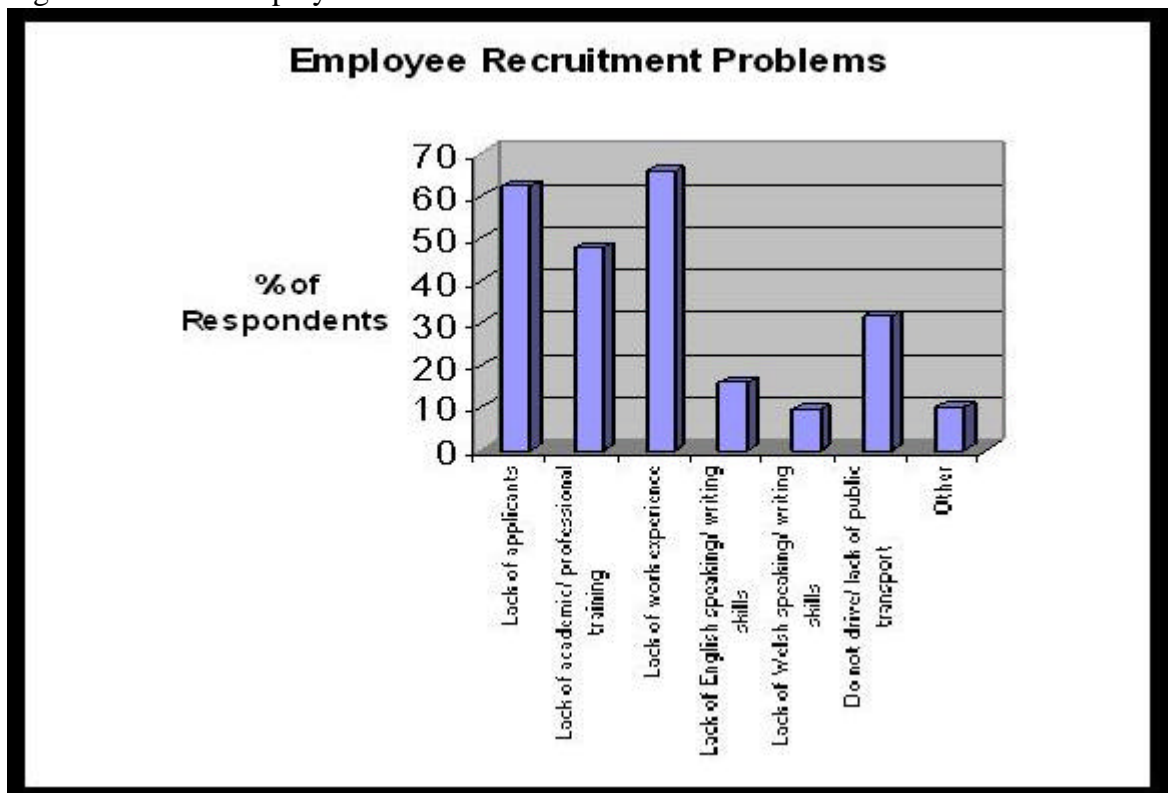


Figure 4.1.6- 4biii: Categories of Employee by Family Members (%)



Employee Recruitment Problems: 56.4% of the respondents to this question (n = 817) stated that problems had been experienced recruiting employees. The majority of these indicated that issues such as ‘lack of applicants’ and ‘applicants lacking the appropriate work experience’ (62.3% and 65.7% respectively) are particular problems. Significant minorities also experience problems with ‘applicants lacking the appropriate academic/ professional training’ and/ or ‘applicants not driving/ relying on public transport’ (47.7% and 31.5% respectively). Figure 4.1.6- 6c provides a graphical illustration of the results for this question.

Figure 4.1.6- 6c: Employee Recruitment Problems

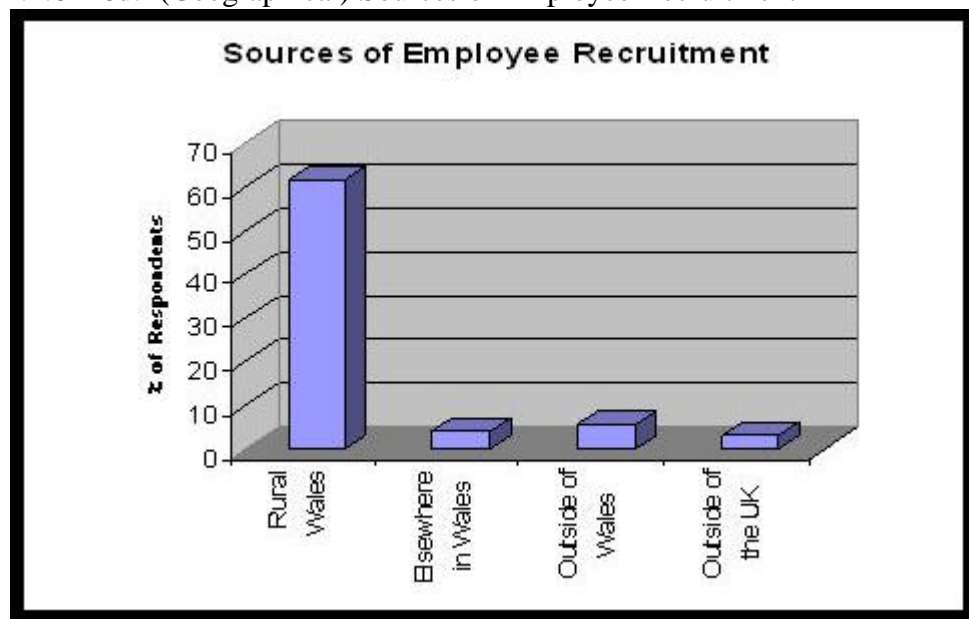


In addition to the above, 10.0% of respondents identified ‘other’ issues as the source of the problems they have experienced. Specific examples of such ‘other’ issues cited include the following:

- applicants are forced to attend interviews by job centres – they don’t want to work
- lack of suitable/ affordable housing nearby
- Applicants do not like the hours/ applicants don’t want to work full time
- Applicants lack common sense
- Difficult to find reliable applicants
- Financial and/ or bureaucratic constraints
- Applicants lack commitment
- Lack of trainees willing to learn a new skill
- Unsupportive job centre
- Rates of pay offered limit applicants/ applicants only want ‘cash in hand’

Where Employees are Recruited from: In the cases where ‘employees’ exist within businesses, more than five times as many (61.8%) are recruited from ‘rural Wales’, than are recruited from ‘elsewhere in Wales’ (4.1%), ‘outside of Wales’ (5.8%) and/ or ‘outside of the UK’ (3.0%). Figure 4.1.6-6d illustrates this extreme.

Figure 4.1.6 – 6d: (Geographical) Sources of Employee Recruitment



Those respondents who stated that the majority of employees are recruited locally from ‘rural Wales’ provided the following reasons as to why:

- Accessibility
- Availability/ convenience
- Vacancies only advertised locally
- Ambition to support local employment market
- Employing local applicants ensures that backgrounds can be established
- A local business with local market, so helpful to employ locally and promote good relations
- Area of high unemployment

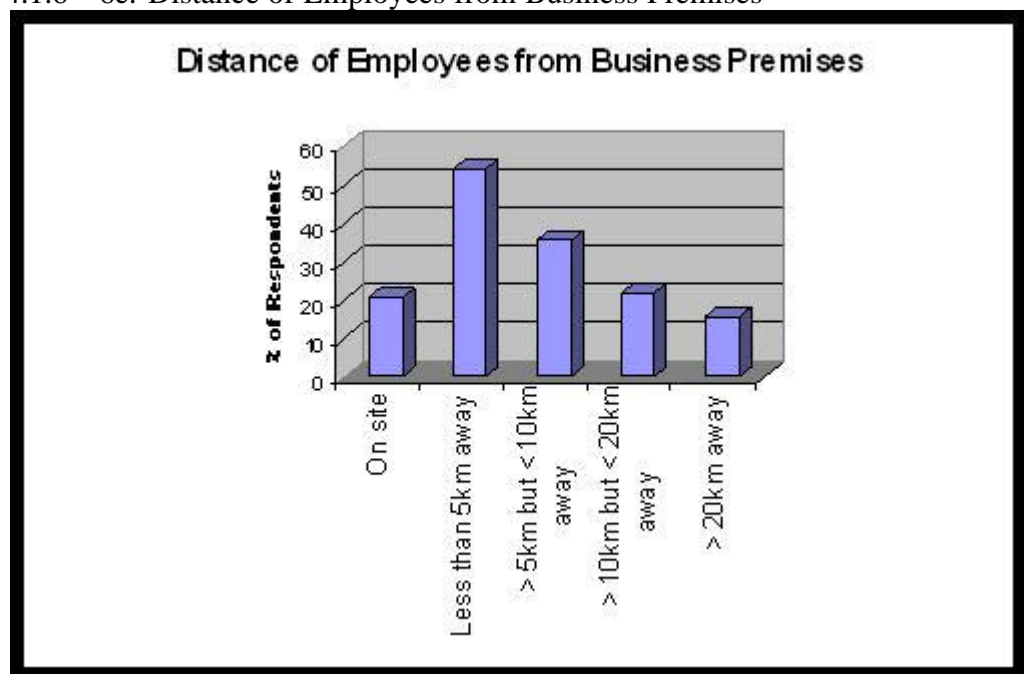
- Ease of travelling/ lack of public transport
- Local knowledge important for type of work
- Employees are family members/ friends
- Personal selection of well known locals ensures right personality and trust
- Few other local job opportunities for people to choose
- Pay rates/ hours only attract local applicants
- Local school/ college/ university provides pool of work force
- Ability to pronounce Welsh names/ speak Welsh important

The remaining respondents who recruit the majority of their employees from outside of rural Wales, stated the following type of reasons:

- Local applicants insufficiently skilled/ qualified/ experienced for some of the positions available
- Particular type of applicants sought which are in higher concentrations elsewhere
- Lack of local interest in positions available

Employee Distance from Business Premises: With the exception of those who live ‘on site’ (20.5%), Figure 4.1.6-6e shows the inversely proportionate relationship which exists between employees and their distance from the business premises. Whilst 54.2% of businesses indicated that ‘some or all of their employees’ lived less than 5 kilometres away, only 15.6% are able to say the same for the distance of ‘more than 20 kilometres away’.

Figure 4.1.6 – 6e: Distance of Employees from Business Premises



Barriers to the Training of Employees: More than one third of businesses (37.9%) have experienced problems training employees due to ‘insufficient time/ time lost during training’. A similar proportion (31.9%) perceive ‘cost of training’ to be a

barrier to the training of employees. However, less than one fifth of respondents have experienced problems due to either a 'lack of specificity in training courses offered' (17.8%), 'inaccessible training provision' (15.4%) or 'unsuitable training provision' (14.3%). In addition, 4.4% of all the respondents surveyed indicated that 'other' issues cause a barrier to the training of employees. The following are a selection of the issues identified:

- Basic ability/ aptitude of applicants
- High turnover of casual staff
- Lack of funds for selective training
- Lack of interest by employees
- Lack of personal skills by employees
- Lack of quality applicants
- Lack of willingness to work and learn in younger people
- Location of business
- No funding to make it worth while training anybody
- Quality of training available
- Rare to find anyone interested
- Resistance to formal learning/ staff refusal to attend courses
- Too much training of non-essentials
- Trained employees are then 'poached' by other businesses

Figure 4.1.6- 6f: Barriers to the Training of Employees



4.1.7 Section 7 – Further Comments

Advantages of being Located in Rural Wales: 49.5% of respondents indicated that the location of the business in rural Wales does present particular advantages. The following categories of reasons were provided by these respondents:

- 40.5% of respondents cited good levels of (rural) trade as a particular advantage of being based in rural Wales
- 20.5% stated that the 'quality of life'/ 'quality of the environment' was a particular advantage of being based in rural Wales
- 16.5% cited the local embeddedness of the business as a particular advantage
- 6.2% of respondents cited the strength of the business premises in being accessible/ attractive to customers and/ or suppliers, as a key advantage
- 5.9% cited a lack of competition as a particular advantage
- 4.5% stated that low costs and/or grant assistance were a particular advantage of being located in rural Wales
- 3.6% cited 'other' reasons as particular advantages

Disadvantages of being Located in Rural Wales: 44.8% of respondents indicated that the location of the business in rural Wales presents particular disadvantages. The following categories of reasons were cited by these respondents:

- 36.1% of respondents cited problems of accessibility with customers and/ or suppliers, plus poor transport links as a particular disadvantage of living in rural Wales
- 35.6% stated that an insufficient/ unsuitable (eg. seasonal/ low spending) customer base was a particular disadvantage of being located in rural Wales
- 12.4% of respondents indicated that a lack of (suitable) staff was a particular disadvantage
- 6.1% felt that a lack of grants/ business support was a particular disadvantage of being based in rural Wales
- 2.9% cited a lack of technology (eg. broadband) and/ or a lack of local business facilities as a particular disadvantage
- 6.9% of respondents cited 'other' reasons as particular disadvantages of living in rural Wales

Business Sustainability: 87.8% of respondents believed that their business was sustainable in its present form over the next five years. Reasons stated by all respondents in consideration of whether or not their business will remain sustainable, can be categorised as follows:

- 28.0% of respondents stated that business sustainability was dependent on issues of business growth/ evolving the business
- 22.0% cited issues of competition/ levels of trade as relating to their business sustainability
- 16.9% of respondents cited regulations/ business rates as a consideration in business sustainability
- 13.6% cited issues of retirement/ health as impacting upon their business sustainability
- 7.6% stated that business sustainability was dependent on issues surrounding access to the business by customers/ suppliers and/ or the state of the business premises itself
- 6.8% of respondents cited (suitable) staffing as a key consideration in determining the sustainability of the business
- 5.1% of respondents stated that levels of available business support were a determinant factor in their long term sustainability.

5. RESULTS – SUB GROUP ANALYSIS

Section 5 provides a descriptive analysis of respondents by business type, location and size. Following on from the analysis of the data set as a whole (see Section 4), the respondents have been sub-divided into eleven different categories of type (see Table 4.1.1 - 1a), six size bands (see table 4.1.6 – 6a) and twelve location settings (see map 1). A more detailed description² of each subdivision is provided at the beginning of Sections 5.1, 5.2 and 5.3. Comparisons are then made between the answers given by the respondents for each of the sub-divisions and those for the aggregate data set. Key themes and variations will be discussed in greater depth in Section 6, with conclusions reached on whether business type, location or size has a direct bearing on the positive and negative experiences of owning and running a business in rural Wales.

5.1 Analysis by Type

Following an initial review of content, the main data set was subdivided into eleven different categories of business type (see table 4.1.1-1a). The sub-sets can be broken down as follows:

Type 1 – Agricultural Services*: There were 47 Agricultural Services Industry respondents. They account for 4.6% of the total data set (N= 1008). The various categories of respondent businesses included within this classification are as follows:

- Veterinary activities
- Animal husbandry service activities
- Farm animal boarding and care
- Agricultural service activities; landscape gardening
- Saw milling

[*Given the nature of the survey; in the case of businesses which were located on a farm or formed part of the total income of a farm, information was not sought on the agricultural holding itself, just on the non-agricultural holding business initiatives]

Type 2 – Construction: This industrial sector accounts for 102 respondents (10.1%) respondents. The following categories are included within this sub-set:

- General construction and civil engineering works
- Insulation work activities
- Painting and glazing
- Joinery installation
- Other building installation
- Installation of electrical wiring and fittings
- Floor or wall covering
- Plumbing
- Other construction work involving special trades
- Construction of motorways, roads and railways
- Demolition; earth moving

² For the purposes of this report, only the extremes (ie. highest and/ or lowest) in variation are generally discussed. For further information of the data sub-sets as a whole, see Appendices B (business type), C (business size) and D (business location).

Type 3 – Accommodation, Food and Drink: Accounting for 182 (or 18.1%) respondents, Accommodation, food and drink (etc) is one of the largest sets of business type. The following categories are included:

- Hotels and motels, with or without restaurant
- Other tourist or short stay accommodation
- Independent public houses and bars
- Licensed restaurants
- Unlicensed restaurants and cafes
- Take away food shops
- Camping sites, including caravan sites

Type 4 – Manufacture: This set accounted for 78 respondents (7.7%). The following categories of manufacture are included:

- furniture/ kitchen furniture
- other wood products
- glues and gelatine
- household ceramics and ornamental articles
- medical and surgical equipment
- bread, fresh pastry good and/ or cakes
- plastic packing goods
- cooling and ventilation equipment
- food products, beverage and tobacco processing
- treatment and coating of metals
- plastic products
- central heating products
- carpets and rugs
- agricultural and forestry machinery
- soft furnishings
- tools and building/ construction materials
- glassware
- computers and other information processing equipment
- trailers and semi-trailers
- jewellery
- sports goods
- clothing
- electrical products
- aircraft and/or spacecraft
- synthetic rubber
- fasteners, screw machine products, chains and springs

Type 5 – Retail: Retail is the largest of business type sub-sets. It accounts for 320 respondents (31.8%) and includes the following classifications:

- hardware, paints and glass
- meat and meat products
- clothing
- books, newspapers and stationery
- jewellery, clocks and watches
- specialised stores (eg. bakery)
- non-specialised stores with food, beverages and/ or tobacco
- sports goods

- games and toys
- furniture, lighting equipment and household articles
- floor coverings
- antiques
- fruit and vegetables
- photographic/ computer equipment
- textiles
- footwear
- electrical appliances
- fish and/ or other pets

Type 6 – Real Estate: This is the smallest sub-set, accounting for 23 respondents (2.3%). It includes the following types:

- real estate agencies
- management of real estate on a fee or contract basis
- buying and selling of own real estate

Type 7 – Wholesalers: This accounts for 68 respondents (6.7%). It includes the following types of wholesale businesses:

- agricultural machinery, accessories and implements
- meat and meat products
- wood and construction materials
- non-specialised wholesale of food, beverages and tobacco
- furniture
- flowers and plants
- grain, seeds and animal feeds
- clothing
- machinery for use in industry, trade and navigation
- machinery for use in mining, construction and civil engineering
- hardware, plumbing and heating equipment
- wine, beer, spirits and other alcoholic beverages
- electrical household appliances
- other household goods
- footwear
- fuels and related products
- chemical products

Type 8 – Health and Beauty: This sub-section accounts for 93 respondents (9.2%). Included here are the following types:

- hairdressing and other beauty treatment
- dental practice activities
- dispensing chemists
- other human health activities

Type 9 – Transport: The transport sub-group accounted for 30 respondents (3%). It includes:

- renting of buses and coaches
- taxi operation
- freight transport by road

Type 10 – Charitable/ Social Work: This accounts for 32 respondents (3.2%). The following categories are included:

- social work activities with accommodation
- charitable/ social work activities without accommodation

Type 11 – Services: A broad range of service businesses responded. They account for 30 respondents (or 3%) and include the following:

- funeral and related activities
- retreading and rebuilding of rubber tyres
- adult education services
- driving school activities
- washing and dry cleaning of textile and/ or fur products
- furniture removal activities
- other service activities.

The results for businesses broken down by ‘type’, as compared to the aggregate data set, are as follows:

5.1.1 Section 1 – Business Profile

Year business established:

- With 16.4% of its businesses established before 1950, the Accommodation, Food and Drink industry (Type 3) appears to have a longer pedigree than that for the aggregate in rural Wales (10.7%). However, this sector also displays a much higher start up rate during the period 2000 – 2004 (23%), than is the case for the aggregate (10.8%) – or indeed any other individual business type. The lowest relative percentage of start ups during this period is accounted for by charitable/ social businesses (3.4%) (Type 10) and agricultural service industries (4.4%).

Percentage of family businesses:

- With the exception of ‘health and beauty’ businesses (58.0%) (Type 8), little variation is found between business types and the aggregate (79.4%) with regard to whether or not the business is regarded to be a ‘family business’.

Nature of the business ownership:

- Variations against the aggregate number of sole traders (40.3%) were recorded with wholesalers (Type 7) (23.5% - who in turn also account for a higher than aggregate proportion of ‘Limited’ companies and, the highest number of ‘co-operatives’), service industries (Type 11) (55.2%) and ‘health and beauty’ businesses (63.0%).
- Both ‘accommodation, food and drink’ businesses and ‘real estate’ businesses (Type 6) account for a higher than aggregate percentage of ‘partnership owned’ businesses (51.1% and 56.5% (respectively) as compared to an aggregate of 33.0%).
- A significantly greater proportion of manufacturers (Type 4) (44.9%) are ‘Limited’ companies, than is the case for the aggregate (25.9%).

Ownership of business premises:

- The greatest variations from the aggregate for ownership of business premises (67.3%) occur with manufacturers (only 53.5% of premises owned) and services (93.3% of premises owned).

5.1.2 Section 2 – Owner Profile

Age of owner:

- Overall, no particular correlation is found between age of owner and type of business. The only real exceptions to the aggregate scores are for ‘accommodation, food and drink’ – which is the only sector to have an owner below the age of 18 years and, ‘transport’ (Type 9) – which has a considerably greater number of owners who are 65 years plus (20%, as compared to an aggregate of 8.8%).

Current owner’s way into business:

- A considerably higher proportion of manufacturer and transport business owners have started their company than is the case for the aggregate (78.9% and 79.3% (respectively) as compared to an aggregate of 55%). By contrast, only 24.2% of ‘accommodation, food and drink’ business owners indicate that they started the current business.
- The percentage of real estate owners who ‘took over their business from another family member’ is more than twice as high (36.4%) as that for the aggregate (15%).
- Although the aggregate score for ‘buying’ the business is 26.8%, no transport owners bought their business. Similarly, only 3.4% of service industry businesses have been bought as an on-going (already established) concern. In direct contrast, 60.4% of ‘accommodation, food and drink’ businesses were ‘bought’ by the current owner(s).

Current owner’s year of involvement in the business:

- With 41.5% of owners becoming involved in ‘accommodation, food and drink’ businesses between 2000 and 2004 (as compared to an aggregate of 19.6%) and no charitable/ social businesses owners involved before 1980 (as compared to an aggregate of 21.1%), these figures match the trends shown for ‘year of business establishment’ (see above). Other variations here include only 4.6% of wholesale owners and 9.3% of ‘agricultural service’ business owners having become involved during the period 2000 to 2004.

Hours worked by owner:

- The business sector with the greatest proportion of owners working an 8 hour day or less was health and beauty (61.5%). In contrast, only 19% of ‘real estate’ business owners work an 8 hour day or less (as compared to an aggregate of 34.4), with a further 81% working an average of between 9 and 14 hours per day (as compared to an aggregate of 58.9%). Similarly, only 14.3% of transport owners work 8 hours or less per day; whilst 20.3% of ‘accommodation, food and drink’ business owners work 15 hours or more on a daily basis (as compared to an aggregate of 6.7%).

Owners academic qualifications:

- A considerable degree of variation is found in the levels of qualifications held by owners of the different types of businesses. For example, whilst the aggregate for post-grad degree/ NVQ level 5 qualifications is 9.2%; owners of businesses in the 'health and beauty' sector averaged 24.7%, as opposed to transport businesses and services industry businesses - both of which did not have a single owner with this level of academic qualifications. In fact, service sector businesses also rated the lowest in terms of Degree/ NVQ level 4 qualifications (3.8% as compared to an aggregate of 21.1%). Instead they accounted for the highest average of owners with only GCSEs/ NVQ level 1-2 qualifications or, 'other' qualifications (30.8% and 26.9% respectively, as compared to aggregate figures of 22.4% and 10.6%). The two sectors which scored the highest in terms of 'no' academic qualifications were transport (42.3%) and Wholesalers (31.6%) (as compared to an aggregate of 20.7%).

Owner's occupancy in rural Wales:

- The only business type which scored below 90% for 'owners living in rural Wales (the aggregate for which was 96%), was 'real estate' (85.7%).

Period of time owners have lived in rural Wales:

- A number of variations are found between the aggregate figures for the 'period of time the owner has lived in rural Wales' and that for individual business types. For example, whilst the 'accommodation, food and drink' sector scores highly for owners which have lived in rural Wales less than 20 years (52.1% as compared to an aggregate of 26%), neither the real estate, transport or services sectors have any owners which have lived in rural Wales for less than 10 years (as compared to an aggregate of 11.3%). At the other end of the scale, whilst at least half of all business owners from construction (Type 2) (50%), Transport (51.7%) and services (58.3%), have lived in rural Wales for 50 years or more; the same can only be said for 28.3% of the aggregate.

Nature of owner's occupancy in rural Wales:

- Whilst the category of 'born in Wales' accounts for approximately half of the aggregate data set, it claims more than three quarters of transport (76.7%) and real estate (87%) owners. The construction sector is particularly well represented (43.1%) in terms of 'always lived in Wales' (as compared to an aggregate of 24.9%) – unlike the charitable/ social business sector which only has 12.5% of owners in this band. Furthermore, whilst 'accommodation, food and drink' fares the lowest in terms of 'born in Wales' (35.7%), it has the highest amount of owners that have 'moved to Wales from elsewhere' (57.1% as compared to an average of 39.5%).

Sponsorship of local activities, clubs, teams and events:

- Activity in local sponsorship initiatives, as determined by business type, varies from 31% of transport businesses to 68.2% of real estate businesses (as compared to an average of 45.6%)

5.1.3 Section 3 – Business Location

Factors Influencing the decision to locate the business in rural Wales:

- The issue of ‘already living there’ scores particularly highly with both the construction and services sector (93.8% and 91.7% respectively, as compared to an aggregate of 81.3%) for being an important/ very important influence on the decision to locate the business in rural Wales.
- Only 50.0% of the services sector and 55.6% of the construction sector deem ‘cost of premises’ to be an important/ very important influence on the decision to locate their business in rural Wales (as compared to an aggregate of 73.4%).
- 45.0% of the construction sector and 50.0% of the transport sector regard proximity to suppliers to be important/ very important. This is in direct contrast to the service businesses, who rate this factor as either not important (50.0%) or not relevant (50.0%).
- ‘Proximity to processors’ does not show any significant levels of variation by business type.
- Only 53.1% of manufacturers regard ‘proximity to consumers/ the market’ as important/ very important (with a further 32.8% finding this factor to be ‘not important’). This compares to an aggregate of 77.9% finding this proximity to be important/ very important, and an extreme in the case of the health and beauty businesses of 93.1% stating it to be very important/ important (with only 2.8% regarding it as ‘not important’).
- The only two types of business which do not regard ‘quality of environment’ to be an important/ very important influencer in more than 75% of cases are wholesalers (72.5%) and the transport sector (72.5%). The aggregate for this factor is 84.8%
- The lowest rating for ‘lifestyle choice/ family commitments’ as an important/ very important factor in influencing the choice of location, comes from the real estate sector (73.3%). Compared to an aggregate of 87.8%, 100% of agricultural service industry respondents deemed this factor to be important/ very important.

Relocation of the business outside of rural Wales:

- The idea of relocating the business outside of rural Wales scores highest amongst manufacturers (22.7%) and wholesalers (21.5%) (as compared to an aggregate of 12.1%), and lowest amongst the service industries (3.4%).

Business access/ proximity:

- The access/ proximity of the business to a qualified/ skilled workforce scores above aggregate (30.4%) for being very good/ good with the construction industry (43.9%) and below for the services sector (17.9%) (although a further 39.2% of service sector respondents rate this factor as not relevant – against an aggregate of 17%). In direct contrast to charitable/ social sector respondents (35.5%), only 5% of the real estate sector rate access/ proximity to qualified/ skilled workforce as bad/ very bad.
- Access/ proximity of the business to customers scores well above the aggregate (68.2%) in terms of being good/ very good for both the real estate sector (90.5%) and the health and beauty sector (87.6%). However, only 48.1% of manufacturers rate this factor as being of the same high standard.

- Whilst access/ proximity to suppliers is only deemed to be good/ very good by 33.8% of the aggregate, it scores much more highly amongst construction sector (65.6%) and agricultural service industry (62.5%) respondents. By contrast, only 20.8% of manufacturers deem this to be good/ very good, with a further 21.1% (as compared to an aggregate of 11.2%) finding access/ proximity to suppliers to be bad/ very bad.
- Proximity of the business to competitors scored highly for agricultural service industries and the construction sector (with 43.2% and 41.5% (respectively) rating this as good/ very good (as compared to an aggregate of 30.8%)), but not so strongly for the real estate and transport sectors (with 18.8% and 21.7% (respectively) rating this as bad/ very bad (as compared to an aggregate of 8.4%)).
- 70.6% of real estate respondents and 63.3% of charitable/ social work respondents rate access/ proximity to business service industries as good/ very good (figures which are considerably higher than the aggregate of 34.3%)
- Access proximity of the business to research establishments scores highest amongst the charitable/ social sector (with 58.1% scoring this as good/ very good (as compared to an aggregate of 28.7%)). 45.5% of transport respondents and 50% of services respondents do not deem this factor to be relevant to their business (as compared to an aggregate of 27.7%).

5.1.4 Section 4 – Business Strategy

Factors Influencing the decision to start up/ take over the business:

- No real variation is found between types of business with regard to ‘provision of a main source of income’ as an important factor influencing the decision to start up/ take over the business. It is considered to be important/ very important by more than 80% of respondents from all sectors. Similarly, ‘establishing an additional or minor source of income’ was deemed to be of a similar level of importance (deviating less than 10% either side of the aggregate of 31.6%) for all business types.
- Whilst the majority of types reflected scores close to the aggregate of only 35.1% for finding ‘escaping employment’ to be a important/ very important influencer, for the transport sector this factor appears to be more broadly significant (with 57.1% identifying it as important/ very important and only 4.8% identifying it as ‘not important’).
- The factor of ‘carrying on the family business’ evokes a range of answers by business type. Whilst 42.9% of real estate businesses and 40.9% of transport businesses feel this to be an important/ very important factor, only 6% of the health and beauty sector indicate the same (as compared to an aggregate of 26.1%).
- When compared to the aggregate ‘Taking on the challenge of running a business’ scores weakly as an important/ very important factor amongst the services (63.0%), health and beauty (65.1%) and transport (65.3%) sectors (as compared to an aggregate of 75.3%). A further 21.7% of transport respondents also rate this factor as ‘not important’ (as compared to an aggregate of 10.2%).
- Although ‘having a job that will fit in with domestic responsibilities’ scores weakly amongst transport respondents (with only 26.1% finding it to be important/ very important (compared to an aggregate of 46.0%) and a further

34.8% finding it to be 'not important' (compared to an aggregate of 18.9%)); the remainder of business types display a much closer similarity with the aggregate.

- Whilst 'obtaining more free time' does not rank highly as a factor of importance, it is deemed to be of particularly low importance with real estate respondents (with only 5.3% deeming it to be important/ very important (as compared to an aggregate of 19.1%) and a further 42.1% believing it to be not important (as compared to an aggregate of 30.0%)).
- 'Capitalising on training skills ranks highest amongst health and beauty respondents and charitable/ social work respondents (found to be important/ very important by 61.9% and 64.5% respectively (as compared to an aggregate of 39.1%)).
- 'Capitalising on a market opportunity' displayed wide variation amongst the different types of business respondent. For example, whilst only 42.9% of service sector respondents perceive this to be an important/ very important factor (as compared to an aggregate of 61.1%), this rating accounts for 81.7% of real estate respondents.
- No significant variation is found in the respondent's rating for the importance of 'developing a personal interest'.
- 'Freedom to use traditional methods' scores highest amongst agricultural service industries (62.9%) and lowest amongst real estate respondents (21.1%) as an important/ very important factor (compared to an aggregate of 41.1%).
- Although only 16% of service sector respondents deem 'enabling the type of work whilst living in a rural location' to be an important/ very important factor, this is the case for 59.0% of agricultural service industry respondents (as compared to an aggregate of 37.6%).
- Although rating highest amongst the service sector respondents for being an important/ very important influencer (26.9% - as compared to an aggregate of 15.2%), on the whole the factor of 'occupation following retirement/ semi-retirement' demonstrates little variation across business types.

Predictions for business size over the next 5 years:

- Quite a wide variation was exhibited by respondents in terms of the percentage which expected an increase in the 'number of employees' over the next 5 years. For example, this was the case for 63.5% of manufacturers and 62.1% of charitable/ social businesses (as compared to an aggregate of 41.3%), only 27.3% of real estate businesses expect that such an increase will occur.
- In the majority of cases, predictions for business growth in terms of an increase in annual turnover, are similar to that of the aggregate (68.7%). However, this factor ranks particularly highly for manufacturers (80.3%) and charitable/ social work (86.2%) respondents. The same amount of manufacturers (80.3%) also expect an increase in 'annual profit' (as compared to an aggregate of 63.9%). In contrast, only 42.9% of transport workers expect an increase in profit.
- Predictions for an increase in the size of the business market are (again) highest amongst manufacturers (66.7%) (as compared to an aggregate of 48.6%). This is only expected to be the case, however, for 21.4% of service sector respondents.
- Predictions for an increase in 'range of products' display wide variation across the different sectors. Whilst the aggregate figure for an increase is 44.2%, this

figure is only met by 11.5% of transport workers, but 57% of retail sector respondents.

- Only 3.7% of transport sector respondents expect an increase in the size of the business premises (as compared to an aggregate of 22.2%). The highest number of respondents expecting an increase for this factor come from the manufacturers (36.5%).

Desirability of business growth:

- Although on aggregate 26.5% of respondents agree with the statement that they are 'definitely not' interested in expanding the business, this was only the case for 11.0% of manufacturers (with a further 71.2% disagreeing – as compared to an aggregate of 52.2%). In contrast, 42.9% of transport businesses, 40.7% of service sector respondents and 40.6% of charitable/ social work businesses agree with this statement.
- Although the statement that the respondent would 'definitely like' the business to grow, scores highly on aggregate (70.2%), only 49.5% of construction businesses, and 40.0% of service sector respondents agree with this statement.
- 81.4% of manufacturing respondents have indicated that they 'would consider' expanding their business (as compared to an aggregate of 62.6%). This is only the case, however, for 40.0% of service sector respondents.

Factors identified as constraining the business:

- 'Insufficient finances/ willingness to borrow' rates highest as a constraining factor amongst agricultural services industries (51.2%) and lowest amongst real estate businesses (17.6%) (as compared to an aggregate of 39.1%).
- Although only 5.9% of real estate respondents identify 'accessibility problems with suppliers/ consumers as a constraint, this issue is more significant for the transport sector, with 29.2% answering that 'yes' it is a constraint (as compared to an aggregate of 17.2%).
- 'Lack of available/ suitable workforce' ranked highest amongst charitable/ social work respondents (58.1%) and lowest amongst real estate respondents (12.5%) (as compared to an aggregate of 39.2%) as a constraining factor.
- 'Lifestyle issues' displayed little variation by business type.
- Quite a range of variation is found between the different types of business respondent with regard to 'planning constraints/ size of premises' as a business constraint. Whilst this is only a problem for 24.4% of construction industry respondents (as compared to an aggregate of 42.3%), a much higher number of 'accommodation, food and drink' industry respondents (59.5%) and charitable/ social businesses (60.0%) find this to be the case.
- No significant variation is displayed between business types with regard to regulatory constraints/ VAT registration.

Factors influencing the overall performance of the business:

- Business 'location' ranks the highest as an important/ very important factor amongst 'accommodation, food and drink' respondents (96.7%) and the lowest amongst manufacturers (63.6%) (as compared to an aggregate of 87.9%)
- 'Importance of technological capacity' also displays wide variation. Only 23.3% of charitable/ social work businesses, 29.2% of transport respondents and 29.6% of service sector respondents, for example, rate this factor as

important/ very important. In contrast, this was deemed to be the case by 78.9% of real estate and 71.9% of construction respondents (as compared to an aggregate of 45.3%).

- Although, on the whole, the various business types conform with the aggregate in terms of the 'importance of skills/ knowledge of management and the workforce', only 69.2% of transport respondents believe this factor to be important/ very important (against an aggregate of 81.4%).
- 'Importance of access to information and knowledge' scores particularly strongly amongst real estate respondents (with 95% deeming this to be important/ very important, as compared to an aggregate of 74.3%). Otherwise, no significant variation is seen.
- 'Social contact with friends, family and/ or business associates' is deemed to be important/ very important by more than 50% of respondents in all cases.

Business Collaboration:

- Although on aggregate 39.2% of respondents indicate that 'cooperative/ collaborative work is regularly undertaken with other local businesses', a significantly higher percentage of transport (56.0%), services (63.0%) and real estate (66.7%) respondents have stated that this is the case. Similarly, only 19% of real estate workers have indicated that cooperative/ collaborative work is 'never undertaken' with other local businesses (as compared to an aggregate of 38.1%).
- 'Concerns regarding competitiveness' as a factor preventing cooperation/ collaboration score particularly weakly amongst charitable/ social businesses (9.4%) and manufacturing respondents (11.7%) (as compared to an aggregate of 24.8%)
- With the exception of charitable/ social businesses (16.1%), on the whole there is little variation with the aggregate score (32%) for business types believing that their business will benefit from co-operative/ collaborative work.
- No significant variation is found between the aggregate score (31.2%) and the different business types in terms of agreeing with the statement that 'a lack of appropriate structures/ systems facilitating collaboration/ cooperation with other local businesses' has been experienced.

Quality of business support/ advice:

- Other than the fact that a significantly higher number of transport respondents (55.6%) and service sector respondents (57.1%) (against an aggregate of 40.6%) have never used the support/ advice offered by national public bodies, little variation is found in perceptions of the quality of this service across the different business sectors. Likewise, a higher than aggregate (27.4%) percentage of service sector respondents (40.7%) have never used the support/ advice services of local authorities. One other wide variation in the case of local authorities, though, is that no real estate respondents have rated this source of support as good/ very good (as compared to an aggregate of 14.9%).
- Although only low proportions of transport (3.8%) and real estate (4.5%) respondents rate the support/ advice offered by enterprise agencies as bad/ very bad (against an aggregate of 21.3%), a high amount for both of these sectors (65.4% and 59.1% respectively) have never used this source (against an aggregate of 44.7%). Similarly, 76.9% of transport respondents and 68.2%

of real estate respondents have never used unions/ chambers as a source of support/ advice (as compared to an aggregate of 53.4%). A further 61.5% (against an aggregate of 40.3%) have never used the support/ advice offered by trade organisations. With regard to trade organisations, quite wide variation is also displayed between charitable/ social business respondents who rated their support as good/ very good in only 9.7% of cases, and real estate respondents, who rate it as such in 40.9% of cases. The remainder of types, however, display percentages much more similar to the aggregate (24.2%).

Factors influencing the success of the business:

- No real variation is found amongst business types with regard to the high importance attached to trust, reliability, customer care and reputation as factors with regard to the success of the business (in all cases deemed to be important/ very important by over 90% of respondents). Only in the case of 'product satisfaction' did two groups of business respondents (construction 86.7% and charitable/ social work 80.6%) rate this as important/ very important in less than 90% of cases (as compared to an aggregate of 98.0%).

Reinvestment in annual turnover:

- Reinvestment in research and development (R&D) accounts for 'no spend' in only 29.3% of cases for the manufacture sector (against an aggregate of 57.2%). In direct contrast, though, 68.0% of retail businesses have indicated that no spend had occurred for R&D.
- Exceeding the aggregate of 51.3%, 65.5% of service sector respondents have indicated that no spend was allocated to ICT during 2003 - as compared to 96.1% of transport sector respondents who indicated that major or minor spend was attributed to ICT.
- On the whole, with an aggregate of 11.4% for 'no spend', only a minority of respondents fail to allocate a proportion of annual turnover to 'new equipment'. However, this does still vary by business type (for example, whilst no charitable/ service sector respondents stated that spend was 'not' allocated on new equipment, this was the case for 20.7% of retail respondents).
- Whilst the majority of business types display trends close to the aggregate for spend on recruitment of employees, there is variation in the case of service sector respondents (where 67.9% have stated that no spend is allocated) and charitable/ social businesses (where only 9.3% stated that no spend was allocated). This is in comparison to an aggregate of 49.9% for 'no spend'.
- Variations are also found at each extreme for spend on marketing/ advertising. Whilst at one extreme 48.2% of transport respondents indicated no spend on marketing/ advertising, conversely only 6.9% of service sector respondents have indicated the same (as compared to an aggregate of 20.0%).
- In contrast, to an aggregate of 43.7% for no spend on training of employees during 2003, only 3% of charitable/ social businesses have indicated that 'no spend' is attributed, as compared to 69.2% of transport respondents.
- The factor of investment in product development displays wide variation across the board. At the two extremes, 0.0% of real estate respondents versus 76.0% of transport businesses have indicated 'no spend' on this component (as compared to an aggregate of 52.9%).

VAT registration:

- There are only three noticeable variations to the aggregate for VAT registration (74.5%). These were charitable/ social businesses (3.4%), services (32.1%) and health and beauty (40.0%).

5.1.5 Section 5 – Characteristics of Customers and Suppliers

Distance of suppliers from the business premises:

- Wide variation is displayed between types of business respondent in their distance from suppliers. For example, whilst only 31.2% of health and beauty suppliers are located less than 30 km from the business premises, the same can be said for 78.4% of construction suppliers. Similarly, whilst the aggregate for suppliers located between 30 and 100km from the business premises is 60.6%, only 33.3% of services respondents have stated that this accounts for some or all of their suppliers.
- Although the aggregate for businesses with suppliers located outside of the UK is 18%, no charitable/ service businesses, 2.7% of accommodation, food and drink businesses and 3.3% of services suppliers have suppliers located at this distance.

Distance of customers from the business premises:

- With regard to distance of customers from the business premises, the sector that ranks the lowest in terms of customers located within 30 km of the business is transport (63.3% against an aggregate of 88.8%). Only 28.1% of charitable/ social businesses and 46.7% of services business have customers located between 30 and 100 km from the business premises (with the aggregate for this being 72.8%). Wide variation is also found with regard to those businesses with customers located more than 100 km away and/ or outside of the UK. For example, where as 71.5% of manufacturers have customers located more than 100 km away, the same can only be said for 26.5% of construction respondents. Similarly, whilst 38.5% of manufacturers have customers located outside of the UK, only 2.7% of agricultural service industry respondents here indicated the same.

Percentage of sales generated from different types of customer:

- Although the aggregate for sales generated from private customers and households is 90.4%, this source only accounts for 56.6% of transport sales. In contrast, whilst the aggregate for sales generated from shops is 24.6%, in the case of manufacturers this accounts for 41.0% of sales. Alternatively though, this source only accounts for 6.5% of health and beauty sales.
- Only 10.0% of health and beauty sales are generated from small businesses (excluding shops), as opposed to 50.0% of construction sales. In the case of larger businesses (again excluding shops), manufacturers account for the greatest number of sales (46.2%, against an aggregate of 27.3%).
- Construction accounts for by far the highest amount of public sector sales (58.8% as compared to an aggregate of 31.7%), whilst manufacturers account for the majority of sales generated from wholesalers/ distributors (38.5% as compared to 10.2%).

- With the exception of agricultural service industries (15.4%), charitable/ social businesses (15.6%) and wholesalers (11.8%), sales from 'other' sources only occur in less than 10% of cases for each business type.

Methods of communication for creating/ maintaining links with customers:

- Wide variation is displayed across business types with regard to the use of personal visits for maintaining links. This method is regularly used, for example, by only 34.9% of accommodation, food and drinks businesses, but 85.7% of real estate respondents.
- For the majority of business types the telephone/ fax is regularly used in more than 70% of cases (extending to 95.5% in the case of real estate). One exception, though is retail (61.9% against an aggregate of 74.4%).
- Regular use of the internet for creating/ maintaining links is generally very low (in line with an aggregate of 20.0%). However, this method is used by 68.4% of real estate respondents. Similarly, real estate respondents also dominated in the regular use of email (73.7% as compared to an aggregate of 22.7%).
- Although regular use of the 'post' is generally similar to the aggregate of 52.5%, there is still wide variation at the extremes (38.1% of retail respondents against 100% real estate respondents).

Methods of communication for maintaining links with suppliers:

- Use of 'personal visits' is similar across all cases of business type. This is also the case for telephone/ fax (which, with an aggregate of 85.8% for 'regularly used' is generally high – particularly in the case of real estate respondents (100%)).
- With the exception of extremes at the two margins (only 0.8% of accommodation, food and drink respondents as opposed to 43.8% of real estate), for the majority regular use of the internet for communication with suppliers conforms to the aggregate of 17.5%. A similar pattern is also found with regular use of email (for example, 12.5% of transport respondents versus 40.0% of manufacturers, against an aggregate of 21.4%).
- Although the aggregate for use of the 'post' in maintaining regular contact is 56.0%, this method of communication is only regularly used by 2.6% of agricultural service industries (although a further 63.1% do use it 'less regularly'). In contrast, 76.5% of real estate respondents regularly use this form of contact.

Methods used to market and advertisement products/ recruit employees:

- In general, use of methods for marketing/ advertising goods display similar tendencies across all business types. However, variations are found in the case of the use of the internet for marketing/ advertising goods. For example, although the aggregate for this method is 28.7%, it is used by 78.3% of real estate respondents, yet only 10% of transport respondents use this method.

Use of the internet to market goods:

- Wide variation is found with regard to the ability to view products on line. Although the aggregate here is 37.4%, percentages by business type range from 16.7% for transport respondents to 73.9% for real estate. Similarly wide variations are also found in the ability to 'order products on line' and or

purchase products on line. For example, whilst with regard to ordering, an aggregate of 21.8% can be compared to a peak of 38.4% for manufacturers and a trough of 3.3% for service respondents); in the case of purchasing, 90.0% of transport respondents and 93.3% of services businesses enable products to be purchased on line, as opposed to an aggregate of 14.7%.

Obstacles promoting/ constraining product innovation:

- With the exception of real estate respondents (40.0%) in all cases of business type the majority of respondents do not see the relevance of ‘availability of technological/ market information’ in promoting/ constraining product innovation. In the case of ‘collaboration with other businesses’ the same can again be said for all types of business.
- In the case of ‘skilled workforce’ promoting/ constraining the business, with the exception of charitable/ social work (25.8%) the remainder of business types largely conform to the aggregate for ‘not relevant’ (52.1%). This can also be said for ‘availability of finance’.
- In the case of the impact of regulations/ standards, quite a range of variation was found across business type – from 0.0% of service businesses regarding regulations/ standards as not relevant, to 52.3% of retail respondents regarding the same as not relevant. Even more extreme variations are found in the case of ‘customer responsiveness’ – with 0.0% of real estate respondents finding this factor to be not relevant, as compared to 78.3% of service sector respondents (against an aggregate of 50.8%).

5.1.6 Section 6 – Employee Characteristics

Employee recruitment problems:

- With the exception of charitable/ social businesses (87.1%), the percentage of businesses experiencing recruiting problems was not largely dependent on type. With regard to the actual specifics of recruitment problems:
 - o Wide variation is found in the case of the problem of lack of applicants (an issue for only 37.5% of service sector businesses, but 81.0% of ‘accommodation, food and drink’ businesses (against an aggregate of 62.3%)). Similar trends are found in problems experienced due to ‘applicants lacking the appropriate academic/ professional training’
 - o Some variation is found in ‘applicants lacking the appropriate work experience’ (for example, a problem for 83.6% of construction respondents, against 50.0% of accommodation, food and drink respondents (as compared to an aggregate of 65.7%))
 - o With the exception of transport and service sector respondents (none of which identified this as a problem), the majority of business types conformed to the aggregate of 15.8% for ‘applicants lacking the appropriate skills in speaking/ writing English.
 - o Variation is found at the extremes with regard to applicants possessing the appropriate skills in speaking/ writing Welsh (with no wholesalers or service sector respondents citing this as a problem, yet 27.3% of real estate businesses citing it as such (against an aggregate of 9.5%)).
 - o With the exception of services (12.5%), transport (13.3%) and charitable/ social businesses (48.1), the majority of business types

conform closely to the aggregate of 31.5% for ‘applicants not driving/ relying on public transport’ being identified as a recruitment problem.

Where employees are recruited from:

- With the exception of charitable/ social work respondents, in the majority of cases the places from which employees are recruited is not determined by business type. One minor exception however, is in the case of employees recruited from outside of Wales – where the aggregate of 5.8% is contrasted with a score of 16.7% for manufacturers.

Employee distance from premises:

- In the majority of cases employee distance from the premises, does not appear to be influenced by type of business. There are however, a few minor variations are worth considering. For example, 33.6% of accommodation, food and drink businesses have employees who live on site, as compared to only 13.3% of transport workers (against an aggregate of 20.5%). Also, 29.5% of manufacturer businesses have employees who live more than 20 km away, as compared to only 6.7% of service sector respondents (against an aggregate of 15.6%)

Barriers to the training of employees:

- With the exception of charitable/ social work respondents, experiences of barriers to the training of employees do not appear to be influenced by type of business. It is worth noting, though, that in the case of ‘unsuitable training provision’, no service sector respondents have experienced this to be a barrier (as compared to an aggregate of 14.3%). Also, in the case of ‘lack of specificity in training courses offered’, only 6.7% of transport businesses have experienced this as a problem, as compared to 33.3% of manufacturers (against an aggregate of 17.8%).

5.2 Analysis by Business Size

Following an initial review of content, the main data set was subdivided into six different categories of business size³ (see table 4.1.6-6a). In this instance, business size was determined by the number of people currently employed through the business. The categories used for banding the businesses by number of employees whereas follows:

- 1 – 4 employees
- 5 – 9 employees
- 10 – 24 employees
- 25 – 49 employees
- 50 – 99 employees
- 100 – 249 employees.

In deciding upon an appropriate set of size bands, a number of factors were taken into consideration. Namely;

³ There is no recognised single definition of what determines the exact size (for example, micro, small, medium, large) mainly because of the wide diversity of businesses (for a more detailed discussion see ‘Small Business Service’ (<http://www.sbs.gov.uk>))

- The range of business sizes accounted for by the survey respondents⁴
- Department of Trade and industry definition of employee size bands⁵
- Office of National Statistics (ONS) classification of employee size bands⁶
- European Commission definition of employee size bands⁷

The results for businesses broken down by 'size', as compared to the aggregate data set, are as follows:

5.2.1 Section 1 – Business Profile

Year Business Established:

- Although, in the majority of cases the aggregate for the different time periods remains similar to that for number of businesses established per business size, two general trends can be observed:
 - o The majority of businesses with less than 50 employees were established between 1950 and 1999.
 - o In the case, of businesses with more than 50 employees, the majority were established between 1900 and 1990.

Percentage of family businesses:

- A slight inverse correlation can be seen between perceptions of the business as being a family business and number of employees.

Ownership of business:

- No real variation is displayed between the aggregate ownership of business premises and that for individual business sizes.

5.2.2 Section 2 – Owner Profile

Age of Owner:

- In contrast to the aggregate, there are no business owners of the size bands with 50 or more employees, who are below the age of 40 years. Whilst the majority of 50-99 business size owners are between 40 and 64 years (94.7% as

⁴ Survey respondents ranged from sole traders through to a businesses with 200 employees

⁵ The Department of Trade and Industry usually uses the following definitions for determining businesses by employee size bands:

- micro firm: 0 - 9 employees
- small firm: 0 - 49 employees (includes micro)
- medium firm: 50 - 249 employees
- large firm: over 250 employees

(For more information, see <http://www.sbs.gov.uk/analytical/statistics/smedefs.php>)

⁶ The ONS employee size bands are; 1-10 employees; 11-49 employees; 50-199 employees; 200 or more employees (for more information see <http://www.statistics.gov.uk/>)

⁷ In 1996 the European Commission adopted a communication setting out a single definition of Small and Medium Sized Enterprises (SMEs). This was subsequently updated in 2003 (2003/361/EC) and comes into force in January 2005. The EC definition of size bands is: micro < 10 employees; small <50 employees; medium < 250 employees (see <http://europa.eu.int>)

compared to an aggregate of 79.3%), a high minority of 100+ sized business owners are 65 years or older (16.7% as compared to an aggregate of 8.8%).

Current owner's way into the business:

- With the exception of a lower than aggregate number of 100+ business owners who become involved in their current business through buying it (14.3% against an aggregate of 26.8%), in the majority of cases there was a close correlation between the figures for aggregate and individual business size.

Current owner's year of involvement with the business:

- A high number of 100+ business owners became involved with their business prior to 1950 (14.3% against an aggregate of 0.9%). The same can be said for 50-99 sized businesses between 1950 and 1979 (42.1% against an aggregate of 20.2%). Conversely, a lower than aggregate number of these owners became involved since 1990.

Hours worked per day by the owner:

- Whilst a higher majority of 50-99 (68.4%) and 100+ (77.7%) sized business owners work between 9 and 14 hours a day (as compared to an aggregate of 58.9%), in the case of 25-49 sized business owners, a significantly higher than aggregate percentage work more than 15 hours a day (16.3%, against an aggregate of 6.7%).

Owner's academic qualifications:

- A high number of both 50-99 and 100+ sized business owners (23.5% and 28.6% respectively, as compared to an aggregate of 9.2%) have post-graduate degree/ NVQ level 5 qualifications. Similarly, 100+ sized business owners also dominate in terms of Degree/ NVQ4 level qualifications (57.1% against an aggregate of 21.1%), whilst none have less than 'A levels/ NVQ level 3' qualifications.

Owners who live in rural Wales:

- With the exception of 100+ sized business owners (60.0%, against an aggregate of 96.0%), the aggregate for owners who live in rural Wales closely corresponds to that for individual business sizes

Period of time owners have lived in rural Wales:

- Type of business owners (as determined by size) does not appear to have a bearing on patterns for the period of time owners have lived in rural Wales

Nature of owner's occupancy in rural Wales:

- 100+ sized business owners accounted for the least amount of owners that were born in Wales (30.0% against an aggregate of 52.0%) and/ or have always lived in Wales (10.0% against an aggregate of 24.9%).

Sponsorship of local activities, clubs, teams and events:

- A positive correlation is displayed between size of business and owner's sponsorship of local activities, club, teams and events

5.2.3 - Business Location

Factors influencing the decision to locate the business in rural Wales:

- Business size does not appear to influence respondent opinion with regard to 'already living there' as a factor influencing the decision to locate the business in rural Wales. With the one exception of 100+ sized business respondents, the same can also be said for cost of premises (with 50.0% perceiving this to be important/ very important against an aggregate of 73.4%) and 'proximity to suppliers' (with no 100+ respondents perceiving this to be important/ very important, against an aggregate of 27.7%).
- In the case of proximity to suppliers, both 50-99 sized business owners (50.0%) and 100+ sized business owners (57.1%) are dominant in perceiving this not to be an important factor (as compared to an aggregate of 33.3%).
- Neither perceptions on proximity to consumers/ markets, nor quality of the environment appear to be influenced by size of business. Also, in the case of lifestyle choice/ family commitments, 100+ sized business owners are the only real exceptions to the aggregate in terms of this being an important/ very important factor (62.5% against an aggregate of 87.8%).

Relocation of the business outside of Wales:

- A significantly higher proportion of business owners from larger sized businesses have considered relocating, than is the case for those from smaller sized companies (for example 10.2% of 1-4 sized business owners, against 31.3% of 25-49 sized business owners).

Business access/proximity:

- A clear inverse relationship is displayed between size of business and the rating of access/ proximity to qualified/ skilled workforce as bad/ very bad (for example 17.5% of 1-4 sized business owners as compared to 55.5% of 100+ sized business owners).
- In the case of access/ proximity to customers, with the exception of 100+ sized business respondents (33.3% of which perceive this to be bad/ very bad, as compared to an aggregate of 5.0%), this does not appear to be significantly influenced by business size. Similarly, business size also does not appear to play a role in influencing respondent perceptions on access/ proximity to suppliers.
- In the case of proximity to competitors, with the exception of 100+ sized businesses (33.3% of which regard this to be bad/ very bad, against an aggregate of 8.4%), business size does not appear to play a role in influencing respondent perception
- A wider variation is found (with the absence of clear pattern) between business sizes in the case of access/ proximity to business service industries (for example, 11.2% of 100+ sized business respondents perceive this to be good/ very good, against 65.0% of 50-99 sized business owners and an aggregate of 34.3%). A similar breadth of variation is also found in the case of access/ proximity to research establishments (for example, 0.0% of 100+ sized business respondents against 38.4% of 10-24 sized business respondents and an aggregate of 28.7%).

5.2.4 - Business Strategy

Factors influencing the decision to start up/ take over the business:

- In a number of cases, patterns of inverse correlation can be seen between size of business and the importance of various factors in influencing the decision to start up/ take over the business. For example:
 - o In the case of 'having a job that will fit in with domestic responsibility', whereas 50.2% of 1-4 sized business respondents perceive this to be important/ very important, only 35.0% of 50-99 sized businesses and no 100+ sized business respondents are of the same opinion.
 - o In the case of 'obtaining more free time', 21.3% of 1-4 sized businesses perceive this to be important/ very important, but only 10.0% of 50-99 sized businesses and no 100+ sized business respondents are of the same opinion.
 - o With regard to escaping unemployment, 39.4% of 1-4 sized businesses perceive this to be important/ very important, against only 20.0% of 50-99 sized businesses and 11.1% of 100+ sized business respondents.
 - o In the case of 'enabling this type of work whilst living in a rural location', 41.9% of 1-4 sized businesses perceive this to be important/ very important, but only 11.1% of 100+ sized respondents perceive this as of the same importance
 - o With the exception of 25-49 sized businesses (17.8%), 19.0% of 1-4 sized businesses have indicated that 'occupation following retirement/ semi-retirement' is an important/ very important factor, as compared to only 5.0% of 50-99 sized businesses and 0.0% of 100+ sized businesses.
- Although the majority of businesses conform closely with the aggregate of 41.1% for regarding 'freedom to use traditional methods' to be an important/ very important factor, two exceptions to this are 50-99 sized businesses (25.0%) and 100+ sized businesses (0.0%).
- In the cases of 'carrying on a family business', 'establishing an additional or minor source of income', 'capitalising on training/ skills', 'capitalising on a market opportunity' and, 'developing a personal interest', business size does not appear to have influenced respondent's perception of the importance of these factors. With the exception of 100+ sized businesses (44.4% as compared to an aggregate of 75.3%), this can also be said for 'taking on the challenge of running a business'. Similarly, little variation is seen between the individual business sizes and the aggregate for the factor of 'provision of a main source of income'.

Predictions for business size over the next 5 years:

- An essentially positive correlation is displayed between size of business and those respondents predicting an increase in 'number of employees', 'annual turnover', 'size of market' and size of premises. However, in the case of an increase in the 'range of products', size of the business does not appear to be an influential factor. With the exception of 100+ sized businesses (88.9% as compared to an aggregate of 63.9%), the same can also be said for predictions of an increase in 'annual profit'.

Desirability of business growth:

- An essentially negative correlation is displayed between size of business and those business respondents who are 'definitely not' interested in expanding the business (for example, 32.1% of 1-4 sized businesses, as opposed to only 5.0% of 50-99 sized businesses and 0.0% of 100+ sized businesses). Equally, an essentially positive correlation is displayed with regard to both those respondents who would 'definitely like' the business to grow (for example, 66.5% of 1-4 sized businesses, as opposed to 80.0% of 50-99 sized businesses and 100% of 100+ sized businesses) and those respondents who 'would consider' expanding the business (for example, 53.8% of 1-4 sized businesses, as compared to 90.0% of 50-99 sized businesses).

Factors identified as constraining the business:

- With regard to 'lack of available/ suitable workforce' an essentially positive correlation is displayed between this factor and business size. Business size does not, however, appear to play a role in influencing respondent perceptions of insufficient finances/ willingness to borrow', 'accessibility problems with suppliers/ consumers', 'lifestyle issues', or planning constraints/ size of premises' as a constraint to the business.

Factors influencing the overall performance of the business:

- With the exception of 100+ sized businesses (55.6% as compared to an aggregate of 87.9%), business size does not appear to influence respondent's perceptions of the importance of location in influencing the overall performance of the business. It also does not appear to be a determinant in the case of the 'importance of access to information and knowledge'. However, an essentially positive correlation does seem to exist between size of business and factors of influence, in the case of 'importance of technological capacity' (rated, for example, as important/ very important by only 35.6% of 1-4 sized business respondents, but 60.0% of 50-99 and 88.9% of 100+ sized business respondents).
- With the exception of 1-4 sized businesses (70.3%), in all cases of business size the importance of 'skills/ knowledge of the management and workforce' are regarded as important/ very important by more than 90% of respondents. However, an essentially inverse correlation exists between business size and 'social contact with friends, family and/ or business associates' as an important/ very important influence on the overall performance of the business (for example, 69.1% of 1-4 sized business respondents, as opposed to 50.0% of 50-99 and 44.4% of 100+ respondents).

Business Collaboration:

- In general, perceptions of factors preventing/ discouraging collaboration between local businesses does not appear to be influenced by the size of the business.

Quality of business support/ advice:

- In general a negative correlation is displayed between size of business, and those respondents who have 'never used' the support/ advice offered by the range of different agencies, unions and institutions. In contrast, though, there is an essentially positive correlation between size of business and quality of

support/ advice being deemed as good/ very good for national public bodies (for example, 10.6% of 1-4 sized businesses as compared to 30.0% of 50-99 and 44.4% of 100+ sized businesses) and enterprise agencies (for example, 10.5% of 1-4 sized businesses compared with 20.0% of 50-99 and 33.3% of 100+ sized businesses). Business size does not appear to be so influential in the cases of local authorities and unions/ chambers. With the exception of 100+ sized businesses (44.4% as compared to an aggregate of 24.2%), this is also the case for similar trends in 'good/ very good' ratings of the support/ advice of trade organisations.

Factors influencing the success of the business:

- The factor of business size does not seem to play a significant role in altering respondent's perceptions of the (high) importance of trust, reliability, customer care, product satisfaction and reputation.

Reinvestment of annual turnover during 2003:

- An inverse relationship is displayed between size of business and the percentage of businesses that allocate 'no spend' to research and development, ICT, new equipment, recruitment of employees, training of employees and/ or product development. The only factor which appears to be essentially uninfluenced by size of business is the annual turnover spent on marketing/ advertising.

VAT registration:

- Quite a wide variation is displayed in terms of percentage of VAT registrations per size of business (for example, 64.8% of 1-4 sized businesses as compared to 89.5% of 50-99 sized businesses). However, only 1-4 sized businesses fall below the aggregate figure of 74.5%.

Section 5.2.5 – Characteristics of Customers and Suppliers

Distance of suppliers and customers from the business premises:

- Essentially, size of business does not appear to have a strong bearing on the percentage of businesses with suppliers at varying distances away. One exception worth noting, however, is the above aggregate number of 100+ sized businesses which have suppliers located outside of the UK (50.0%, as compared to an aggregate of 18.0%).
- In the case of customers, for those located at 100 kilometres away or less, no clear relationship appears to exist between their distance and the size of the business. However, essentially positive correlations are found in the case of customers located more than 100 kilometres away (for example, accounting for some or all customers for 41.0% of 1-4 sized businesses, but 70.0% of 100+ sized businesses) and/ or outside of the UK (for example, accounting for 18.0% of 1-4 sized businesses, but 50.0% of 100+ sized businesses).

Percentage of sales generated from different types of customer:

- In the case of sales generated from private customers, size of business only appears to play a role at the upper ends of the scale – at which point, a negative correlation appears (65.0% for 50-99 and 60.0% for 100+ sized

businesses, as compared to an aggregate of 90.4%). No clear relationship is found between size of business and sales sourced from either shops or small businesses (excluding shops). The same can also be said for wholesalers/distributors and 'other' sources of sale. However, in the cases of larger businesses (excluding shops) and the public sector, an essentially positive correlation is found.

Methods of communication for creating/ maintaining links with customers and suppliers:

- No clear correlation is found between either use of personal visits or, use of telephone/ fax for maintaining links with customers. However, an essentially positive correlation does appear to exist between size of business and use of internet (for example, 16.3% of 1-4 sized businesses, as compared to 41.2% of 50-99 sized businesses), e-mail (for example, 18.9% of 1-4 sized businesses, against 52.9% of 50-99 sized businesses) and post (for example, 45.0% of 1-4 sized businesses, against 82.4% of 50-99 sized businesses).
- No clear correlation is found between size of business and use of personal visits for maintaining links with suppliers. An essentially positive relationship can be evidenced, however, between size of business and use of telephone/ fax (for example, 81.1% of 1-4 sized businesses against 94.4% of 50-99 sized businesses), email (for example, 15.5% of 1-4 sized businesses against 77.8% of 100+ sized businesses) and post (for example, 48.8% of 1-4 sized businesses, against 77.8% of 100+ sized businesses). Finally, in the case of the use of internet to maintain links with suppliers, this appears to be a lesser used resource for those businesses with less than 10 employees (for example, 13.5% of 1-4 sized businesses as opposed to 30.2% for 25-49 sized businesses).

Methods used to market and advertise products and/ or recruit employees:

- No clear relationship appears to exist between size of business and the use of local newspapers, national newspapers, or local radio/ television to market advertise goods. In the case of the internet, this resource appears to be used less as a marketing/ advertising resource by businesses with less than 25 employees, than is the case for those with more (for example 22.1% of 1-4 sized businesses, as compared to 65.0% of 50-99 sized businesses). An essentially negative correlation applies to use of word of mouth/ family and friends to market/ advertise goods (for example, 73.1% of 1-4 sized businesses as compared to 50.0% of 100+ sized businesses). The same can also be said for businesses which do not market/ advertise goods (for example, 10.0% of 1-4 sized businesses against 0.0% of businesses with 50 employees or more).
- An essentially positive correlation is displayed between size of business and use of local newspapers, national newspapers, local radio/ television and the internet for recruiting employees. In the case of word of mouth/ family and friends, however, no clear relationship is found.
- As with marketing/ advertising of goods, an essentially negative correlation exists between size of business and no use of marketing/ advertising to recruit employees (for example, 19.3% of 1-4 sized businesses, against 0.0% of businesses with 50 or more employees).

Use of the internet to market goods:

- An essentially positive correlation is displayed between size of business and use of the internet to view, purchase and/ or order products on line.

Obstacles promoting or constraining product innovation in the business:

- In the cases of 'availability of technological/ market information' and/ or 'skilled workforce' a positive correlation can be seen between size of business and percentage of respondents that perceive this to promote product innovation. Furthermore, a negative correlation is displayed between size of business and percentage of respondents who do not deem these factors to be relevant to product innovation.
- No clear correlation appears to exist between size of business and percentage of respondents who regard either 'collaboration with other businesses', 'availability of finance' or 'customer responsiveness' as relating (either positively or negatively) to product innovation.
- An essentially negative correlation is found in those respondents who find 'impacts of regulations and standards' to be 'not relevant' to product innovation (for example, 48.3% of 1-4 sized businesses, against 15.0% of 50-99 sized businesses).

Section 5.2.6 – Employee Characteristics

Employee recruitment problems:

- An essentially positive correlation is seen between size of business and percentage of respondents who have experienced problems recruiting employees. Although no clear pattern is displayed between size of business and percentage of respondents who experience problems due to 'applicants lacking the appropriate academic/ professional training', 'applicants lacking the appropriate work experience', 'applicants lacking the appropriate skills in speaking/ writing English' and/ or 'applicants lacking the appropriate skills in speaking/ writing Welsh'; an essentially positive correlation is observed with regard to 'lack of applicants' and/ or 'applicants not driving/ relying on public transport'.

Where employees are recruited from:

- Although no clear correlation is found between size of business and percentage of respondents with employees living on site, a positive correlation is found for those recruited from 'elsewhere in Wales', 'outside of Wales', and/ or 'outside of the UK'.

Employee distance from premises:

- No clear correlation is found between size of business and percentage of businesses who have employees that 'live on site' and/ or live less than 5 km from site. An essentially positive correlation is observed, however, between size of business and percentage of respondents with employees living more than 5km but less than 10km from site, more than 10 km but less than 20 km from site and/ or, those who live more than 20km away.

Barriers to the training of employees:

- With regard to barriers for the training of employees, no clear correlation is found between business size and percentage of respondents who are affected by 'insufficient time/ time lost during training', 'unsuitable training provision' and/ or 'inaccessible training provision'. A small positive correlation is found, though, between size of business and percentage of respondents experiencing 'lack of specificity in training courses offered' (for example, 10.8% of 1-4 employees as compared to 30.0% of 50-99 employees). In the case of 'cost', this appeared to peak/ be most relevant as a perceived barrier, for the 25-49 size of business respondents.

5.3 Analysis by Business Location

Following an initial review of content, the main data set was subdivided in to twelve different categories of business location, based upon Unitary Authority boundaries (see Map 1). These include the whole of Anglesey, Gwynedd, Ceredigion, Pembrokeshire, Carmarthenshire, Powys, Monmouthshire, Conwy, Denbighshire, and; selected (rural) parts of Wrexham, Vale of Glamorgan and Flintshire.

The results for businesses broken down by 'location', as compared to the aggregate data set, are as follows:

5.3.1 Section 1 – Business Profile

Year business established:

- No significant variations are found between year of business establishment and location of business.

Percentage of family businesses:

- No clear variations are found between business location and percentage of respondents that perceive their business to be a family business.

Nature of the business ownership:

- Some variation is found between locations with regard to proportion of businesses that are owned by either sole traders, partnerships or, limited companies. For example, whilst in the case of Monmouthshire 64.5% of respondent businesses are owned by individuals and 16.1% by limited companies; in the case of Flintshire 41.4% are owned by limited companies and 37.9% by partnerships.

Ownership of business premises:

- With the exception of Monmouthshire, which displays a particularly high proportion of rented (53.1%) to owned (46.7%) business premises (as compared to an aggregate of 32.3% rented against 67.3% owned), little variation is evidenced between location and ownership of business premises.

5.3.2 Section 2 – Owner Profile

Age of owner:

- The only Unitary Authority with business owners below the age of 18 years, is Monmouthshire (3.0%). In the case of business owners between the ages of 18 and 39 years, the Unitary Authority of Denbighshire figures strongly (24.3% as compared to an aggregate of 11.8%). The Unitary Authorities with the least amount of 40 to 64 year old business owners are Denbighshire (63.5%) and Monmouthshire (66.7%) (as compared to an aggregate of 79.3%). Whilst Monmouthshire has the highest share of business owners who are 65 years or older (18.2%), this group only accounts for 2.9% of business owners in Vale of Glamorgan.

Current owners way in to the business:

- A considerable range was found across the different locations in the percentage of respondents who ‘started’ their current businesses (for example, 46.3% in Gwynedd as compared to 75.5% in Wrexham). Similarly, in the case of those owners who indicated that they ‘bought’ their business as an ongoing concern, this accounted for only 12.2% from Wrexham, but 38.1% from Conwy.

Current owner’s year of involvement with the business:

- Although in general limited variation is displayed between aggregate and individual Unitary Authority results for the time frame in which businesses are established, there are a few notable exceptions. Whilst in the case of Anglesey 32.1% of businesses were established prior to 1980, for respondents from Vale of Glamorgan, the same can only be said for 9.4% (against an aggregate of 21.1%). In the case of percentage of businesses established during 1990 and 1999, this applies to 7.8% of Ceredigion respondents, yet 39.3% of Flintshire respondents (against an aggregate of 32.7%).

Hours worked per day by the owner:

- In the case of businesses working 8 hours or less per day, the majority of locations display figures close to the aggregate (34.4%). One exception, though, is Anglesey where 49.2% of business owners work 8 hours or less. In the case of those business owners who work between 9 and 14 hours per day, with the exception of Conwy (46.7%), in all locations more than 50% of owners work for this period. The Unitary Authority with the greatest amount of owners who work 15 hours or more per day is Gwynedd (12.7%, as compared to an aggregate of 6.7%).

Owner’s academic qualifications:

- Whilst in general the factor of location does not appear to correlate strongly with owner’s academic qualification, two exceptions can be made. In the case of Anglesey, this Unitary Authority has the highest proportion of respondent business owners with post-graduate degree/ NVQ level 5 qualifications (14.3%, as compared to an aggregate of 9.2%) and the lowest percentage of owners with ‘no’ academic qualifications (10.7%, as compared to an aggregate of 20.7%). At the other extreme, Monmouthshire returns no respondent

business owners with post-graduate degree/ NVQ level 5 qualifications, and the highest percentage of owners with 'no' qualifications (33.3%).

Owner's occupancy in Rural Wales:

- With the exception of Flintshire (86.2%) and Wrexham (87.8%), in all locations more than 90% of respondent business owners live in rural Wales.

Period of time owners have lived in rural Wales:

- Business location does not appear to be a relevant factor with regard to the period of time that owners have been living in rural Wales.

Nature of owner's occupancy in rural Wales:

- Some variation is found between locational context and the nature of owner's occupancy in rural Wales. For example, in the case of 'born in Wales', whilst this accounts for only 34.5% of respondents from Flintshire, it accounts for 61.4% from Carmarthenshire. In parallel to this, whilst only 19.5% of respondents from Conwy have 'always' lived in Wales (as compared to 41.4% of respondents from Flintshire), 26.5% of respondents in Vale of Glamorgan had 'moved to Wales from elsewhere', against 48.7% from Conwy.

Sponsorship of local activities, clubs, teams and events:

- Business location does not appear to be a relevant factor with regard to the sponsorship of local activities, clubs, teams and events.

5.3.3 Section 3 – Business Location

Factors influencing the decision to locate the business in rural Wales:

- The factor of location does not appear to play a large role with regard to respondents' perceptions of 'cost of premises' and 'quality of environment' as important/ very important influences on the decision to locate their business in rural Wales. Variations by place do seem to exist however with regard to 'already living there' (for example, deemed important/ very important by 66.7% of respondents from Flintshire, as compared to 97.0% of respondents from Monmouthshire) and proximity to consumers/ market (deemed important/ very important, for example, by 69.8% of respondents from Wrexham, as opposed to 90.5% of respondents from Flintshire).

Relocation of business outside of rural Wales:

- With the exception of Wrexham (22.9%, against an aggregate of 12.1%), Unitary Authority location does not seem to be a significant factor with regard to the percentage of respondents that have ever considered relocating their business outside of Wales.

Business access/proximity:

- A degree of variation can be found between respondents' impressions of access/ proximity to qualified/ skilled workforce and business location. For example, whilst 40.0% of respondents from Denbighshire regard this to be good/ very good, the same can only be said for 19.6% of respondents from Conwy. Similarly, the outliers with regard to access/ proximity to customers

are Monmouthshire and Vale of Glamorgan (both of which have 81.8% of respondents who believe this to be good/ very good, against an aggregate of 68.2%).

- In the case of access/ proximity to suppliers, the percentage of respondents who perceive this to be good/ very good, ranges from 34.8% in the case of Gwynedd, to 52.4% in Conwy.
- Only slight variation is found between Unitary Authority location in respect to access/ proximity to competitors (for example, from a low of 22.2% in Flintshire, to a high of 37.3% for respondents from Powys). Greater variation is found, though, with regard to access/ proximity to business service industries (deemed to be good/ very good by 30.9% of respondents from Anglesey, but 64.0% of respondents from Flintshire) and/ or research establishments (deemed to be good/ very good by 19.5% of respondents from Anglesey, but 52.0% from Flintshire).

5.3.4 Section 4 – Business Strategy

Factors influencing the decision to start up/ take over the business:

- In a number of cases, respondent's perceptions of influential factors, do not appear to be effected by Unitary Authority location. This can be said, for example, for 'provision of main source of income', 'taking up the challenge of running a business', 'obtaining more free time' and 'freedom to use traditional methods' – all of which have Unitary Authority responses which conform closely to the aggregate. There are also instances, though, where a number of outliers can be found in the perceptions of what is deemed to have been an 'important/ very important' factor. For example, in the case of 'establishing an additional or minor source of income', whilst the majority conform to the aggregate (31.6%) there are noticeably fewer respondents from Conwy (22.5%) and more from Flintshire (45.5%) who perceive this to be an important/ very important factor.
- Wide variation is found in respondents perceptions of 'capitalising on a market opportunity' (for example, 51.6% of respondents in Denbighshire, as compared to 78.7% of respondents in Wrexham) and 'developing a personal interest' (for example, 66.7% of respondents in Denbighshire, as compared to 93.5% of respondents in Monmouthshire) as being important/ very important factors. A more consistent range is found, though, in the case of 'escaping unemployment' - from a high of 43.8% of respondents from Wrexham, perceiving this to be important/ very important, to a low of 24.5% of respondents from Powys. Similarly, in the case of 'having a job that will fit in with domestic responsibilities', this is deemed to be important by the majority from Flintshire (56.0%), as compared to a minority from Pembrokeshire (41.7%).
- The issue of 'carrying on the family business' is regarded as important/ very important by a comparatively high number of respondents in Wrexham (31.3%) and Pembrokeshire (38.0%) (as compared to less than 30% of respondents in all other Unitary Authorities). This is also the case for 'capitalising on training/ skills' with only the Unitary Authorities of Wrexham (52.1%) and Vale of Glamorgan (54.8%) containing more than 50% of respondents who feel this to be important/ very important (against an

aggregate of 39.1%). Alternatively, with respect to ‘enabling the type of work whilst living in a rural location’ the Unitary Authority of Flintshire came out significantly below average with only 8.3% regarding this to be important/very important (as compared to an aggregate of 37.6%), whilst a further 83.4% from this Unitary Authority regard it not to be a relevant factor.

Predictions for business size over the next 5 years:

- Little variation is seen in predictions for change in ‘size of premises’ or ‘range of products’ by way of respondent’s Unitary Authority. With the exception of Anglesey, this is also the case for predictions in ‘number of employees’. In the case of Anglesey, a significantly below aggregate percentage of respondents are seen to predict an increase in number of employees (28.8% as compared to an aggregate of 41.3%), whilst a significantly above aggregate percentage expect no change (71.2% as compared to an aggregate of 52.5%). A few noticeable outliers can also be evidenced in the other categories of business growth. For example, with regard to predictions for annual turnover, two extremes are found in the cases of Monmouthshire (56.3%) and Flintshire (82.8%) (as compared to an aggregate of 68.7%). With the factor of ‘annual profit’, the one significant outlier is Flintshire, where 79.3% predict an increase, in comparison to an aggregate of 63.9%. In the case of an increase in the ‘size of market’, with the exceptions of Anglesey (32.1%) and Monmouthshire (34.4%), this perception is supported by more than 40% of respondents in all Unitary Authorities.

Desirability of business growth:

- With the exception, on all three counts, of Anglesey (for which business growth does not seem to be such a motivational factor), Unitary Authority setting does not appear to play a role in altering respondent’s views of business growth as something they are either ‘definitely not’ interested in (an aggregate of 26.% (as compared to 39.7% for Anglesey)), ‘would definitely like’ (an aggregate of 70.2% (as compared to 57.4% for Anglesey)), or ‘would consider’ (an aggregate of 62.2% (as compared to 53.4% for Anglesey)).

Factors identified as constraining the business:

- With the exception of Vale of Glamorgan (27.3%), in all cases ‘insufficient finances/ willingness to borrow’ is identified as a constraining factor by more than one third of respondents. Similarly, aside from Monmouthshire (25.0%) and Ceredigion (26.3%), in all Unitary Authorities more than one third of respondents have agreed that a ‘lack of available/ suitable workforce’ was perceived as a constraint to the business.
- In the case of ‘accessibility problems with suppliers/ consumers’ aside from the two extremes of Flintshire (where 95.8% of respondents do not see this as a constraining factor) and Powys (where only 63.6% of respondents do not see this as a constraining factor), respondents from the different Unitary Authorities all conform closely to the aggregate of 76.2% for not conceiving it to be a constraint.
- The only extreme from the aggregate in the case of ‘lifestyle issues’ as a perceived constraint, is Monmouthshire (with 53.8% seeing this as a constraint, as opposed to an aggregate of 31.4%).

- In the case of ‘planning constraints/ size of premises’ being perceived as a constraint, two extremes are found – Flintshire (21.7%) and Powys (51.5%) (with the remainder conforming closely to the aggregate of 42.3%). Flintshire is also the only significant extreme (56.0% as compared to an aggregate of 38.1%) in the case of regulatory constraints/ VAT registration.

Factors influencing the overall performance of the Business:

- With the exception of Wrexham (71.4%), in all Unitary Authorities more than 80% of respondents perceive ‘location to have been an important/ very important factor in influencing the overall performance of their business. This Unitary Authority has also proved to be the exception in rating ‘technological capacity’ as important/ very important (62.5% as compared to an aggregate of 45.3%) and ‘social contact with friends, family and/ or business associates’ (52.1% as compared to an aggregate of 64.9%).
- With the exception of Vale of Glamorgan (72.7%), in all Unitary Authorities, more than three quarters of respondents have rated the ‘skills/ knowledge of management and the workforce’ as important/ very important in influencing the overall performance of the business.
- In the case of ‘access to information’ as an important/ very important influential factor, Flintshire (where 89.3% of respondents perceive this to be the case) is the only significant outlier to the aggregate of 74.3%.

Business Collaboration:

- Although some variation is displayed in those respondents who undertake collaborative/ cooperative work with other local businesses on a regular basis (for example, 49.1% in Anglesey as compared to 25.0% in Monmouthshire), the Unitary Authority position does not appear to have too much influence. However, whilst Anglesey presents itself as containing the highest number of respondents who undertake collaboration regularly, Ikwewise, it also accounts for the lowest percentage (20.8% against an aggregate of 38.1%) who agree with the statement that ‘collaborative work is never undertaken with other local businesses’.
- With regard to cooperative work being prevented by ‘concerns regarding competitiveness’, the only real outlier to the aggregate (24.8%) appears to be Wrexham (37.0%). Only one outlier can also be found in the case of respondents who ‘do not believe their business will benefit from collaborative/ cooperative work with other local businesses’. The case here is Denbighshire (exhibiting both the lowest percentage of respondents that agree with this statement – 24.7% (against an aggregate of 32.9%), and the highest percentage that disagree – 63.0% (against an aggregate of 53.2%)).
- Neither the statement that ‘a lack of interest has been experienced from other local businesses’ nor, that ‘respondents have experienced a lack of appropriate structures/ systems existing to facilitate collaboration/ cooperation with other local businesses’, appear, to any real degree, to be influenced by the Unitary Authority location of respondents.

Quality of business support/ advice:

- The only exception to the aggregate for respondents perceptions of the various sources of business support, is Monmouthshire. In all instances, it is this Unitary Authority which displays a particularly above average percentage of

respondents that have 'never used' the different sources available (64.6% have never used support offered by national public bodies (against an aggregate of 40.6%); 51.6% have never used support offered by local authorities (against an aggregate of 27.4%); 64.5% have never used support offered by enterprise agencies (against an aggregate of 44.7%); 71.0% have never used support offered by unions/ chambers of commerce (against an aggregate of 53.4%); and finally, 54.8% have never used support offered by trade organisations (against an aggregate of 40.3%).

Factors influencing the success of the business:

- Unitary Authority location does not appear to play a noticeable role in influencing respondents perceptions of the high importance of trust, reliability, customer care, product satisfaction and reputation with regard to the success of their business.

Reinvestment of annual turnover:

- With little variation displayed, Unitary Authority location does not appear to have a bearing on turnover spent on research and development and/ or new equipment during 2003. Variation can be seen between the extremes, however, with regard to annual turnover spent on ICT (for example, 40.6% of Vale of Glamorgan respondents had 'no spend' on ICT during 2003, as compared to 61.6% of respondents from Denbighshire). The same can also be said for annual turnover spent on 'recruitment of employees' (38.9% in Powys had no spend, as compared, for example to 59.2% in Gwynedd), 'marketing/ advertising' (13.3% had no spend in Powys, against 28.1% in Anglesey) and/ or 'training of employees' (for example, 31.9% indicated no spend in Wrexham, as compared to 53.2% in Ceredigion). Finally, the only real exception to the aggregate with regard to those respondents who have indicated 'no spend' on product development during 2003 is Anglesey (67.3% as compared to an aggregate of 52.9%).

VAT registration:

- With the exception of a particularly high percentage of business in Ceredigion indicating VAT registration (86.7% as compared to an aggregate of 74.5%), Unitary Authority base does not appear to play a role in influencing this aspect of business.

5.3.5 Section 5 – Characteristics of Customers and Suppliers

Distance of suppliers from the business premises:

- Variation can be seen across Unitary Authorities with regard to the percentage of respondents with suppliers located within 30 kilometres from the business premises (for example, 42.7% in Ceredigion, as compared to 64.6% of respondents in Conwy). In the case of the percentage with suppliers located between 30 and 100 kilometres from the business, Unitary Authorities range from 43.4% of respondents in Anglesey to 66.0% in Wrexham. There is a closer similarity to the aggregate in the case of those suppliers located at more than 100 kilometres from the business. Similarly, Unitary Authority location

does not appear to influence percentage of respondents with suppliers located outside of the UK.

Distance of customers from the business premises:

- Although the majority of Unitary Authorities correspond with the aggregate for percentage of respondents with customers located at less than 30 kilometres from the business premises, outliers are still present (for example 67.2% in Carmarthenshire, against 90.2% in Ceredigion and 91.2% in Vale of Glamorgan). There appears to be no exception from the aggregate, however, in the case of percentage of respondents with customers located between 30 and 100 kilometres from the business.
- Some variation can be found across the Unitary Authorities in the percentage of respondents with customers more than 100 kilometres from the business (for example, 30.3% in Monmouthshire, as compared to 55.0% in Gwynedd) and those, with customers located outside of the UK (for example 11.3% in Anglesey, as compared to 28.2% in Gwynedd).

Percentage of sales generated from different types of customer:

- With the exception of Wrexham (70.0%), Monmouthshire (75.7%) and Carmarthenshire (77.2%), more than 80% of respondents in all Unitary Authorities have indicated that sales are generated from private households and customers.
- No significant variation is seen between individual local authority responses and the aggregate for percentage of sales to shops or larger businesses (excluding shops). Whilst some outliers can be found in sales generated from wholesalers/ distributors (for example 17.3% of respondents in Flintshire and 18.0% of respondents in Wrexham, for the majority of Unitary Authorities, this source only accounts for sales for less than 10% of respondents.
- In the case of sales generated from small businesses (excluding shops), the only slight exception is Flintshire (at 44.9%, being the only Unitary Authority with more than 40% of respondents generating sales from this source). Finally, variation can also be found in the case of sales generated from the public sector (for example, 13.8% of respondents in Flintshire, as compared to 37.7% in Denbighshire).

Methods of communication for maintaining links with customers and suppliers:

- With some minor exceptions, Unitary Authority location does not, in general, appear to have a bearing on the methods used for maintaining links with customers and suppliers.

Methods used to market and advertise products and/ or recruit employees:

- In the case of methods used to market/ advertise goods, with a few minor exceptions (for example, 44.0% of respondents in Wrexham using the internet to advertise goods as compared to the aggregate of 28.7%), Unitary Authority location does not appear to have a significant influence on business decisions.

Use of the internet to market goods:

- Although, on the whole the percentage of respondents who use the internet to view, purchase or order products on line does not vary with Unitary Authority, there are a few notable exceptions. In the case of the percentage of businesses

that use the internet for customers to view their products on line, this varies from 25.0% in Monmouthshire, to 51.7% in Flintshire (against an aggregate of 37.4%). In the case of purchasing and/ or ordering products on line, the Unitary Authority with the least percentage of businesses using this facility in both cases is Vale of Glamorgan (3.0% (against an aggregate of 14.7%)) and 9.1% (against an aggregate of 21.8%) respectively.

Obstacles promoting or constraining product innovation in the business:

- The percentage of respondents who rate availability of technological/ market information, collaboration with other businesses, and/ or availability of finance, as 'not relevant' (the perception accounting for the majority of respondents) to product innovation, does not appear to be influenced by Unitary Authority location. Exceptions to the aggregate are found, however, in the cases of 'impact of regulations and standards' (with only 28.5% perceiving this not to be a relevant factor in Wrexham, against, for example, 53.4% in Ceredigion), 'customer responsiveness' (with only 38.5% perceiving this to be 'not relevant' in Flintshire, against 63.0% in Monmouthshire) and, a 'skilled workforce' (with only 37.5% of respondents in Vale of Glamorgan deeming this not to be a relevant factor, against 63.0% of respondents in Monmouthshire).

5.3.6 Section 6 – Employee Characteristics

Employee Recruitment Problems:

- Although some variation can be evidenced (for example, 47.9% of respondents in Pembrokeshire (the only Unitary Authority with less than 50% of respondents having experienced problems), as compared to 65.4% of respondents in Flintshire), Unitary Authority location does not appear to place an overly significant influence on the percentage of respondents experiencing problems recruiting employees.
- With the exception of two extremes (48.8% of respondents in Denbighshire, as compared to 78.6% of respondents in Monmouthshire), neither does Unitary Authority setting play a strong role in influencing the percentage of those businesses that are experiencing recruitment problems because of a lack of applicants.
- Two noticeable outliers with regard to 'applicants lacking the appropriate academic/ professional training' are Anglesey (63.0%) and Monmouthshire (28.6%) (as compared to an aggregate of 47.7%). In the case of businesses experiencing problems due to applicants 'lacking the appropriate work experience', the most significant extreme is Anglesey (88.9% as compared to an aggregate of 65.7%).
- A broad range of experiences can be evidenced in terms of businesses experiencing problems due to applicants lacking the appropriate skills in speaking/ writing English' (3.1% in Ceredigion, as compared to 29.4% in Flintshire) and/ or speaking/ writing Welsh (indicated as a problem by 0% of respondents in Monmouthshire, Powys, Vale of Glamorgan and Wrexham; yet 18.5% of respondents in Anglesey and 23.6% of respondents in Carmarthenshire). There are also some extremes with regard to respondents experiencing problems due to applicants not driving/ relying on public

transport (for example, 7.1% in Monmouthshire, as compared to 58.8% in Flintshire and an aggregate of 31.5%).

Where employees are recruited from:

- Unitary Authority setting does not appear to have a bearing on locational recruitment patterns of businesses with regard to those recruited from rural Wales and/or elsewhere in Wales. In the case of employees recruited from outside of Wales, with the exception of Flintshire (13.8%) and Wrexham (30.0%), all Unitary Authorities demonstrate less than 10% of respondents who recruit from this distance. Likewise, Unitary Authority setting appears to have no bearing on the percentage of businesses that recruit from outside of the UK.

Employee distance from premises:

- With the exception of Ceredigion (9.8%, against an aggregate of 20.5%), Unitary Authority setting does not appear to influence the percentage of businesses that have employees who live on site. Neither, does locational setting impact upon the percentage of businesses with employees at a distance of less than 5 kilometres from the premises. Businesses, however, who have employees that live 'more than 5 kilometres, but less than 10 kilometres' from site, range from 24.3% in Powys, to 56.0% in Wrexham (against an aggregate of 35.8%). Likewise, the range for those businesses that have employees living 'more than 10 kilometres, but less than 20 kilometres', extends from 12.1% in Monmouthshire to 41.4% in Flintshire. Finally, the range for businesses with employees living 'more than 20 kilometres away', extends from 8.6% in Ceredigion, to 31.0% in Flintshire.

Barriers to the training of employees:

- Although the majority of businesses conform to the aggregate (31.9%) when it comes to 'cost' being perceived as a barrier to the training of employees, two noticeable outliers are Ceredigion (18.3%) and Wrexham (50.0%).
- In the case of those who perceive 'insufficient time/ time lost during training' to be a barrier, percentage of businesses range from 23.5% for Vale of Glamorgan respondents, to 49.4% for respondents from Denbighshire.
- No significant variation is seen between Unitary Authority respondents with regard to 'unsuitable training provision'. In the case of 'inaccessible training provision, with the exception of Monmouthshire (0.0%) and Flintshire (3.4%), this factor is perceived as a barrier by between 10% and 20% of all respondents - regardless of location. Similarly, only two Unitary Authorities (Monmouthshire (3.0%) and Conwy (8.8%)) have less than 10% of respondents (as compared to an aggregate of 17.8%) who rate 'lack of specificity in training courses offered' to be a barrier to the training of employees.

SECTION 6 – DISCUSSION

Section 6 discusses in greater analytical depth, the findings from the business survey. This discussion is structured around a number of key themes, all of which have been brought forward from the preceding sections of descriptive analysis (see Sections 4 and 5). A more integrated and holistic debate is thereby facilitated of the salient findings emerging from the survey. Concluding points, as well as avenues for future research, are then reached in Section 7. In particular, reference is made at this stage to the position of the social and environmental economy in rural Wales, as well as the constantly evolving role of the state.

6.1 Evidence of embeddedness and informal networks

Two interconnected themes that come through strongly from the responses to the survey, are the concepts of rural ‘embeddedness’ and informal networks. For many respondents – albeit at times dependent on size and type of business - the merits of being located in rural Wales are closely bound up with notions of trust, face-to-face interaction and the lifestyle commitments associated with living in rural Wales. These conclusions are supported by a number of different indicators. To begin with, for instance, whilst 96% of owners live in rural Wales, 88.7% of respondents have done so for 10 years or more. With regards to perceptions of business ownership, although only 15% of owners took over their business from another family member, 79.4% still perceive it to be a family business (although in the case of health and beauty businesses, for instance, this figure drops to 58.0%). Given the fact that an aggregate of 41.5% of respondents have between 76 and 100% of their customers located at less than 30km from the business premises and 20.8% have between 76 and 100% of their suppliers at the same distance, these social ties are likely to serve well.

Evidence of the influence of factors such as family, friends and lifestyle issues, can also be seen in a number of other aspects of business management. Worth noting here, though, is the influence of business size. For instance, aggregately 64.9% of respondents rate social contact with friends, family and/ or business associates as either important or very important to overall business performance. However, an essentially inverse relationship exists between business size and ‘social contact with friends, family and/ or business associates’ as an important/ very important influence (for example, 69.1% of 1-4 sized business respondents rating this as important/ very important, as opposed to 50.0% of 50-99 and 44.4% of 100+ respondents). Similar trends can also be found with the use of ‘word of mouth’. An aggregate of 74.4% of respondents use word of mouth/ family and friends to market/ advertise goods, and a further 54.8% of businesses use personal visits to create/ maintain links with customers. With word of mouth/ family and friends also cited most regularly (40.6%) as a method used for recruiting employees, the relevance of social embeddedness to business strategy becomes clear. However, an essentially negative relationship applies, for example, with regard to business size (73.1% of 1-4 sized businesses use of word of mouth/ family and friends to market/ advertise goods as compared to 50.0% of 100+ sized businesses). Clearly, therefore, indicators of embeddedness do still have to be considered in relation to factors of business size.

Nevertheless, drawing on two further illustrations, it is still possible to demonstrate the apparent centrality of social embeddedness to all businesses in rural Wales.

Firstly, embeddedness should also be acknowledged as a significant determinant when it comes to perceptions over whether or not a respondent's business 'should' be located within rural Wales. 15.7% of respondents (from a total of 87.9%) have stated that they have never considered relocating their business outside of rural Wales due to lifestyle issues, family commitments and/ or feelings of embeddedness. Secondly, with regard to the particular advantages of being based in rural Wales, whilst 20.5% of respondents gave answers relating to the 'quality of life'/ 'quality of the environment' as a particular advantage, a further 16.5% have cited benefits relating to the local embeddedness of their business.

6.2 Growth potential/ lifestyle businesses

The evidence gleaned from the survey does appear to suggest that business growth is something which is occurring and/ or being aspired to, by the majority of businesses in rural Wales. It is worth acknowledging, though, that in relation to business size and/ or type, there also appears to be a tendency for some businesses to be governed as much by desires of economic growth, as by issues of lifestyle choice.

For example, 70.2% of aggregate respondents agree with the statement that they 'would definitely like' their business to grow (with a further 62.6% of respondents saying that they 'would consider' expanding the business). Furthermore, the majority of aggregate respondents predict an increase in both annual turnover (68.7%) and annual profit (63.9%) over the next 5 years (with a further 48% predicting an increase in the size of the market). However, when it comes to those factors which were most cited as important/ very important in influencing the original decision to locate the business in rural Wales, for some respondents a number of softer indicators come into play. Mentioned most regularly by the aggregate, are issues of lifestyle choice/ family commitments (87.8%), quality of the environment (84.8%) and/ or respondent's already living there (81.3%). When the data set is broken down by type and/ or size, however, slightly different patterns begin to emerge. For example, in the case of business size, the factor of 'enabling this type of work whilst living in a rural location', accounts for 41.9% of 1-4 sized businesses (as being important/ very important), but only 11.1% of 100+ sized respondents. Similarly, variations can also be found with regard to predictions for business growth.

In the case of business type, for instance, predictions for an increase in the size of the business market are highest amongst manufacturers (66.7%) (as compared to an aggregate of 48.6%). This is only expected to be the case, however, for 21.4% of service sector respondents. Similarly, although on aggregate 26.5% of respondents agree with the statement that they are 'definitely not' interested in expanding the business, this is only the case for 11.0% of manufacturers. In contrast, 42.9% of transport businesses, 40.7% of service sector respondents and 40.6% of charitable/ social work businesses (for example) agree with this statement. 81.4% of manufacturing respondents have also indicated that they 'would consider' expanding their business (as compared to an aggregate of 62.6%); this is only the case, however, for 40.0% of service sector respondents.

Returning to the case of business size, an essentially positive relationship is displayed between size of business and those respondents predicting an increase in 'number of employees', 'annual turnover', 'size of market' and size of premises (for example).

Similarly, an essentially negative relationship is displayed between size of business and those business respondents who are 'definitely not' interested in expanding the business (for example, 32.1% of 1-4 sized businesses, as opposed to only 5.0% of 50-99 sized businesses and 0.0% of 100+ sized businesses are 'definitely not' interested in expansion). Equally, an essentially positive relationship is displayed with regard to size of business and those respondents who would 'definitely like' the business to grow (for example, 66.5% of 1-4 sized businesses, as opposed to 80.0% of 50-99 sized businesses and 100% of 100+ sized businesses). Clearly, therefore, in determining the potential for growth amongst businesses in rural Wales, regular reference needs to be made to both factors of business size and type.

6.3 Strengths of rural Wales as a business location

A useful indicator in reflecting upon the perceived strength of rural Wales as a viable business location, is the percentage of respondents who have ever considered relocating elsewhere. It is worth noting at this point that the idea of relocating a business outside of rural Wales is influenced by type of business (scoring highest, for example, amongst manufacturers (22.7%) and wholesalers (21.5%) and lowest amongst the service industries (3.4%)). However, the very fact that an aggregate of 87.9% of respondents have never considered relocating their business outside of rural Wales (with 20.8% of respondents quite simply stating that they are 'happy' in their present location and a further 16.3% saying that relocation has not been considered because their business is already successful/ well established), reflects the fact that there are a number of strengths associated with situating a business in rural Wales.

Indeed, with regard to the particular advantages of being based in rural Wales, the two categories of answers that account for the majority of respondents aggregately are good levels of (rural) trade (40.5% of respondents) and the 'quality of life'/ 'quality of the environment' (20.5% of respondents). With respect to the latter of these two factors, 84.8% of respondents have also stated that the quality of the environment proved important/ very important in influencing their original decision to locate their business in rural Wales. The potential clearly exists, therefore, for further capitalising on the strengths associated with an environmental economy. Perhaps even more reassuring though, is the statistic that 87.8% of respondents believe that their business is sustainable in its present form over the next five years.

6.4 Business support systems/ policies

Although some variations are found depending on the size, type and/ or location of a business, at an aggregate level positive conclusions cannot be reached on either the quality or take-up of business support in rural Wales. Indeed, regardless of the source of provision, take up of business support is very low (40.6% of respondents have never used support offered from national public bodies, 44.7% have never used support offered from enterprise agencies, 53.4% have never used support offered from unions/ chambers of commerce and, 40.4% have never used support offered from trade unions). The only exception here is take up of support offered by local authorities - 72.7% of respondents do acknowledge use of this source of support - however, this still ranks very poorly (as with the other sources) in terms of the number of respondents rating it as either good or very good (only 14.4%). The impact of this

finding, as a potential constraint on business performance, is reflected in the fact that 7.7% of respondents have stated that the problem of regulations and/ or lack of business support has caused them to consider relocating their business outside of rural Wales.

6.5 Compatibility of the employee base

With regard to employee base, the results of the survey seem to indicate a slight mismatch between the availability and/or suitability of the rurally based employees, as compared to the vacancies available in rural businesses. This weakness is further compounded by physical obstacles associated with being based in rural Wales, as well as problems of a softer nature, such as failings in the framework of business support. For example, although more than five times as many employees (61.8%) are recruited from 'rural Wales' as from elsewhere; access/ proximity to qualified/ skilled workforce has only been ranked as good/ very good by an aggregate of 30.4% of respondents – with a further 23.7% rating this as bad/ very bad. Similarly, 56.4% have experienced problems recruiting employees. For the majority of these respondents this can be related to a lack of applicants (62.3%) and applicants lacking the appropriate work experience (65.7%). Significant minorities, however, have also experienced problems with 'applicants lacking the appropriate academic/ professional training' and/ or 'applicants not driving/ relying on public transport' (47.7% and 31.5% respectively). 'Other' issues identified as a problem with employee recruitment include a lack of suitable applicants, a lack of suitable/ affordable housing nearby, and applicants not liking the hours/ pay rates offered. It is worth noting, though, that exact figures for satisfaction with employees/ recruitment of employees are influenced by issues of type, size and location.

With regard to industry/ sector type, the access/ proximity of the business to a qualified/ skilled workforce scores above aggregate (30.4%) for being very good/ good with the construction industry (43.9%). In contrast, in the case of recruitment problems associated with 'lack of applicants' this is an issue for only 37.5% of service sector businesses, but 81.0% of 'accommodation, food and drink' businesses. Similar variations are found across business type in problems experienced due to 'applicants lacking the appropriate academic/ professional training'.

In the case of business size, a clear inverse relationship is displayed between size of business and the rating of access/ proximity to qualified/ skilled workforce as bad/ very bad (for example 17.5% of 1-4 sized business owners as compared to 55.5% of 100+ sized business owners). Similarly, an essentially positive relationship is seen between size of business and percentage of respondents who have experienced problems recruiting employees.

Finally, a degree of variation can be found between respondent's impressions of access/ proximity to qualified/ skilled workforce and business location. For example, whilst 40.0% of respondents from Denbighshire regard this to be good/ very good, the same can only be said for 19.6% of respondents from Conwy. Similarly, two noticeable outliers with regard to 'applicants lacking the appropriate academic/ professional training' are Anglesey (63.0%) and Monmouthshire (28.6%) (as compared to an aggregate of 47.7%). In the case of businesses experiencing problems due to applicants 'lacking the appropriate work experience', the most significant

extreme is Anglesey (88.9% as compared to an aggregate of 65.7%). The problems do not end, however, with employee recruitment.

Although, an aggregate of 81.4% of business owners regard the skills/ knowledge level of the management and workforce as important/ very important in influencing overall business performance (and in excess of 90% of all respondents from businesses with more than four employees), more than one third of businesses (37.9%) have experienced problems training employees due to 'insufficient time/ time lost during training'. A similar proportion (31.9%) perceive 'cost' to be a barrier to the training of employees. Furthermore, although aggregately less than one fifth of respondents have experienced problems due to either a 'lack of specificity' in training courses offered (17.8%), 'inaccessible training provision' (15.4%) or 'unsuitable training provision' (14.3%), variations in these categories can once again be found by business type and location. For example, in the case of 'lack of specificity in training courses offered', only 6.7% of transport businesses have experienced this as a problem, as compared to 33.3% of manufacturers. With regard to business location, a broad range of proportions can be evidenced in terms of businesses experiencing problems due to applicants lacking the appropriate skills in speaking/ writing English' (3.1% in Ceredigion, as compared to 29.4% in Flintshire) and/ or speaking/ writing Welsh (indicated as a problem by 0% of respondents in Monmouthshire, Powys, Vale of Glamorgan and Wrexham; yet 18.5% of respondents in Anglesey and 23.6% of respondents in Carmarthenshire). There are also some extremes with regard to respondents experiencing problems due to applicants not driving/ relying on public transport (for example, 7.1% in Monmouthshire, as compared to 58.8% in Flintshire). Consequently, though, when it comes to citing any disadvantages of being based in rural Wales, 12.4% of business owners have been compelled to respond by indicating that a lack of (suitable) staff is regarded as a particular problem.

Although 74.7% of business owners indicate that they employ less than 10 employees through their business, given the fact that aggregately 41.5% of business owners have predicted an increase in the number of their employees over the next 5 years (and in the case of specific types such as manufacture, this prediction accounting for 63.5% of manufacturers), issues surrounding weaknesses in employee base are only likely to become more significant in the near future.

6.6 Application of Technology

The results from the survey tend to suggest that 'technology' is a component of business strategy which is yet to be fully capitalised upon by the majority of business owners. For example, only 48.7% of respondents consider technological capacity to be an important/ very important influence to business performance (as compared, for instance, to 64.9% perceiving social contact with friends, family and business associates being important/ very important), with a further 20.6% arguing that this factor is not even relevant to their business. Following on from here, only 7.6% of respondents attribute 'major spend' of their annual turnover to ICT.

A consequence of these indicators of limited investment in ICT, is the low number of owners which make use of technology to increase the turnover of their business. Whilst 54.8% of businesses use personal visits to create/ maintain links with customers, the majority (53.2%) have never used the internet for this purpose, with a

similar proportion (50.8%) admitting to never having used email. Furthermore, only 37.4% of respondents display the products (goods or services) of their business online, whilst only 14.7% are set up so that their products (goods or services) can be purchased on line.

Although not necessarily the case with business location, it is worth noting though, that issues of business size and type both play a role in the application of technology. With regard to business type, for instance, only 29.6% of service sector respondents, for example, rate 'technological capacity' as an important/ very important factor in business performance. In contrast, this is deemed to be the case by 71.9% of construction respondents. Similarly, regular use of the internet for creating/ maintaining links is a method used by 68.4% of real estate respondents (with this type of business respondents also dominating in the regular use of email (73.7% as compared to an aggregate of 22.7%)). In the case of the use of the internet for marketing/ advertising goods, for example, although this method is used by 78.3% of real estate respondents, it is only used by 10% of transport respondents. Wide variation is also found with regard to the ability to view, order or purchase products on line. In the case of viewing products, for instance, this ranges from 16.7% for transport respondents to 73.9% for real estate respondents.

In the case of business size and the importance of technological capacity, an essentially positive relationship does seem to exist (rated, for example, as important/ very important by only 35.6% of 1-4 sized business respondents, but 60.0% of 50-99 and 88.9% of 100+ sized business respondents). The same can also be said for use of internet and email in maintaining links with customers and suppliers, and/ or marketing products. Clearly, therefore, given the predominance of 'smaller sized businesses' in rural Wales, there is still room for considerable growth in the application of technology before it can be deemed as a particularly positive feature of rural business strategy.

6.7 Innovation/ entrepreneurialism amongst rural business owners

Although the results of the survey do tend to suggest that skills in innovation/ entrepreneurialism are held by the majority of business owners, certain inconsistencies can still be evidenced in the daily application of these attributes. Furthermore, indicators of innovation/ entrepreneurialism do appear to be influenced by factors of business size and type.

With regard to the aggregate, paradoxically enough, although 74.3% of respondents identify information and knowledge as an important/ very important influencer to business performance, only 5% of respondents allocate 'major spend' of their annual turnover to research and development. Similarly, only a minority of respondents (24.7%) perceive the availability of technological/ market information to be relevant to promoting/ constraining product innovation. When asked about the most innovative activity which had been undertaken in the last 5 years, only 5.6% of respondents stated that 'no' innovative activities had been undertaken. However, when it came to categorising the different types of innovative activities that had been engaged in, wide variation was certainly found in individual respondent's perceptions of what counted as an innovative activity in their particular case. Nevertheless, for the majority, the 'most innovative activity in the last 5 years' could still be categorised in to four

themes: increasing the range/ quality of products (28.8%), creation of a website/ internet based marketing and/ or greater computerisation in the work place (19.9%), investment in the business/ business premises (16.4%), research and development/ use of new equipment (9.4%).

In the case of business type, one obvious variation is with regard to reinvestment in research and development (R&D). For example, this accounts for 'no spend' in 29.3% of cases for the manufacture sector, yet 68.0% for retail businesses. With regard to business size, an inverse relationship is displayed between size of business and the percentage of businesses that allocate 'no spend' to research and development, ICT, new equipment, recruitment of employees, training of employees and/ or product development. Similarly, in the cases of 'availability of technological/ market information' and/ or 'skilled workforce' a positive relationship can be seen between size of business and percentage of respondents that perceive these factors to promote product innovation. Furthermore, a negative relationship is displayed between size of business and percentage of respondents who do not deem these factors to be relevant to product innovation. As is the case with application of technology, therefore, it is crucial that any future business support in developing skills in entrepreneurial/ innovative practice is tailored to cater for variations in business type and size.

6.8 Major business obstacles and constraints

As has been evidenced from the above, there are a number of benefits and strengths associated with owning and running a business in rural Wales. In parallel to this, though, there are also a wide range of obstacles and constraints which need to be acknowledged. Otherwise, in those instances where such potential threats are not surmountable by individual business owners, there is a danger that this will result in considerable failings in their corresponding business strategy.

Possible constraints indicated by the business owners themselves include the finding that 20.7% of the owners have no academic qualifications whatsoever. Also relevant here, though, is the fact that a considerable variation is found in the levels of qualifications held by owners of the different type, size and location of businesses. For example, a high number of both 50-99 and 100+ sized business owners (23.5% and 28.6% respectively, as compared to an aggregate of 9.2%) have post-graduate degree/ NVQ level 5 qualifications. Similarly, 100+ sized business owners also dominate in terms of Degree/ NVQ4 level qualifications (57.1% against a total survey population of 21.1%), whilst none have less than 'A levels/ NVQ level 3' qualifications. Then, in the case of business location, Anglesey (for instance) has the highest proportion of respondent business owners with post-graduate degree/ NVQ level 5 qualifications (14.3%, as compared to 9.2% of the total survey population) and the lowest percentage of owners with 'no' academic qualifications (10.7%, as compared to the 20.7% of the total population).

Whilst variation amongst business owners in levels of academic qualification is not necessarily a fault in itself, it does raise questions when connected with the very low levels of take up and/ or satisfaction with the various sources of business support on offer in rural Wales. It may also become compounded by the problems which have already been discussed regarding weaknesses in the employee base.

Outside of the problems associated with employee base, two other issues which account for the majority of business weaknesses are problems of accessibility with customers and suppliers/ poor transport links (regarded as a disadvantage of being based in rural Wales by 36.1% of respondents) and an insufficient/ unsuitable customer base (regarded as a disadvantage of being based in rural Wales by 35.6% of respondents). Of particular relevance here, is the fact that a noticeably higher proportion of business owners from larger sized businesses have considered relocating, than is the case for those from smaller sized companies (for example 10.2% of 1-4 sized business owners, against 31.3% of 25-49 sized business owners). Thus, although the fact that 87.8% of respondents believe their business to be sustainable clearly bodes well for the economy of rural Wales, this is not enough in itself to prevent the need for continually reviewing the state of play amongst individual business owners.

SECTION 7 – CONCLUSIONS AND PATHWAYS FOR FURTHER ANALYSIS

Albeit the first phase of analysis of the data set as a whole, the extensive nature of the business survey, means that a number of salient findings can still be acknowledged at this stage. In particular;

- The findings from the survey demonstrate, above all, the distinctiveness of businesses in rural Wales
- The social and environmental aspects of economic and business development are both highly significant and closely interrelated in influencing business strategy
- There are significant infrastructural, support and labour market mismatches which need to be addressed in order to ensure the sustainability of business growth in rural Wales
- Given the optimistic and general growth potential demonstrated amongst the business respondents, it is essential that any constraints in exploiting the benefits of technology, training and product development are overcome in a co-ordinated manner.

In order to further substantiate the solidity of the above findings, it is important that this research is now taken forward to a second level of analysis. In essence it is a unique data set which provides a sound baseline for future research into the state of the rural economy in Wales. In order to facilitate further programmes of research, therefore, it is necessary that the data set is returned to. Firstly, this will enable a more indepth exploration into the emergent key themes arising in the context of businesses in rural Wales, and secondly; by adopting a more outward looking approach assessment can in turn be made of the nature of the obstacles and constraints faced within rural Wales - as compared to those businesses of a UK, European, or even, global context.