Arsyllfa Wledig Cymru
Wales Rural Observatory

Rural Business Survey

2010

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CARDIFF UNIVERSITY PRIFYSGOL CAERDYDD

Cronfa Amaethyddol Ewrop ar gyfer Datblygu Gwledig: Ewrop yn Buddsoddi mewn Ardaloedd Gwledig
The European Agricultural Fund for Rural Development: Europe Investing in Rural Areas

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SECTION 1 INTRODUCTION

1.1 This report provides an overview of results from a survey of businesses in rural Wales undertaken by the Wales Rural Observatory [WRO] during 2010. The 2010 WRO Rural Business survey is the third to be undertaken, following the 2004 and 2007 business surveys. There were some changes to the questions for the 2010 survey. However, these changes were minor and there were fewer changes between 2010 and 2007 than between 2007 and 2004.

The 2010 survey had a response target of 1,000 rural businesses, which was the same as the 2004 and 2007 surveys. All three of the surveys exceeded the target, with the 2010 survey achieving the greatest number of responses.

Methodologically the three surveys have been similar. Postal questionnaires accompanied by covering letters, both in Welsh and English versions, were sent to businesses in rural Wales. Reminders were posted after a period. In view of increasing Internet use, a change for 2010 was that, whereas in 2007 an e-mail option had been offered, in 2010 businesses were offered an online response using the WRO website.

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

Rural Wards – having solely or predominantly rural or small town population profile.

Service Centre – having urban population profile with strong links to surrounding rural areas.

Host ward – having a large town population profile and playing a key role in surrounding rural areas.

Ineligible ward – having only a large town population profile that has no or limited links with rural areas.

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

1.4 Please note that when the survey was conducted the term Welsh Assembly Government and its acronym WAG were in use. The text of this report uses Welsh Government, in full. However, when quoting 2010 survey respondents; referring to questions posed in the 2010 survey questionnaire; and referring to questions on earlier surveys either Welsh Assembly Government or WAG are used.

2.1 Rationale for the Survey

The 2010 Business Survey was designed as an integral part of the WRO work programme, with an underlying rationale that:

1. The survey would complement and build on completed WRO work including:
   a. ‘Rural Business Survey 2004’
   b. ‘Rural Business Survey 2007’
   c. ‘Assessing the Eco-economy’
   d. ‘Living and Working in Rural Wales’
   e. ‘Rural Services in Wales’
2. Building on the 2004 and 2007 WRO Business Surveys and those respondents who agreed to be re-contacted, the survey would provide longitudinal data.
3. The survey would provide a data source for future WRO work.

2.2 Research Objectives

The Research Objectives of the survey were:

1. To examine the state of rural (non-farm) business activities in Wales.
2. To explore and quantify the attitudes of rural business owners in Wales towards a range of business, economic and environmental issues.
3. To provide qualitative data on the attitudes of rural business owners in Wales towards a range of business, economic and environmental issues.
4. To ascertain what changes have affected businesses in rural Wales.
5. To provide a database for future WRO work.

2.3 Questionnaire Design

The 2010 questionnaire was based on the questionnaire for the WRO 2007 Business Survey, with few alterations. These alterations were made following a study of the 2007 Business Survey and analysis of the 2007 responses, and an iterative process that involved the WRO team and their counterparts in the Welsh Government. The questionnaire was then submitted to the Welsh Government ‘Approval of Statistical Surveys’ process.

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

2.4 Covering letter

On posting to businesses the questionnaire was accompanied by a covering letter. This letter outlined the work of the WRO and its connection to the Welsh Government, and pointed towards the WRO website for further information. The letter emphasized that completion of the questionnaire was voluntary; that all information would be treated in strict confidence; and that the anonymity of respondents would be preserved. It was requested that, wherever possible, completion should be by, or on behalf, of the business owner. For the 2010 survey, respondents were informed that the WRO’s preferred option for completion was online via the WRO’s website. The covering letter provided instructions for this option, including links to both the Welsh and English sections of the WRO website.

Online completion was the preferred option because it facilitates faster and less labour-intensive data input of questionnaire data to the ‘Statistical Package for Social Science’ [SPSS].

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

2.5 Questionnaire content

The final questionnaire consisted of eight sections. Although the majority of questions required a tick or a number, some qualitative data was requested. Some of the questions used five-point Likert scales, which are input and analysis-friendly. In the outline descriptions that follow, where appropriate, the differences between the 2010 and 2007 questionnaires are indicated.

Section 1 – A Profile of the Business and the Owner

This section called for basic information about the business, such as the core activity, and biographical information concerning the owner, including qualifications and business training. There was one difference. The 2007 questionnaire asked for a description of the core business activities and researchers inferred a business type from this information. In 2010, respondents were given the Standard Industrial Classification [SIC] categories used by ONS and asked to indicate appropriately. [1]

Section 2 – About your Employees

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

Section 3 – Recruiting and Training your Employees

These questions were concerned with the media that businesses used to recruit employees and respondents' perceptions of the labour supply and training of employees. An addition compared with 2007 was that a supplementary question asked which medium respondents found to be the most effective for recruitment.

Section 4 – Your Business Operations and Strategy

This, the longest section of the questionnaire, included a range of methods: box-ticking, Likert scales, and both quantitative and qualitative data. The questions covered the following subjects: business planning; advertising media, with a supplementary question about which medium respondents found to be the most effective; sponsorship activities; business networks; and a range of qualitative questions that concerned the advantages and disadvantages of rural business locations and the perceived strengths and weaknesses of the business.

This 2010 questionnaire had questions concerned with Internet use and Broadband. All Internet-related questions were in this section, compared with 2007, where they had been rather dispersed.

Section 5 – Business Support

In this section business owners were asked to rate the quality of support provided by a range of agencies, and to critically assess the role of the Welsh Government in supporting businesses. The 2007 question concerned with 'WAVE' was replaced by a question about 'Economic Renewal: a new direction'.

Section 6 – Changes in Business Activities

This section asked for details of changes in business activities over the past three years, and also asked whether or not the business planned to expand within the next three years. It differed from the 2007 questionnaire in the time (three years rather than five looking back, and three years rather than two looking forward); in the order of the questions; and in the

[1] The SIC categories are shown at Question 1b of the questionnaire (Appendix C).

wording of some questions. In addition, questions relating to financial change were included here rather than in Section 8, which was the case in 2007.

Section 7 – Your Business and the Environment

This section sought data on recycling, participation in environmental initiatives, energy consumption and attitudes to environmental regulation. There was a change compared with 2007 in the time (three years rather than five looking back). 'Green Dragon' was added to the list of environmental awareness schemes to which the respondent might belong.

Section 8 – Financial Information

This section sought data on VAT registration, turnover and annual profits.

Additional comments

Space was provided for the respondent to make additional comments.

Details for re-contact

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

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

2.6 Constructing the Survey Sample

To achieve parity with the 2004 and 2007 Business Surveys, which analysed 1008 and 1034 responses respectively, the target response was 1000 businesses. There were two elements to the target population:

1. Respondents to the 2007 survey who agreed to be re-contacted. There were 237 of these.
2. New respondents, whose contact details were obtained from a commercial list-broker. The data elements included were:
    - Business name
    - Address
    - Personal contact name
    - Telephone number
    - Standard Industrial Classification [SIC]
    - Core business activity
    - Number of employees
    - Turnover

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

1. The list of Postcode Sectors that comprise rural Wales was compiled.
2. The total population of businesses in these rural Postcode Sectors was calculated.
3. The population of businesses in each of the rural Postcode Sectors was calculated.
4. Using the figures in (2.) and (3.) above, the number of businesses in each Postcode Sector was calculated as a percentage of the total number of rural businesses. These percentages were the true proportion of the total required for a stratified sample.
5. To integrate the 237 'potential re-contacts':
    a. They were grouped by Postcode Sector and the total number within each Postcode sector was calculated.
    b. The total within each Postcode Sector in the original population (3.) minus the total of 'potential re-contacts' in that Postcode Sector (5a.) was calculated.
    c. The number at (5b.) was expressed as a percentage of the total number of rural businesses.

6. The commercial list-broker provided a random sample of 10,000 businesses, using the proportions at (5c.) for the rural Postcode Sectors.
7. When this database was obtained the 237 'potential re-contacts' were added to it.

   a. This brought the numbers and proportions back to the true proportions required for a stratified sample.
   b. As the 237 'potential re-contacts' were obtained from a random sample, and were random responses, randomness was maintained.

2.7 Survey administration

In the interests of costs and the best use of resources, tasks, such as photocopying, envelope 'stuffing' and posting, associated with mailing the survey were contracted-out. The first mailing was in the second week of November 2010. Each potential business respondent received a package containing:

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

The covering letter with the first mailing requested completion by 1st December 2010, which allowed respondents between two and three weeks to complete the questionnaire.

A second package, as above but with a reminder letter, was sent out during the last week of December 2010 to those businesses that had not responded. This reminder letter extended the return date for the questionnaire to 31st January 2011 and emphasized the research value of data from rural businesses. It was produced in both English and Welsh language versions. Copies are at Appendices D and E respectively.

2.8 Survey responses

A total of 1308 responses was received. Of these, 138 were completed online.

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

Re-contacts from 2007 (potentially 237)

Potential re-contacts returned 99

2.9 Data Analysis

The questionnaire responses were entered into the 'Statistical Package for Social Science' [SPSS] for analysis. For this report a set of cross-tabulations was produced for each question, which provided quantitative information. SPSS also has the facility to record qualitative data. These qualitative responses were analysed thematically.

Combining the quantitative and qualitative analyses the report facilitates an overview of the state of rural (non-farm) business activities in Wales, and the attitudes of rural business owners in Wales towards a range of business, economic and environmental issues. Where appropriate, comparisons were made between results from the 2004 and 2007 WRO Rural Business Surveys.

As outlined in Section 2, the returned questionnaires were input into SPSS for analysis. The analysis reflects the types of questions asked: some of the analysis is concerned with biographical and historical data; some with quantifiable results; and some with qualitative responses. Where appropriate, comparisons are made with the WRO Business Surveys of 2004 and 2007.

As mentioned in the previous section, 1308 businesses in rural Wales responded to the survey.

3.1 A Profile of the Business and the Owner

Section 1 of the questionnaire called for basic information about the business, such as business type, and biographical information concerning the owner, including qualifications and business training.

Business Type

Compared with the 2004 and 2007 surveys, there was a difference in the way that this question was framed in 2010. Whereas the 2004 and 2007 surveys asked for a description of the core business activity, from which a business type was inferred, the 2010 survey provided the standard list of ONS business categories and asked respondents to indicate which category applied to the business.

Table 3.1 shows the proportions of respondents in each of the ONS categories. In addition, the table shows the proportions of the business categories used for 2004 and 2007 that can be read across to the ONS categories.

As some of the categories for 2010 differed from 2004 and 2007 some interpretation was required. Broadly, the category representations were comparable, without any excessive changes. The largest proportion of businesses surveyed in 2010 was in Wholesale and Retail (25%), which was similar to the 2007 result of 24% - taking the 2007 Retail (20%) and Wholesale (4%) categories together. Of the categories directly common to all three surveys, Construction increased its representation from 10% on both previous surveys to 12%; Manufacturing rose from 9% in 2007 to 11%; and Real estate increased from 3% to 5%. Decreases in representation were seen in Transport at 5% in 2010 and 9% in 2007; Hotels and Restaurants at 14% in 2010 and 17% in 2007; and Health and Social Work at 10% in 2010 and 13% in 2007.

Table 3.1 Types of business responding

Type of Business	2010	2007	2004
Agriculture, hunting and forestry	7%	4%	5%
Mining and quarrying	1%		
Manufacturing	11%	9%	8%
Electricity, gas and water supply	1%		
Construction	12%	10%	10%
Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods	25%	24%	39%
Hotels and restaurants	14%	17%	18%
Transport, storage, communication	5%	9%	3%
Financial intermediation	4%	-	-
Real estate, renting and business activities	5%	3%	2%
Education	4%	-	-
Health and social work	10%	13%	12%

Note: The 2004 and 2007 surveys had a Services category, which recorded 3% and 10% respectively.

In a personal contact with the WRO one business owner argued that the list of categories used, which as indicated in Section 2 was the ONS list used by the Welsh Government, omitted a vital and growing category of business – the Technologically Innovative Small and Medium Enterprise [TISME].

There were other indications on the questionnaire returns that the ONS categories could have been more comprehensive and detailed.

Starting the Business

The earliest reported year of establishment for a business in the survey was 1650. There were 10 new businesses that started in 2010.

- 4% (46 businesses) had started since the last survey in 2007
- 26% had been established since 2000
- 23% were established in the 1990s
- 42% were established between 1950 and 1989
- 6% were established in the first half of the 20th century
- 3% had been operating in earlier periods

The ways by which owners first became involved with their businesses varied: 57% had started the business; 14% had taken it over from a family member; 21% had bought the business; and 8% had become involved through other unspecified methods.

Table 3.2 shows the ways by which owners became involved in their businesses, broken down by decade.

Table 3.2 Decade that current owners became involved with the business

Decade	Start-up	Family takeover	Bought	Other
1941 – 1949	< 1%	0	0	2%
1950 – 1959	1%	3%	0	0
1960 – 1969	4%	5%	2%	5%
1970 – 1979	9%	16%	4%	8%
1980 – 1989	24%	19%	19%	15%
1990 – 1999	28%	27%	25%	27%
2000 – 2010	33%	30%	50%	43%

A new question was asked in 2010 concerning whether or not the business had always been located in rural Wales. In response to this question, 92% of businesses surveyed had always been in rural Wales; 7% had moved from elsewhere; and 1% did not answer the question. The majority of businesses that had re-located to rural Wales had moved from England, with some from urban parts of Wales.

Important factors when starting a business

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

Table 3.3 Relative importance of factors when starting a business

	Very Important	Important	Not Important	Not Relevant
Independence	63%	28%	4%	5%
To increase income	49%	37%	10%	4%
To maintain income	47%	41%	5%	7%
To carry on the family business	20%	11%	6%	63%
To a exploit a market opportunity	29%	36%	10%	25%
Other – please specify	33%	8%	2%	57%

'Other' factors specified included altruistic factors such 'it's a way of life in this community'; lifestyle choices such as a desire to live or remain in a particular rural area and to enjoy a perceived better quality of life; people who turned a hobby or personal skill into a business; and those driven by changes in their personal circumstances to seek new ways of making a living.

While these results were similar to those of 2007 overall, with respect to the category 'To carry on the family business', the results for this 2010 survey were practically identical to 2007 (within one percentage point for each ranking). They showed that in 2010 at least 63% were not continuing a family business.

Gender and Age of business owners

In terms of gender, 72% of business owners were male and 28% were female. This represented an adjustment in the male/female ratio compared with 2007 when 79% of business owners were male and 21% female.

The age profile of business owners surveyed was similar to 2007. Table 3.4 compares the age profiles of the 2007 and 2010 surveys. With regard to age, 10% were under 40 and 17% over 65. The majority of business owners at 71% were aged 40 to 64.

Table 3.4 Age profiles of business owners compared

Age range	2007	2010
Up to 39	10%	10%
40 – 64	71%	73%
65 and over	17%	16%

From Table 3.4, comparing 2007 and 2010, there was little difference in the age profiles of responding business owners.

Owner's qualifications

Table 3.5 shows the highest qualifications held by business owners in the survey, and compares the results with the 2004 and 2007 surveys.

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Table 3.5 Highest qualifications held by business owners

	2004	2007	2010
Higher Degree/ NVQ Level 5	9%	17%	17%
Degree/ NVQ Level 4	21%	21%	22%
A Level/ NVQ Level 3	16%	11%	14%
O Level/GCSE/ NVQ Level 1 – 2	22%	22%	22%
None	21%	17%	14%
Other	11%	11%	11%

The prominent trend over the six year period between 2004 and 2010 was the steady diminution in the proportion of business owners without qualifications. This decreased from 21% in 2004 to 14% in 2010. The proportion of business owners with a Higher Degree, which had increased considerably between 2004 and 2007, was maintained.

Among the specified 'other' qualifications were apprenticeships, City & Guilds, national diplomas, medical and nursing qualifications, various trade-related qualifications, and professional qualifications in, for example, accountancy, engineering, veterinary, dentistry and surveying.

Formal Business Training

The 2007 Business Survey report commented on the relatively low level of formal business training at 28%. In 2010 the level was lower still at 25%. Similar to 2007, business owners were asked how personally valuable was formal business training.

Table 3.6 compares 2007 and 2010. The question asked in both 2007 and 2010 was "How strongly do you agree/disagree with the statement 'Formal business training is important'".

Table 3.6 The importance of formal business training

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
2007	10%	15%	40%	25%	10%
2010	7%	13%	39%	27%	14%

As in 2007, it could be argued that the small proportion of formally qualified business owners was reflected in the overall sample's opinions of the importance of formal business training.

Business and Professional Networks

Although the majority of the overall sample did not consider formal business training to be important, 51% were members of a professional, business or trade organization. It was also the case that 25% found these networks useful, although 35% had no strong opinion about them. A wide range of these organizations was cited, including the Society of Vinters, the Federation of Small Businesses, trade organizations and professional institutes.

3.2 About the Employees

Across the survey, 67% of businesses had employees. In total, 878 of the 1308 businesses surveyed employed 13,350 employees, which was a rate of 15.2 employees per business. Taken over the total survey population, the rate dropped to 10.2 employees per business. In 2007 the rates were 17 and 11 respectively. Table 3.7 shows the numbers in each category of employee for 2010.

Table 3.7 Number of Employees by Category

Employee numbers	Regular Full time	Regular Part time	Seasonal Full time	Seasonal Part Time	Casual
Male employees	6057	793	181	198	313
Female employees	2976	2269	113	259	191
Total M+F = 13,350	9033	3062	294	457	504

Similar to the 2007 survey, there were more full-time male employees than female employees, and more part-time female employees than male, which was not unexpected.

Recruitment catchment area

The questionnaire requested employers to estimate the proportions of their workforce recruited locally; regionally; from the wider UK; and from outside of the UK. The majority of employees were recruited locally - 64% were recruited within ten miles of the workplace. In addition, 508 businesses recruited their entire workforce from within ten miles. A further 26% of the workforce were recruited from between ten and 50 miles; 7% from more than 50 miles but within the UK; and 3% from outside the UK. These results were similar to those recorded by the 2007 survey.

In 2007, 64% were recruited within ten miles of the workplace; 24% from between ten and 50 miles; 7% from more than 50 miles but within the UK; and 5% from outside the UK.

Workers Registration Scheme

Only 13 businesses had employees on the Workers Registration Scheme [WRS], which registers employees from the recent EU accession states. This compared with 17 businesses in 2007.

3.3 Recruitment and Training of Employees

Recruitment Methods

Businesses were asked which methods they used to recruit employees. Table 3.8 compares the results for 2004, 2007 and 2010. Word of mouth/family and friends remained the most popular recruitment method, increasing its share of users. The use of Job Centres did not change. There appeared to be a steady decline in the use of local newspapers for recruitment. Although 21% of the survey sample in 2010 still used local newspapers, they had dropped eleven percentage points since 2004.

Table 3.8 Methods Used to Recruit Employees

	Local newspapers	National Newspapers	Local radio/TV	Job Centre	Internet	Word of mouth/family and friends	Other	None
2004	32%	2%	2%	-	8%	40%	7%	12%
2007	27%	3%	1%	28%	7%	43%	8%	6%
2010	21%	2%	2%	28%	10%	50%	10%	5%

The Internet showed a gradual upward use trend and several businesses identified Facebook as an 'Other' method used for recruitment. Other methods also included recruitment agencies; posters in locations such as local shop windows, community centres, colleges and sports clubs; professional networks; Yellow Pages; Go Wales; Careers Wales; school interviews; and professional and trade journals.

The Quality of Recruitment and Training

Survey participants were asked to rate the quality and accessibility of recruitment agencies, applicants for employment, and skills training, by responding to a series of statements. Table 3.9 shows the proportions of survey participants that gave each rating and compares the 2010 responses with those of the 2007 rural business survey, which asked identical questions.

Regarding 'Recruitment' the table exhibits close congruence in the responses to some categories between the 2007 and 2010 surveys. For example, the majority of respondents in 2010 continued to experience difficulties in the recruitment of skilled personnel, although there was some lessening of dissatisfaction. The proportions that agreed (taking 'agreed and 'strongly agreed together) with the statement 'It is difficult to recruit appropriately skilled employees' were 63% in 2007 and 56% in 2010.

In the 2007 survey report, attention was drawn to the potential connection between the high proportion of businesses using informal networks for recruitment (43% in 2007) and the favourable perceptions of the usefulness of these networks. This potential connection was seen again in 2010, where, as Table 3.8 above shows, 50% used informal networks, and the proportion that agreed that they were useful remained high at 48% compared with 50% in 2007. The proportions that disagreed with the use of informal networks were the same for both 2007 and 2010 at 16%.

Perceptions of the efficacy of the Formal Recruitment agencies were similar in 2007 and 2010 – survey participants tended to view them negatively. While the majority (50% in 2007 and 49% in 2010) held no strong opinions, 38% in 2007 and 39% in 2010 disagreed that they provided good applicants.

Table 3.9 Quality of recruitment agencies, applicants and skills training.

	Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
Statement	**2007**	**2010**	**2007**	**2010**	**2007**	**2010**	**2007**	**2010**	**2007**	**2010**
It is difficult to recruit appropriately skilled employees	6%	6%	11%	14%	21%	24%	29%	31%	34%	25%
There is a shortage of applicants for work	8%	14%	16%	29%	26%	26%	25%	17%	25%	14%
It is useful to use informal networks for recruitment	5%	6%	11%	10%	34%	36%	31%	31%	19%	17%
Formal recruitment agencies provide good applicants	15%	16%	23%	23%	50%	49%	9%	10%	4%	2%
Skills training for employees is too expensive	8%	5%	16%	15%	36%	33%	25%	26%	15%	21%
Skills training for employees is of good quality	4%	5%	9%	8%	32%	30%	35%	37%	21%	20%
Skills training for employees is easy to obtain	9%	10%	20%	16%	37%	42%	28%	26%	6%	6%

However, there was a noteworthy difference in the perceptions of the size of the potential pool of applicants. In response to the statement 'There is a shortage of applicants for work', 35% disagreed (taking 'disagreed and 'strongly disagreed together) in 2010. This compared with a combined 'disagreed' proportion of 24% in 2007. It could be inferred that the pool of unemployed had increased.

The data presented in Table 3.9 indicate that in 2010 business owners in rural Wales continued to perceive problems with both the recruitment agencies and the quality of potential employees. This reflects the findings of the 2007 survey and the 2004 survey, which although asking a different set of questions about these issues produced similar results. In 2004, for example, 62% of respondents identified a 'lack of applicants'; 66% suggested that applicants lacked appropriate work experience; and 48% cited lack of academic/professional training.

With regard to skills training, Table 3.9 shows that, similar to 2007, in 2010 more business owners considered training to be too expensive: 47% agreed that it was too expensive against 20% who disagreed. Regarding the quality and availability of skills training, the 2007 and 2010 surveys were similar. As Table 3.9 shows, greater proportions considered skills training to be of good quality, while they tended to hold no strong opinions about its accessibility.

3.4 Business Operations and Strategy

Business and Marketing Plans

The 2010 business survey posed a series of questions concerning business planning, the Internet and Broadband. While some of these questions were asked in 2007, others were not. The responses are shown at Table 3.10. Where equivalent questions were asked, 2007 data are shown.

The table shows that relatively few businesses surveyed used either a business plan or a marketing plan. Proportions for these two business strategies were similar to those for 2007. The comparatively small proportions of survey participants who considered formal business training to be important (see Table 3.6) may be connected with the small proportions that used business and marketing plans.

Businesses with Internet connections had increased since 2007. Broadband coverage for the 2010 survey sample was 84% - 76% of the sample had a Broadband service.

Table 3.10 Business planning, the Internet and Broadband

Question	YES		NO	
	2007	2010	2007	2010
Do you use a written business plan?	31%	33%	69%	67%
Do you use a written marketing plan?	18%	17%	82%	83%
Does your business use a computer?	Not asked	85%	Not asked	15%
Are you connected to the Internet?	67%	85%	33%	15%
Is Broadband available at your business location?	Not asked	84%	Not asked	16%
Does your business have Broadband?	Not asked	76%	Not asked	24%

Two questions, both not asked in 2007, sought further information on the Broadband service. Firstly, business owners were asked to rate their Broadband service: 14% rated the service as excellent; 42% as good; 32% as adequate; and 12% rated their Broadband service as poor. Secondly, they were asked whether or not they had used the Welsh Government's Broadband Support Scheme: 2% had used the scheme; 34% had not used it; and 64% stated that they were not aware of the scheme.

Finally, in this series of questions concerning the Internet and Broadband, survey participants were asked whether or not their business's Internet use had increased over the past three years: 2% had decreased their use; 25% had remained the same; and 73% had increased Internet use. Surprisingly, this represented a small decrease in the rate of increased Internet use compared with the 2007 survey sample when 80% had increased use; 18% had stayed the same; and 2% had used the Internet less. However, the observation period in 2007 was the previous five years, which could have witnessed an initial surge of Internet use. This inference was supported by the fact that the difference between 2007 and 2010 was an increase of seven percentage points in those whose Internet use had remained the same.

Comments from the business owners regarding Internet use and Broadband emphasised how important these tools now are for businesses. These Internet-adopters fell into three broad, overlapping groups. The first group comprised those whose business was inherently Internet-related, for example an IT business. Secondly, there was a set of business owners who argued that the Internet offered potential efficiencies in many areas of business practice, such as speed of communication, paperless working, marketing and research. The following quotes illustrate some these uses:

> *We work in an international market and it is the best means of communication.*
>
> *We are marketing on the internet.*
>
> *Things can be done online which previously had to be done by post or courier.*
>
> *We have introduced messaging with customers e.g. Skype, more online courses and presentations.*
>
> *E-mails are quicker, more efficient and save paper.*

The third category recognized that the modern business market demanded Internet-based practices and that increasingly businesses, customers, banks, government and the institutions with which some businesses necessarily interacted were moving towards exclusively Internet- based practices. This argument is illustrated by the following quotes:

Downloading of relevant information - an increasing amount is only on the Internet.

Selling to blue-chip companies demands this way of operating.

We have to! Being forced down that route because more providers and customers only work online.

All government agencies send information via the Internet.

Broadband was pointed to as an essential platform for business Internet, as these quotes show:

95% of our work and customers are outside Wales. Broadband is absolutely essential.

Acquiring broadband made more exciting things possible.

Advertising Products and Services

Table 3.11 shows the proportions of businesses using a range of methods to advertise their products and services. Data for the 2004 and 2007 surveys are also shown for comparison.

Table 3.11 Methods Used to advertise Products and Services

	Local newspapers	National Newspapers	Local radio/TV	Internet	Word of mouth	Other	None
2004	49%	5%	8%	27%	72%	18%	6%
2007	40%	6%	8%	40%	59%	30%	12%
2010	39%	5%	9%	46%	68%	31%	10%

Taken over the six year period 2004-2010, the use of some of the more traditional advertising media, such as national newspapers and local radio/TV, remained steady. Indeed, 'word of mouth' experienced a resurgence in popularity. However, the most notable set of results tracks the inexorable increase in Internet use. The Internet also appeared in the 'Other' category, in the form of social networks, such as Twitter and LinkedIn, used for advertising. Traditional media such as direct mail, Yellow Pages, local directories and trade and specialist magazines were also cited in the 'Other' category.

Locations of Suppliers and Customers

Businesses participating in the survey were asked to provide the approximate proportions of both their suppliers and customers that were located at certain distances from the business. The ranges were: less than 20 miles; between 20 and 60 miles; more than 60 miles but within the UK; and outside the UK. Table 3.12 indicates the proportions of businesses surveyed with customers at each range, and also shows the 2007 results.

Table 3.12 Distances of customers from rural businesses

Range	% of total businesses with customers at range	
	2007	2010
Less than 20 miles	70%	80%
20 – 60 miles	62%	66%
More than 60 miles	53%	53%
Outside UK	22%	20%

From Table 3.12 it appears that, compared with 2007, more businesses had customers from within their local area. This inference was supported by an increase in the proportions of businesses that their entire customer base at less than 20 miles: 18% in 2010 compared with 11% in 2007. While there was an increase of four percentage points in businesses with customers in the range 20-60 miles, the proportions of businesses with customers at distances of more than 60 miles and outside of the UK were similar to 2007.

Table 3.13 shows the proportions of businesses surveyed with suppliers at each range, and also shows the 2007 results.

Table 3.13 Distances of suppliers from rural businesses

Range	% of total businesses with suppliers at range	
	2007	2010
Less than 20 miles	55%	68%
20 – 60 miles	50%	54%
More than 60 miles	58%	59%
Outside UK	13%	14%

Similar to customers, there appeared to be an increase in the proportion of rural businesses with local suppliers, with increases of 13 percentage points from 2007 to 2010 for suppliers at less than 20 miles and an increase of four percentage points for suppliers at the 20-60 mile range. Again this inference was supported by an increase in the proportions of businesses that had their entire range of suppliers at less than 20 miles: 14% in 2010 compared with 6% in 2007. Although the proportion of businesses with suppliers in the range 20-60 miles increased by four percentage points, the proportions of rural businesses with suppliers at distances of more than 60 miles and outside of the UK were similar to 2007.

Types of Customer and the Sales they Generate

In order to ascertain from which sectors rural businesses drew their customers, participants were provided with a range of categories and asked to indicate what proportions of each category constituted their customer base. The following categories were designated: private and household, shops, small businesses, larger businesses, the public sector, wholesalers and distributors, and others. Table 3.14 indicates the proportions of sales generated each category of customer. In addition, the table shows the 2007 results.

Table 3.14 Sales generated by Types of Customer

Type of customer	2007	2010
Private and Household	74%	79%
Shops	19%	18%
Small Businesses	39%	39%
Larger Businesses	30%	32%
Public Sector	31%	31%
Wholesalers and Dist.	9%	8%
Others	7%	8%

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

As Table 3.14 shows, there was little difference between the 2007 and 2010 surveys in terms of the sectors from which rural businesses drew their customers. The proportions for all categories of customer were within one percentage point, apart from 'Private and Household', which increased by five percentage points in 2010.

The proportion of rural businesses that had a total reliance on Private and Household' customers also increased from 25% in 2007 to 29% in 2010. Reliance on the other customer categories was similar to 2007.

Sponsorship of local community activities

In 2010 the proportion of businesses surveyed that sponsored local community activities had decreased compared with 2007. The proportions were 49% in 2010 and 53% in 2007.

Activities sponsored were similar to 2007 and included a range of clubs, teams and events for sports such as athletics, rugby, swimming, netball, golf; hockey, football, cricket, tennis, judo, boxing and karate; food festivals; hospitals and air ambulances; Dr Barnados homes; canine societies; darts and pool teams; cancer support groups and hospices; pony clubs and other equine activities; hospital radio; the Air Training Corps; school events; arts foundations; carnivals; life boats; community festivals and fetes; regattas; the Eisteddfod; agricultural shows; scouts, guides, brownies and cubs; local sport events and the bog-snorkelling and man versus horse events held annually in Llanwrtyd Wells, Powys. Several businesses made donations to charities and organizations such as RNLI, NSPCC, cancer research and churches.

3.5 The perceived advantages of a rural location to businesses

The perceived advantages of a rural location to businesses were attributed to four interconnected factors. Firstly, many survey participants commented on the natural beauty of much of rural Wales and how this enhanced their working conditions. Some respondents saw an advantage in that the rural landscape and environment attracted visitors and afforded economic opportunities. A second contributing factor was lifestyle, with a number of lifestyle elements cited. These included peace and quiet; a more relaxed way of life; better travelling and commuting conditions; and closer communities. Closer communities embraced economic factors such as knowing and trusting both customers and suppliers, and the use of family and community networks to employ workers and to build a business reputation. Thirdly, economic competition was seen to be less keen than in more urban areas. Finally, it was observed that overheads such as rents and insurance tended to be lower in rural areas. A number of participants argued that with the advent of the Internet and Broadband they could conduct their business from practically any location.

3.6 The perceived disadvantages to businesses of a rural location

Participants in the 2010 survey perceived a number of disadvantages for businesses located in rural Wales. Some were the obverse of what those in the previous sub-section saw as advantages. For example, there were comments regarding the costs of geographical isolation, albeit in beautiful locations. These included long distances to be travelled; the necessity of personal vehicular transport; poor roads; inaccessibility, particularly in bad weather; limited services; a shortage of quality goods available locally; and high fuel costs.

Similarly, while some perceived close communities and local networks as an advantage, others disagreed. They observed that potential downsides to close local networks were rumour-mongering, social and business isolation, and unfair competition.

In terms of the local economy, it was argued that in rural areas there was a tendency for a low-income, low-skills economy, with perceived shortages of skilled or appropriate local people available for employment. Taken together with small local populations and little passing trade, with much of that seasonal, the result could be a small customer base, low business turnover and small profits. In addition, it was argued that rural business rates were too high. It was further argued that a rural location could be perceived negatively by potential urban customers and suppliers as an indicator of a lack of business competence and expertise.

Finally, in the previous sub-section some participants argued that with good Internet and Broadband, for some businesses location was irrelevant. However, other business owners observed that in their location Broadband was either non-existent or inadequate, and that telecommunications, both fixed-line and mobile, were unreliable.

3.7 The perceived strengths and opportunities of rural businesses

Many of the perceived strengths attributed to businesses by participants in the survey could be applied to any business, whether located in rural or urban areas. Business owners referred to factors such as professionalism and the provision of good quality products, craftsmanship, service and customer relations.

However, rurality was seen to imbue these factors with additional importance. For example, customer relations were conducted within the social networks of close rural communities, in which a family business was seen to be at an advantage. This was connected with knowing customers; personal contact with customers; being a part of the local community; the reliability of the business; and building a good reputation. And while the skills and training of personnel, particularly specialized skills and technical expertise, were obvious advantages, specific references were made to the advantages of flexibility.

Rural locations were seen to be advantageous for businesses such as public houses, hotels and tourist-related businesses. Several businesses referred to the fact that they had little or no competition, that they were the only shop in a village or a unique or niche service provider in a rural area, as an obvious strength.

Finally, with regard to unique selling points and niche markets, some businesses indicated that they perceived their ability to speak the Welsh language and to immerse customers in Welsh culture in these terms.

3.8 The perceived weaknesses of rural businesses and threats to them

With regard to the perceived weaknesses of rural businesses and threats to them, many of the comments from participants concerned the economic climate and the problems of the UK recession. The factors that constituted the recession were seen to feedback and multiply. Survey participants pointed to low customer footfall and low demand, with little cash in the economy; government cuts; increased VAT; and generally higher costs. Moreover, it was argued that businesses in rural areas were particularly vulnerable to the rising costs of fuel, transport and energy, and government-led cuts in services.

Other identified threats to rural businesses included the apparently inexorable spread of large multiples. There were arguments that the recession was increasing the rate of expansion, with multiples and other large contractors forced to seek new business opportunities in rural areas that they might not otherwise have explored. Some businesses were concerned about competition from increases in Internet selling and Ebay. For some, the Internet also provided competition in other forms. It was observed that Internet-based businesses were being run from ‘front rooms and garages’, without the costs of business rates.

Similar to 2007, concerns were expressed about both the ageing population of rural Wales and the ageing population of business owners in rural Wales. Business owners observed a shortfall in young people coming through into work and careers; shortages of skilled labour; the lack of motivation and dedication of staff; and the loss of staff, who often left the job and the local area when they were trained and formally qualified at the expense of the business. In terms of customers, it was observed that the rural customer base was both ageing and shrinking. Several business owners were concerned that they were too old for their current heavy work-loads and long hours, but could not see any relief in younger people coming through. As with the 2007 survey, the biographical data supported this perception of an ageing cohort of rural business owners: 1% of business owners surveyed were under 30 years of age and 10% were under 40.

Comments regarding the relationships between government and business were similar to those made in 2007. Government at both national and local levels was perceived as unhelpful to business. It was argued that there was too much regulation of business and too much legislation. Health and safety at work legislation and the recent smoking ban were particular targets here. Local government was castigated for raising parking charges; for high business rates; for failure to promote rural areas and villages in relation to tourism; and for a general lack of investment in rural Wales.

3.9 Perceptions of network opportunities

Finally, in this section on business operations and strategy, survey participants were asked to respond to two statements concerned with their perceptions of the usefulness of networks. The first statement concerned business networks, while the second referred to the usefulness of family networks in business. Table 3.15 compares the 2007 and 2010 results.

Table 3.15 Perceptions of Networks

	Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
Statement	**2007**	**2010**	**2007**	**2010**	**2007**	**2010**	**2007**	**2010**	**2007**	**2010**
Business networks are useful to me	8%	7%	17%	12%	44%	48%	22%	21%	9%	12%
Family networks are useful to me in business	12%	9%	16%	11%	35%	38%	24%	28%	16%	16%

Both 'business networks' and 'family networks' witnessed increases in the proportions of those who broadly agreed that they were useful to them in the conduct of their business. The relatively high proportion of those business owners who found family networks useful for business potentially reflected the 50% (see Table 3.8) who used informal networks for recruitment and the 48% (see Table 3.9) who found them particularly useful. Similar connections were made in the 2007 survey report.

3.10 Perceptions concerning Business Support

The provision of support and advice to businesses is an important factor in developing the economy. Respondents were asked to rate the quality of business support and advice available from a range of agencies. Table 3.16 shows the results.

Table 3.16 Rating of Business Support and Advice

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

There was a swing towards down-rating these support and advice services. Whereas in 2007 the largest proportions rated a service as 'satisfactory', in 2010, with exception of Trade Organizations, more businesses rated these services as bad, taking 'bad' and 'very bad' together', than satisfactory or good. The proportions of those not using these services was similar to both 2007 and 2004, although in most cases non-use had increased by two to five percentage points. The Welsh Government was the exception; non-use had decreased by three percentage points.

3.11 Perceptions concerning the Welsh Government and business support and economic development

Businesses were asked a range of questions concerning their relationships with and perceptions of the Welsh Government. Of the businesses surveyed, 21% had benefited directly from Welsh Government financial initiatives, which was the same result as the 2007 rural business survey. A range of initiatives was identified by business owners including grants for different activities, administered by various bodies. Businesses had received grants for investment, machinery and plant, technology, training, rural retail, processing and marketing, development, broadband provision, and business start-up.

Only 9% of businesses surveyed were aware of 'Economic Renewal: a new direction'.

Table 3.17 shows responses to a series of statements about Welsh Government policies - 2007 and 2010 responses are compared.

Table 3.17 Perceptions of Welsh Government policies

	Strongly disagree		Disagree		Neither agree or disagree		Agree		Strongly agree	
Statement about WG policies	**2007**	**2010**	**2007**	**2010**	**2007**	**2010**	**2007**	**2010**	**2007**	**2010**
Help to create jobs	12%	13%	16%	15%	54%	54%	13%	13%	5%	5%
Help to create higher quality jobs	12%	13%	18%	17%	56%	59%	10%	8%	4%	3%
Help to stimulate economic growth	12%	12%	16%	17%	50%	51%	17%	16%	5%	4%
Help to regenerate communities	11%	13%	16%	16%	50%	53%	18%	14%	5%	4%
Help to improve skills training	9%	9%	13%	15%	52%	53%	20%	19%	4%	4%
Help to improve business support	12%	15%	13%	13%	52%	52%	18%	16%	5%	4%

The 2007 and 2010 responses were practically identical, with any differences being one or two percentage points, apart from 'Welsh Government policies help to regenerate communities'. Here more survey participants disagreed and fewer agreed than in 2007. Consequently, the observation made in the 2007 survey report holds – i.e. substantial numbers of respondents failed to endorse the Welsh Government's role in all categories apart from skills training

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3.12 Changes in business activities

In order to gain some understanding of changes in business activities in rural Wales, respondents were asked a series of questions designed to track changes over the last three years, that is, since the 2007 rural business survey. There was also a question concerning potential expansion in the next three years. Apart from the question about Expansion and Contraction, these questions were new in 2010.

Expansion and Contraction

In the three years since the 2007 WRO business survey, 34% of the businesses surveyed in 2010 had expanded; 25% had contracted; and 41% had remained at the same level of activity. These numbers revealed an overall tendency towards business contraction compared with 2007 when, over a longer period of five years, 50% had reported expansion; 14% had contracted; and 35% had remained the same.

In terms of planning for the next three years, 54% of business planned to expand, 46% did not. This compared with 40% in the 2007 survey that had planned to expand.

Workforce

Businesses were asked to report on changes to the dimensions of their workforce over the past three years: 22% had expanded their workforce; 20% had contracted; and 58% had retained the same number of employees.

Turnover and Profit

While questions in the Financial Information asked for the amount of annual profit, within standard ranges, in this section on Change businesses were asked about change over time with regard to turnover and profit. Table 3.18 shows the proportions of businesses surveyed that reported increases, decreases and stability over the past three years. The table also shows 2007 data for comparison.

Table 3.18 Changes in Turnover and Profit over the past three years

	Increase		Decrease		Stayed the same	
	2007	**2010**	**2007**	**2010**	**2007**	**2010**
Turn-over	58%	36%	18%	34%	24%	30%
Profit	42%	26%	27%	41%	31%	33%

The data in the table indicate the effects of the recession in the period 2007 to 2010. Businesses surveyed in 2007 appeared to be in a more buoyant financial position than those surveyed three years later. In 2010, while slightly more businesses were able to increase than decrease turnover, only 26% were able to increase profits. Overall the data in Table 3.18 indicate that the costs to business had increased since 2007.

Customer Orders and Footfall

This question sought to identify changes in the demand side of the businesses surveyed. For the largest proportion (34%) of businesses surveyed, customer demand had decreased. A slightly smaller proportion (32%) reported no change in customer demand, and 25% of businesses had witnessed an increase. Customer demand was not relevant for 9% of businesses surveyed.

Financial Investment

Businesses were asked whether or not financial investment was more or less difficult over the past three years. Almost half (48%) of the survey reported that investment was more difficult than before; 25% perceived the situation to be the same as before; for 24% the question was not applicable; and only 3% reported that investment was easier than before.

Research and Development

The question concerning Research and Development was asked in 2007. Similar to 2007, the majority of businesses surveyed in 2010 did not undertake Research and Development - 63% in 2010 compared with 64% in 2007. The results for those businesses whose Research and Development had remained at the same level was the same for both surveys – 20% in each case. A smaller proportion had increased their Research and Development activities - 11% in 2010 against 15% in 2007. The proportions for those businesses that had decreased their Research and Development were 6% in 2010 and 5% in 2007.

Those businesses that engaged in Research and Development did so in a variety of ways. At the high end of the scale there were businesses, for example investigating new energy sources, whose *raison d'être* was research. Research activities ranged from businesses that were developing new products and saw themselves at the cutting-edge of their industry, through research into customers and suppliers, to customer catering establishments that issued and acted on customer feedback questionnaires.

The aims of those businesses doing Research and Development were to increase profitability and several pointed to the particular need to do Research and Development in a recession. As this business owner argued:

> *In times of recession most SMEs stop investing to conserve capital. Historically they are more likely to fail. Those that invest to improve the product, provide 'added value', which helps to mitigate the effects of the financial downturn.*

Those businesses that did not engage in Research and Development either argued that their type of business did not require it or that they could not afford to do it, due to the current economic downturn.

New Products and Services

Over the past three years 54% of businesses surveyed had introduced new products or services. This was slightly fewer than the 58% in the 2007 survey.

The new products introduced varied, of course, with the type of business but included high-tech and leading edge products such as high specification energy equipment; specialist medical and rescue services; low carbon sustainable building expertise; advanced mechanical, civil, electric, electronic and telecommunications engineering; novel surgery for cruciate ligament problems in dogs; cutting-edge environmental services and products and other services, and products such as the addition of restaurant facilities, new menus and new goods for sale for retailers.

Those businesses that had not introduced new products or services varied in type. Some saw no reason to introduce change, while others pointed to factors such as low demand, difficulties in obtaining investment and the current economic situation, which many termed recession.

Changes that affected the business

Businesses were asked to comment on the most significant changes that had affected their business over the last three years. The most cited change was the 'recession'. Indeed, one business owner was most pointed and paraphrased US President Bill Clinton's famous remark concerning the economy:

> *It's the recession, stupid!*

These selected quotes from business owners also referred directly to the recession as the most significant change and illustrated some of its effects:

> *Dealing with recession when we were starting to soar prior to it hitting.*

Worldwide recession.

This recession has reduced customer spending .

Recession has damaged housing market.

Our business has seen a decline in profits due to recession.

Some businesses used other terms for the recession or referred to its associated effects, as these selected quotes illustrate:

Credit crunch!

General economic situation.

Economic downturn, customers spend less

Since 2008 downturn in turnover.

Tough economic downturn demanding huge increase in productivity to stay in business - the credit crunch caused by bankers and facilitated by government interference and incompetence.

The total lack of expansion capital.

People are shopping around more so pricing as well as service has to be excellent. In the past we have more or less taken all the jobs we have quoted. Sometimes now we have to re-quote or we do actually lose some jobs.

Housing market crash. Used to do all new builds - now have to do renovations

Cash flow and customers going into liquidation

Erratic nature of buying patterns - worst downturn in living memory

Because of the economic downfall, the business turnover was very low.

Lack of credit coming from the banks

Impact of credit crunch causing less spending by customers and larger customers cancelling contracts. Banks being very restrictive with lending.

Customers not paying. Decrease in turnover. Afraid to attract new customers as the payment risk increases.

Downturn in the construction industry due to worldwide banking problems.

Customers going out of business.

Some businesses pointed to the change of rising costs. For example:

Increasing costs re: price of LPG, oil, electricity, labourers' wages, materials e.g. timber etc.

Increase in rates, electric, gas, food prices and VAT.

High cost of energy

Higher fuel prices

Energy costs and road fuel costs, which have a direct effect on the costs of our raw materials. 20% VAT will add to the problems.

Other negative factors for change, which might or might not have been connected to the recession, included a perceived decrease in tourism, although some businesses benefitted from the Ryder Cup; closure of rural Post Offices; cutbacks in other rural services; and increased interpenetration of rural Wales by international and larger UK companies. The following quotes connect to this perceived phenomenon:

National contractors taking our 'bread and butter' work and increasing competition to lock SMEs out of frameworks

Reduced opportunity due to less business in the public sector arising out of the EC directive that local businesses should not receive geographical preference. Poor directive because large businesses dominate.

Expansion into rural areas by supermarkets and other large retailers was cited by several businesses as a negative change – for example:

Introduction of a supermarket in a community that already had three shops

Super stores expanding their range of products to increase their profits at the expense of smaller retailers.

Supermarkets and other stores were also seen to be unfair rivals to the licensed trade:

Increased aggressive marketing of alcohol by supermarkets.

Almost universal distribution of alcohol.

It was argued that excessive regulation and bureaucracy, together with a perceived diminution of business support, hindered rural businesses:

Changes in the WAG business support systems (failure) - Change from the 2003 - 2007 EU funding to the current 2007 - 2013 Convergence which WAG has so loaded with bureaucracy that they have failed.

Red tape for tendering - introduction of more Health and Safety.

Smoking ban.

Local authority interference.

Dealing with increased Health and Safety issues particularly carriers.

More Red Tape - planning with Local Authorities - especially Brecon Beacon National Parks.

More bureaucracy and less genuine help for small businesses.

Lack of sensible business support packages from WAG e.g. SIF CAPITAL and revenue disaster. The general support for business incentive in mid Wales worked well, target outputs were exceeded.

Too much red tape from Welsh Assembly. Wasted grant from European rural development not used to benefit the owner of business.

More onerous regulation from government.

Reductions in SME funding.

As in the 2007 rural business survey, respondents noted increases in the use of the Internet. Similar to 2007, for some this was a change that negatively affected their business as customers increasingly ordered goods and services using the Internet. However, others had found ways to improve their business:

The use of electronic marketing and communication. This has enabled us to raise our profile and to keep our customers informed helping to bring mutuality to the business.

Other businesses observed that the recession and its associated effects had benefited them in two inter-related ways. Firstly, some competitors had been forced out of business. Secondly, some businesses argued that they had been forced to become leaner and more efficient.

3.13 Business and the Environment

The rise in environmental concern, particularly issues such as global warming, peak oil, carbon dependency and resource depletion, has witnessed an increased focus on the relationships between businesses and the environment. Following similar questions in the 2007 survey, businesses were asked a series of questions concerning environmental issues.

Recycling

A much higher proportion of businesses recycled in the 2010 survey than in the 2007 survey – 81% in 2010 compared with 61% in 2007. Some businesses claimed 100% recycling rates for materials such as paper, glass and cardboard. Much of this type of recycling was carried out through local authorities: either by collection or by visiting the local authority recycling site. For other materials such as metals, oils, batteries, printer cartridges and toners, and electronics some businesses used specialist firms.

Some businesses reported that they reused some materials rather than recycled them. For example, computers were cannibalised and presented to schemes that provided computers to charities. Organic waste was composted and some businesses used timber off-cuts in wood-burning stoves for heating their premises. A related use, on a more industrial scale, was the recycling of timber off-cuts into pellets for use as a biofuel. Waste-oil burners were also used by some businesses.

The majority of reasons given for not recycling followed themes of ‘not applicable’ or ‘not having waste products’. However, some businesses argued that they could not afford to recycle. Indeed, even some businesses that did recycle argued that the cost to businesses levied by local authorities was excessive. Local authorities were also criticised for inadequate provision of both recycling sites and collections, and undue bureaucracy. Specific examples were the licensing of polythene recycling and the recycling of printer and toner cartridges. The question was posed of why, in this electronic age, Welsh Government systems remained paper-based and insisted on paper-based signatures.

Environmental awareness initiatives

Table 3.19 shows the proportions of businesses surveyed that participated in a specified range of environmental initiatives. The initiatives specified are the same as those in the 2007 survey, with the addition of ‘Green Dragon’ in 2010. Membership of Green Dragon, an award by Arena Network to those businesses that maintain certain specified environmental standards, was mentioned by five businesses in 2007. The table shows 2007 results for comparison.

Table 3.19 Proportion of Businesses taking part in Environmental Initiatives

Initiative	2007	2010
Tree planting	11%	12%
Carbon-offset	3%	4%
Buy green power	4%	4%
Use low energy devices (e.g. light-bulbs)	47%	58%
On-site energy generation (e.g. solar panels, wind-turbine)	4%	6%
Green Dragon	Not asked	4%
Other initiative (see below)	5%	4%

There were small increases from 2007 to 2010 in the proportions of businesses surveyed that took part in environmental initiatives. The largest increase was eleven percentage points in the proportion of businesses using low energy devices. This could have been because old-fashioned standard tungsten element light bulbs are no longer produced.

Among the other environmental initiatives taken by businesses were the use of biofuels; waste-oil burners; and air-to-air heat pumps. Other ways of conserving heat included high specification building insulation for business premises. Some businesses harvested rainwater either for use in business activities, for example where plant growth was involved, or for use in plumbing for water-closet flushing and other non-drinking uses. Environmental organisations mentioned included the Carbon Trust and the David Bellamy Conservation Award scheme.

There were four types of reason given why businesses did not take part in environmental initiatives: information deficit, bureaucratic, financial, and a denial of any environmental crisis coupled with a suspicion of the motives of the ‘green movement’. Firstly, those businesses that cited a lack of information argued that they had not been informed of what was available. For example in this group some businesses were not aware of Green Dragon. Secondly, local authorities were criticised for not providing information and for being obstructive and non-cooperative. The third group was constituted by those businesses who stated baldly that they could not afford either the time or money to take environmental initiatives, and by those who argued against them on economic grounds. These economic grounds included a lack of financial incentives, excessive capital costs, and low returns to business with the payback period seen to be too long. The final group denied the existence of global warming and any type of environmental crisis. They argued that green initiatives were merely money making schemes or ‘corrupt exercises in political correctness’. The following quotes are indicative of these attitudes:

> *I do not believe in green issues-all moneymaking. Global warming in my opinion does not exist. Temperatures worldwide throughout history fluctuate.*

> *Most of them are corrupt exercises in political correctness. Tree planting/carbon offset is the worst. I speak as a founder of Friends of the Earth in the UK.*

I do not buy into global warming etc. It is expensive and the payback period is too long.

Do not believe the anoraks
Not convinced of the arguments

Most environmental issues are some sort of marketing scam and 'climate change' is a load of nonsense promoted purely for reasons to tax us more.

Business Energy Consumption

Businesses were asked whether over the past three years their energy consumption had increased, decreased or stayed the same. Table 3.20 shows these results and compares them to 2007, when the same questions were asked.

Table 3.20 Businesses Energy Consumption

	2007	2010
Decreased	17%	18%
Increased	29%	25%
Stayed the same	54%	57%

These data show a small improvement towards less energy being consumed by businesses in rural Wales. While the proportion of those that 'stayed the same' increased, fewer businesses had increased their consumption and slightly more had decreased their consumption. However, the proportion of businesses that had increased their energy consumption remained considerably greater than those businesses that had decreased it.

A range of reasons was adduced for increasing energy consumption. A prime reason was the cold weather experienced, with extremely cold extended periods in 2008-2009, 2009-2010 and in December 2010. Some businesses had had to heat premises for 24 hours per day to prevent freezing of plumbing. Others pointed to the apparent anomaly that the energy cost to business of the paperless office exceeds that of paperwork. How this works out in wider and global terms, taking into account, for example, the embedded energy costs of timber and paper production and transport, is a matter for environmental economics. It was also observed that more powerful computers used more energy. Some businesses had installed additional security measures and some had to travel over a wider area in order to look for work. However, the largest category of businesses that had increased their energy consumption was those that had, in some way, expanded, which reflected the 34% of businesses that reported expansion. Expansion here covered many forms. Businesses had increased production; used more machine time; opened for longer hours; or moved into larger premises. All forms of expansion were seen to necessitate increased energy consumption.

The obverse of expansion as a reason for increased energy consumption was given by those businesses that had a negative reason for decreased energy use – business activities had contracted. These businesses reported fewer customers, cuts in employee numbers, less work and a general loss of trade.

On the positive side many businesses had decreased energy consumption by monitoring, taking more care, and being less wasteful of energy. Others had invested in more efficient products such as better building insulation, new boilers, biomass boilers, low energy lighting, and more efficient machinery.

It should be noted that there were widespread complaints concerning the increasing costs of energy.

The Relationships between Environmental Issues and Business

Finally, with regard to the environment, businesses were asked to agree or disagree with two statements. As these questions were asked in the 2007 survey, Table 3.21 and Table 3.22 compare the 2007 and 2010 results.

Table 3.21 Environmental regulations overly constrain business

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
2007	12%	17%	52%	12%	7%
2010	12%	16%	49%	13%	8%

The table shows a strong similarity between 2007 and 2010. Taking 'agree' and 'strongly agree' together, the proportion of businesses that considered that environmental regulation constrained business increased by two percentage points.

Table 3.22 There should be financial incentives for environmentally friendly business practices

	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree
2007	5%	5%	19%	32%	39%
2010	6%	3%	20%	32%	39%

Again, there was congruence between the 2007 and 2010 surveys. At 71%, taking 'agree' and 'strongly agree' together, the majority of businesses surveyed were in favour of financial incentives to businesses that followed environmentally friendly practices. Indeed, at 39%, more businesses 'strongly agreed' than merely 'agreed'.

3.14 Financial Information

The last section of the survey concerned financial information. As this information might have been seen as sensitive, the questions were framed in broad terms and businesses were offered categories that indicated ranges rather than specific figures. In this 2010 survey, the information concerning changes in turnover and profit was discussed earlier under Section 3.12 'Changes in business activities'.

Businesses with an annual turnover in excess of £64000 must register for Value Added Tax [VAT], and 67% of the total businesses surveyed were VAT registered (62% in 2007) with 26% indicating that they were not VAT registered. It should be noted that 7% of businesses surveyed did not respond to this question, compared with 18% in 2007.

To provide an indication of turnover, the questionnaire provided the standard Inland Revenue set of turnover ranges and respondents were asked to indicate which range was appropriate to their business. Table 3.23 presents these results – 91% of businesses responded to this question, which was considerably higher than the 79% achieved in the 2007 survey. Results for the 2007 and 2010 surveys are compared in the table.

The results for the 2007 and 2010 surveys were similar. In any one category there was a maximum of two percentage points difference.

From Section 3.12, over the last three years, 36% of businesses had increased turnover; 30% had maintained the same level; and 34% had decreased turnover.

Table 3.23 Annual Turnover

Annual Turnover	2007 % of Businesses that responded Number = 822/1034	2010 % of Businesses that responded Number = 1190/1308
Less than £61000	22%	24%
£61000 - £99999	11%	11%
£100000 - £249999	20%	20%
£250000 - £499999	14%	16%
£500000 - £999999	14%	12%
£1m - £1.49m	6%	5%
£1.5m - £2.8m	6%	6%
More than £2.8m	7%	6%

In terms of profit, 41% of businesses had decreased profits; 26% had seen an increase; and 33% had remained the same. (For 2007, the figures were 27% decreased, 42% increased, and 31% remained the same).

To gain a better estimate of the profits that businesses in rural Wales were making, businesses were asked for an approximation of profit as a percentage of turnover. These results are shown at Table 3.24, which also shows the 2007 results for comparison. At 82% of the total businesses surveyed, fewer businesses responded to this question than the previous question that asked for an indication of turnover (79% in 2007).

Table 3.24 Profit as a Percentage of Turnover

Profit as a % of Annual Turnover	2007 % of Businesses that responded Number = 815/1034	2010 % of Businesses that responded Number = 1076/1308
A loss or break-even	15%	18%
Above 0% up to 1%	7%	9%
Above 1% up to 5%	20%	22%
Above 5% up to 10%	20%	20%
Above 10%	39%	31%

These data indicate a general downturn in profits since 2007. While the three mid-range profit to turnover ratios showed small increases or remained stable over the period, the proportion of businesses making a loss or breaking even increased by three percentage points. And there was a decrease of eight percentage points in the proportion of businesses with the highest profit to turnover ratio.

3.13 General comments by businesses

Whereas in 2007, businesses were asked 'What key message would you send to WAG in terms of supporting your business?', the 2010 survey invited broader 'General Comments'. Businesses contributed comments that covered a wide range of topics. The illustrative selection that follows is arranged thematically. There were some overlaps between themes.

The Welsh Government

Although comments specifically concerning the Welsh Government were not sought, many concerned businesses' relations with and perceptions of the Welsh Government. One of the more detailed comments is shown below:

> *WAG has really lost its way. The policy of pulling things in-house or giving it to the Local Authorities has been an absolute disaster. Come back the WDA, the TECs, and Enterprise Agencies, whose wage costs on average were half those of the Public Sector (total costs including sickness, holidays and pensions) and they did twice the work with a close synergy within the locality they served. WAG need to look at systems in other countries in the EU and particularly North America, to see how better to deliver business support and agricultural services. Just compare animal passports in Wales with the system in France! WAG must stop gold plating EU regs and then hiding behind those regs in order to protect civil service jobs. See the on-line support for businesses in New York city. Mind, introducing those systems would mean big redundancies. Sorry to be so negative but I have seen things continually deteriorate in the last 20 years and I fear for the future of the economy of Wales and the misuse of EU and other development funds. WAG seems to concentrate on processes and not outcomes. The emphasis and training of staff needs to change.*

This business owner observed that they had sought business support from the Welsh Government. The comment points to probable communication problems:

> *Whenever I have investigated support from WAG have been told no support for existing companies, or for training that is not a requirement of the business. Why would I want training which was not going to benefit my business?*

This business owner questioned the Welsh Government's role in terms of UK legislation and the economic situation.

> *Main difficulties in running the business stem from high rents and inflexible commercial leases (limited supply of premises in a small town, cornered by a few landlords, rents underpinned artificially by charity shops who can afford to pay because their other costs are not comparable). Business rates high, National Insurance*

high, employment law expensive to ensure compliance. Car parking (cost, availability) a major headache given dependence on visitors from out of the area. WAG pretty much irrelevant except for bringing in even more rules.

In addition to general comments about too much government; the excessive cost of government; the perceived lack of business experience of Welsh Government policy-makers and civil servants; and what was perceived as the Welsh Government's need to control at the 'micro-level', there were sector- specific concerns such as uneven subsidies in the magazine publishing sector. SMEs were a sector that concerned many businesses as these comments illustrate:

Framework contracts pushed by WAG are killing SME's. Groups of contracts packaged together are only contested by large out of area contractors who provide no local employment training or eco/social benefits to local communities.

WAG/Public sector procurement is the biggest obstacle to SME growth. Policy favours the large multi-national companies over SMEs. WAG publications to the contrary are nothing more than rhetoric.

At the moment it feels like small private businesses receive almost zero practical help when struggling-whereas large or public sector areas receive lots. We get plenty of paperwork and questionnaires from the WAG and local authorities about all the help they offer, but when we actually need something, there is nothing except incoherent business jargon and lots of paper.

Small businesses make up the greatest numbers of total workers in Wales and I think should be given more help and support for what they do for the economy, but they are not really counted and major help goes to the big companies who come here today and are gone tomorrow. Support the small man more!

Too much focus on large businesses, not enough on small businesses! Simple as that!

This business owner suggested that the Welsh Government and local authorities should use local businesses:

I am sceptical about the Welsh Assembly claiming that they wish to help develop small local businesses when I was informed that trees planted outside the wall in Aberystwyth came from Germany. Removal lorries taking office furniture from Aberystwyth came from Bath - not really local.

This business owner praised the Welsh Government's assistance to business:

My Welsh Assembly Grant has helped my business to survive through very difficult times. It has given my office a \'face-lift\' and a new lease of life, attracting new customers. This has helped keep custom from falling.

Tourism

Another sector that stimulated comments was Tourism:

As can be seen from my replies, I feel that WAG has totally failed to recognise the *importance of tourism (and hospitality in particular) to the Welsh economy.*

We are proud to be part of the tourism industry in mid Wales but find there is a complete lack of help with grants and financial aid for small businesses. The WAG seems too remote and we have no feedback from them. Publicity for mid Wales is very poor and we are not even allowed to have brown signs as we are 'too small'. This about sums it up for small businesses.

We had started to go in to profit when recession hit. Being remote we are the tourism development 'poor relations', as funding is always aimed at centres of population. Funding is also poorly directed to failing/poorly performing business without any penalty for lack of improvement.

Costs of Welsh language to business

Several businesses were concerned about the costs to business of the Welsh Government's Welsh language regulations:

Any dual language regulation will force businesses to relocate to England. My clients, even the Welsh speakers do not want this.

Being a one man business WAG don't try to reach us. They are only interested in making us all speak Welsh.

This business owner responded to the question about Welsh Government financial incentives but also questioned the need for a Welsh language questionnaire and by implication the costs that arise from dual language legislation:

We have tried on a number of occasions but they set the criteria too high for any small business. Sending out two sets of forms is not necessary, I work in a Welsh speaking area, but I don't know anyone who would be offended by an English questionnaire.

Business rates, VAT and support

A number of comments were received about perceived excessive business rates. For example:

Small business need lower rates and more support.

Business rates are killing small businesses. Make it a local income tax, not a tax on the space you need to do a job.

There were several comments about the VAT threshold for paying VAT and other VAT regulations:

I have just had last year's tax accounts - my business would be thriving if fuel VAT cost would be reduced. VAT is killing us as a taxi service. It doesn't make any sense that taxis/minibuses below 9 seats have to pay VAT on the takings but 16-seater minibuses and coaches are exempt from VAT

Threshold is currently £70K- our turnover is £90K. VAT equates to ~11% tax on turnover. Therefore most of turnover above VAT threshold is handed over as VAT. Am considering reducing hours in order to drop below threshold.

The change in VAT level, the changes to planning requirements, etc., all have a knock on effect to small businesses such as ours.

It is about time small businesses like mine were able to claim to train apprentices. Also, the small business loses out if it is VAT registered. Now, time to increase threshold.

Low skills

In addition to VAT, the comment above relates to perceptions that rural Wales has a low-skills economy (see Section 3.3 'The Quality of Recruitment and Training', as do these comments:

The biggest problem for me has been finding skilled labour. We employed seven in Scotland. Less graduates more apprenticeships-we need skilled men.

The company has to pay expensive fees in order to train employees in skills such as how to drive a fork lift, working at heights, etc etc. Why do education organisations not offer training in these skills to young people in the first place?

Our training funding has been removed which will reduce our budget and in turn will reduce our employees skill level.

Bureaucracy

It was argued that excessive bureaucracy constrained business operations and growth. The quotations that follow are an illustrative sample:

Too much tax on business profits. Far too much red tape. Health & Safety has gone mad - on paper anyway - very little is actually put into practice. Too many initiatives for Health & Safety, Quality Assurance etc.

The business runs a chain of five estate agents & professional offices and two livestock markets. We are out-regulated and burdened by huge levels of control and costs from government departments e.g. rates, trading standards, Defra, etc.

As an established local surveying practice we are very concerned regarding the role of our local authority (county council), i.e. little understanding of real business issues. Minimal effort and bureaucratic approach creates cost generation instead of revenue generation. Regeneration and development must be encouraged, not thwarted.

Regulations really cost too much for my business e.g. PAT testing; fire alarms/extinguishers. Insurance companies want certificates of cleaning electric fans for chip pans. Business rates are based on an estimated turnover- which is never going to be achieved!

Four years' profits have gone to lawyers to prevent a public path from ruining our business through free entry. The path cannot be created, the ground does not exist. If I sound angry, it is because I am. Wales is not entrepreneurial! It is all public sector!

Small rural businesses are prevented from realising their full potential by bureaucracy, planning restrictions, and costs. They are often precluded from tendering for government contracts by unreasonable pre-requisites. Current funding favours 'consultancies' and higher-profile businesses.

Get rid of all the constraints from government that stops me *running the business. Please please please !*

More and more red tape and constraints i.e. health and safety, employment law, minimum wage, have eroded profit margins considerably.

The increase in minimum wages, as well as the increase in annual holiday entitlement, along with the paper work associated with wages, and European health and safety rules are to the detriment of small businesses.

Generally rural businesses suffer from top-down legislation, much of which is not sustainable or appropriate for small rural businesses.

Without realising it the more government interferes with the open market the worse it gets. Affordable housing, green issues, planning restrictions- general bureaucracy just frustrates the risk takers who are essential to the economy of Wales.

Environment

Businesses were concerned with the costs of environmental compliance. Some argued that there should be financial incentives (see 3.13 'Business and the Environment'), while others argued that *'such initiatives distort the market and have unforeseen consequences'.*

However, the majority of environmental comments pointed to the costs of compliance:

If there are financial incentives to fit on site energy devices, please can you contact me with details.

Seem to be penalised by legislation if try to do a job well. Greater % cost to comply with legislation. Trying to be green is a big cost.

Environmental issues have taken over the need for people to earn a living.

Q7d(i).Environmental regulations overly constrain my business - cost is a huge negative but we are committed to a better environmental future.

Fuel costs are a major cloud on the horizon. There seems to be a contradiction between bodies like CCW on Snowdonia NP, and the desire to establish eco friendly energy production such as hydro electric schemes

Recycling is difficult and expensive. More information on energy saving.

Businesses that operated from listed buildings observed that regulations prevented them from installing double glazing. They enquired if anything could be done about this situation.

Broadband

Responses to the questions about Broadband indicated that both access and uptake were increasing (see Table 3.10 and accompanying text). However, as this sample of comments illustrate, some problems, with Broadband, the Internet and telephones, still existed:

Disappointed that fast broadband didn't get as far as us even though the whole main village was upgraded.

Business at risk in present location because of 'internet speeds'.

Lack of broadband (2 miles from the A55!!) is a scandal.

Great location, no units available to expand, power supply unreliable, phone and broadband unreliable, access is poor and roads leading to it are always in need of repair, estate not gritted in the winter making sales near impossible, estate floods badly due to poor drainage. Lack of advertising boards at entrance to Industrial Estate except for very small signs which no one can read.

Suggestions

A number of businesses made suggestions for improving the business environment of rural Wales. An illustrative sample follows:

Business in west Wales relies entirely on farms - when they make money they spend it - good for other businesses. Please consider Farm Business Survey in Wales - Wales Farm Income Booklet 2009/10.

In rural west Wales, the opportunities for new inward investment are poor. Bad roads exacerbate the biggest difficulty, which is the distance from large contractors. We are and will continue to be dependent on farming and tourism. Within these areas there may be prospects for better use of the natural environment

It would be useful to find out how damaging high car parking charges are to rural businesses. I believe it has a massive effect on the way people decide where to spend their money.

Having lived in a rural part of Flintshire for 15 years we have noticed that an increasing proportion of local businesses are, like ours, knowledge industry "micro-businesses", offering a wide range of services to larger urban organisations (in our case multi-nationals based in SE England). In our experience this looks like a successful mechanism for bringing money and high quality employment into rural communities without them becoming "dormitories". And with a properly funded technology infrastructure they could certainly provide a sustainable, greener alternative to the urban commute. However, because by their very nature micro-businesses lack the higher level organisation of established industries they are, we believe often overlooked by local, regional and, national government.

More help with exposure may sort assets, easier funding streams to develop and employ more people in our area. We can't move to a regeneration area! Better transport links in Wales - urgent requirement!

Need improved access to business facilities e.g. science/business parks with subsidised rents/rates, improved roadworks. Active business support without the bureaucracy. Fuel subsidies to rural communities.

WAG should abolish empty rates payment in order to get the market back on its feet.

Unless the government gets to grips with assisting pubs, we will disappear. Government needs to rescind smoking ban, tackle supermarket pricing via minimum price per unit and abolish below-cost selling of alcohol. Reduce *alcohol duty and not tarnish local rural pubs with the same brush as city centre pubs. We are a controlled environment for alcohol sales and do NOT contribute to binge drinking society.*

3.14.1 Participation in future research

Finally, businesses in the survey were asked whether they would be willing to take part in future research. Of the 1308 rural businesses surveyed, 532 (41%) were willing to take part in future research.

SECTION 4 SUMMARY AND CONCLUDING REMARKS

This final section of the report brings together the analysis in Section 3 and summarises the results, to address the five research objectives set out in Section 2. The Research Objectives of the survey were:

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

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

3. To provide a database for future WRO work.

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

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

To facilitate the summary, the results of the analysis are re-assembled and discussed under three thematic headings:

1. The state of non-farm business activities in rural Wales.
2. The attitudes and perceptions of business owners in rural Wales with regard to the business environment of rural Wales.
3. The Recession and its effects.

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

While VAT registrations had increased from 62% to 67%, the types of business and the proportions of the survey sample that they represented were similar to the 2007 survey. Those business categories that increased their representation included Wholesale and Retail, which at 25% (24% in 2007) represented the largest proportion; Construction, which increased its representation by two percentage points to 12% of the sample; Manufacturing, which claimed 11% against 9% in 2007; and Real estate increased from 3% to 5%. Decreases in representation were seen in Transport at 5% in 2010 and 9% in 2007; Hotels and Restaurants at 14% in 2010 and 17% in 2007; and Health and Social Work at 10% in 2010 and 13% in 2007.

A third of the businesses had started-up since 2000. A further 28% had started-up since 1990, and 24% since 1980.

With regard to the business owners, there was a shift in gender emphasis. Although male owners still predominated the proportion of female owners had increased by seven percentage points since 2007. The 2010 figures were 72% male and 28% female respectively.

Two trends, reported on in 2007, continued. The first was the trend towards older business owners, while the second concerned the qualifications of business owners. The WRO business surveys have witnessed a steady diminution in the proportion of business owners without qualifications: from 21% in 2004 to 14% in 2010. The proportion of business owners with a Higher

Degree, which had increased considerably between 2004 and 2007, was maintained.

Contrary to the trend towards more educational qualifications, a counter-trend was apparent. The proportion of business owners in rural Wales with formal business training decreased from 28% in 2007 to 25% in 2010. This counter-trend was also apparent in the lack of regard that business owners held for formal business training, with many holding no strong opinions about it or disregarding its importance. Other evidence tended to support this trend. Only a third of businesses surveyed had a written business plan and 17% had a written marketing plan.

Just over two-thirds (67%) of the businesses surveyed were employers. The gender balance of employees was similar to the previous surveys. There were twice as many full-time male employees than females, and nearly three times as many part-time female employees than male. Two thirds of the workforce was recruited from within ten miles of the business that employed them and 39% of the businesses surveyed recruited their entire workforce from within a ten mile radius.

There were fewer WRS workers employed by fewer businesses than in 2007. In 2010, 13 businesses employed a total of 30 WRS workers. This compared with the 2007 survey when 17 businesses employed a total of 74 WRS workers.

Taken together with indications of a largely local workforce, customer and supplier data pointed towards a parochial trend in businesses in rural Wales. For example, 18% of businesses surveyed in 2010 drew their entire customer base from within a 20 mile radius compared with 11% in 2007. And 14% of businesses surveyed in 2010 had their entire range of suppliers within a 20 mile radius compared with 6% in 2007.

4.2 The attitudes and perceptions of business owners in rural Wales with regard to the business environment of rural Wales

The Welsh Government and the Business support agencies

Similar to the 2007 WRO business survey, many of the concerns expressed by businesses in the 2010 survey focused on relations with the Welsh Government, local government and support for rural businesses. In general terms, government at both national and local levels was perceived as unhelpful to business, if not actually obstructive. It was argued that there was too much regulation of business and too much legislation, particularly in the area of health and safety at work. The now established ban on smoking continued to be seen as a problem for the licensed and catering sectors. Among a raft of issues that negatively affected rural businesses, survey respondents pointed to increased parking charges; higher business rates; and increasing costs for fuel and energy. The costs to business and government of implementing Welsh language legislation were also seen as excessive and unnecessary by some businesses.

Broadly, it was perceived that there was a failure to promote rural areas and villages in relation to tourism; and a general lack of investment in rural Wales. The Welsh Government, it was argued, placed too much emphasis on large businesses and did not do enough to support SMEs in rural Wales. Connected to these perceptions were the ongoing concerns about the increasing penetration of rural Wales by large businesses. Multinationals featured prominently in comments on this issue by businesses in the survey.

Regarding business support, compared with 2007 fewer businesses in rural Wales found the support and advice services satisfactory in 2010. With the exception of Trade Organizations, more businesses rated these services as bad, taking ‘bad’ and ‘very bad’ together’, than satisfactory or good. In addition, fewer businesses were making use of these services, although slightly more were contacting the Welsh Government.

Other services continued to be criticized. As in the 2007 WRO survey businesses tended to view the formal recruitment agencies negatively and to express concerns about the quality of potential employees that they forwarded. Indeed, survey responses indicated that informal networks for recruitment were increasing in use over time. Taken together with the evidence presented in this report of difficulties in the recruitment of skilled personnel; the increasing numbers of people seeking work; and the parochialism of rural businesses in term of local customer and supplier bases, there must be concerns that the low-skills, low-wage economy identified in earlier WRO work has the potential to continue in rural Wales.

Businesses’ perceptions of Welsh Government policies were practically unchanged. Substantial proportions of survey respondents did not agree that Welsh Government policies helped to create jobs; to create higher quality jobs; to stimulate economic growth; to regenerate communities; to improve skills training; or to improve business support. Of the businesses surveyed, 21% had benefited directly from Welsh Government financial initiatives, which was the same result as the 2007 rural business survey. However, a relatively small proportion of 9% of businesses surveyed was aware of ‘Economic Renewal: a new direction’.

Broadband and the Internet

Broadband was mentioned as a potential area for grant-aid, and qualitative responses indicated that it was fast becoming an invaluable tool for businesses in rural Wales. While there was some criticism regarding service coverage; access to the service; and the quality of the service, coverage and take-up were encouraging: 85% of businesses were connected to the Internet; 84% had potential access to Broadband; and 76% of businesses surveyed had Broadband.

In the 2007 survey, two sides of the Internet phenomenon were discussed and this debate continued in 2010. For some businesses the Internet, now enhanced by Broadband, was a boon. In addition to quantitative data that pointed to the increased use of the Internet, including social networks such as Facebook, for advertising, recruitment, communications and general business there were qualitative responses that endorsed its usefulness and ubiquity as a business tool. For example, some respondents observed that Broadband enabled them to conduct their business ‘from anywhere’.

The obverse of this observation was that other businesses complained that some types of rural businesses were being run from ‘front-rooms and garages’, which obviated payment of business rates – an unfair economic advantage. Other businesses, which depended on local trade, observed that they were losing trade to Internet-based businesses from farther afield, such as national and international suppliers.

Relations with the Environment

There was evidence of increased environmental awareness. For example, a far higher proportion of businesses recycled in the 2010 survey than in the 2007 survey – 81%

in 2010 compared with 61% in 2007. In addition, there were smaller increases in the proportions of businesses that took part in environmental initiatives, although there was a substantial increase of eleven percentage points in the proportion of businesses using low energy devices. This resonates with data that showed that more businesses had reduced their energy consumption, despite a succession of cold winters since the 2007 survey. Here though there were complicating factors: business contraction led to decreased energy use, while business expansion led to increased energy consumption. Issues were raised about energy costs and the costs to business of being environmentally concerned.

With regard to the more general rural environment, business owners identified a range of advantages and disadvantages for businesses located in rural Wales. Advantages tended to focus on the better quality of life, the beautiful scenery and landscape, and good community spirit and close networks. The latter quality was seen by many to confer business advantages in terms of customer and supplier relations and employee recruitment.

However, the relative isolation of rural locations was also seen as a disadvantage for business. Respondents pointed to issues of poorly-skilled employees and low educational attainment. In addition, it was argued that the increased costs of rural life, particularly in terms of fuel, poor services, and inadequate roads and transport tended to exacerbate the problems associated with the recession.

4.3 The Recession and its effects

Since the 2007 WRO Business Survey and Report, rural Wales, together with the rest of Wales and the UK and indeed all members of the global economy, has felt the effects of an economic downturn or recession. Recession is usually defined as a contraction in GDP for six months (two consecutive quarters) or longer, but it is fair to say that, whatever the actual figures, the country remains in straitened circumstances and that economic forecasts in terms of growth are uncertain. It is not surprising, then, that recession featured prominently in businesses' responses to the 2010 WRO Business survey.

In the survey questionnaire the principal opportunities for businesses to comment on the current recession were in the qualitative responses to the questions about opportunities and threats to businesses; the questions concerning change over the last three years; and in the request for general comments at the end of the questionnaire. Recession-related comments tended to dominate these sets of responses.

However, there were a few businesses that identified potential benefits of the recession. Some of these businesses reported that in response to the demands of the recession they had become leaner, more efficient, and more profitable. Others observed that business rivals had gone into liquidation, leaving the field open for them. More broadly, however, businesses suggested that the various aspects of the recession were iterative and constituted multiplier effects detrimental to their operations. It was observed that fewer people were in work; there was less cash in the economy; and the housing market was low or had 'crashed'. Business customers were reported to have gone into liquidation. Faced with increased rates of VAT and the rising costs of fuel, transport and energy, government-led cuts in services, and stricter rules on credit, people were being more frugal than before the recession.

Consequently, businesses reported lower customer footfall; fewer orders; and less overall demand. Businesses were, of course, also faced with increased rates of VAT, rising costs of fuel, transport and energy, and government-led cuts in services. It was argued that businesses in rural areas were particularly vulnerable to the rising costs of fuel, transport and energy. In addition, the banks were seen to be reluctant to offer loans and there was a general ‘credit crunch’.

Rural businesses argued that, taken together, these economic circumstances had resulted in reduced cash flow and lower profits, and a perceived need to rein back on expansion and employee recruitment. Some businesses reported that they had been ‘starting to soar until the recession hit’. Other comments received in the survey suggested imminent closure of some businesses. Several businesses reported having to change their working practices. For example, rather than undertaking new builds, builders were doing renovation and maintenance work and some businesses were being forced to travel farther for work or to seek work.

There were other recession-related issues that had a detrimental effect on rural businesses. For example, there was a perceived increase in the penetration of rural areas by larger national and international companies. It was argued that these larger companies were seeking new markets and business opportunities to help to alleviate the effects of the recession on their own businesses. The recession was seen to have had a detrimental effect on tourism and its related sectors - of great importance to many businesses in rural Wales.

Quantitative analysis of the questionnaire responses also enabled inferences to be drawn regarding the detrimental effects of the recession on businesses in rural Wales. For example, analysis suggested that unemployment had increased since 2007. In the 2007 WRO business survey 24% of the sample disagreed (taking ‘disagreed and ‘strongly disagreed together) with the statement ‘There is a shortage of applicants for work’. This compares with a combined ‘disagreed’ proportion of 43% in 2010. These data implied that the pool of unemployed had increased.

Some of the analysis concerning the catchment areas of rural businesses appeared contradictory. On the demand side significantly more businesses in 2010 had all of their customers from within their local area, at a distance of at less than 20 miles, than in 2007 (18% in 2010 compared with 11% in 2007). Against this there was an increase of four percentage points between 2007 and 2010 in businesses with customers in the range 20-60 miles. Arguably, however, these data supported a scenario of more businesses drawing-in to a smaller core of customers, with a few businesses forced to travel farther afield to seek work – which resonated with some of the customer comments discussed above.

This scenario was replicated on the supply side. In 2010, 14% of businesses surveyed had their entire range of suppliers at less than 20 miles range compared with 6% in 2007, which implied a drawing-in of operations to the local area. However, businesses’ support for the local area decreased in its sponsorship of local community activities, events, clubs and teams. In 2007, 53% of the sample provided sponsorship compared with 49% in 2010. Comments from some businesses attributed non-sponsorship to the effects of the recession.

The most clear quantitative indicators of how rural businesses were faring in the recession were the responses to the questions regarding ‘changes in business activities’ and in the financial questions. There were indications that there was an overall tendency towards business contraction compared with 2007. In 2007, 50% of the survey sample had reported expansion; 14% had contracted; and 35% had remained the same. The 2010 WRO business survey revealed that 34% of the businesses surveyed in 2010 had expanded; 25% had contracted; and 41% had remained at the same level of activity. There was, then, an increase of eleven percentage points in the proportion of businesses that had contracted and a decrease of sixteen percentage points in businesses that had expanded.

There had been a downturn in profits since 2007. In 2010, 41% of businesses reported decreased profits; 26% had seen an increase; and 33% had remained the same. (For 2007, the figures were 27% decreased, 42% increased, and 31% remained the same). Responses to the question concerning the ratio of turnover to profit indicated that 18% of businesses responding had made a loss or had broken even, compared with 15% in 2007. And there was a decrease of eight percentage points in the proportion of businesses within the highest range of profit to turnover ratio.

4.4 Concluding remarks

Since the 2007 WRO rural business survey rural Wales has entered a recession. Whether or not the recession has ended is a matter for debate. The research evidence indicated that the recession was the dominant factor for business. This observation was supported by the qualitative responses from business owners and by the quantitative data generated by a range of relevant questions. In this report, comparisons have been made with the 2007 WRO business report, as the three year period between the surveys was included in the recession period, and certain changes highlighted some of the effects of the recession.

More encouraging were businesses’ relations with the environment; the rise in Internet use; and improved access to Broadband. There appeared to have been an increase in environmentally-sensitive business practice, although businesses continued to point to the perceived excessive costs to business. And while the Internet was a boon to some businesses, research evidence pointed to Internet-related problems for others. Moreover, there were indications that the Broadband project still required close attention.

Finally, a theme running through the three WRO business surveys was the apparent persistence of a low-skills, low-wage economy. Research evidence that indicated this included low educational attainment; a perceived shortage of skilled job applicants; a lack of business training; a disregard for the usefulness of business plans; a trend towards parochialism in terms of employees, customer and suppliers; and a preference for the use of local networks, particularly for recruitment. Arguably, the effects of the recession, especially the apparent increase in people looking for work, have the potential to exacerbate this perceived problem.

APPENDIX A

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Wales **Rural** Observatory

Dear Madam/Sir,

Please find enclosed a copy of the questionnaire for the Wales Rural Observatory Business survey for 2010, for completion by an appropriate person. The Wales Rural Observatory is a research centre at Cardiff and Aberystwyth universities and is funded by the Welsh Assembly Government to undertake economic, social and environmental research in rural Wales. For information on the Wales Rural Observatory, including a range of research reports, please visit our website: www.walesruralobservatory.org.uk.

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

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

The preferred method for completion is online. To access this questionnaire, please look under the NEWS section at this website address:
http://www.walesruralobservatory.org.uk/eng/main-e.html

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

Please complete and return the questionnaire by **1st December 2010**

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

Yours faithfully,

Dr. Lawrence Kitchen

APPENDIX B

Arsyllfa Wledig Cymru
Wales Rural Observatory

Cronfa Amaethyddol Ewrop ar gyfer Datblygu Gwledig: Ewrop yn Buddsoddi mewn Ardaloedd Gwledig
The European Agricultural Fund for Rural Development: Europe Investing in Rural Areas

Llywodraeth Cynulliad Cymru
Welsh Assembly Government

Wales Rural Observatory
Rural Business Survey (2010)

Section 1 – A Profile of the Business and the Owner

Q1a. Please provide the name of your business ____1

Q1b. Please tick one of the boxes below to indicate which sector applies to the main activity of your business.

☐1 Agriculture, hunting and forestry
☐2 Fishing
☐3 Mining and quarrying
☐4 Manufacturing
☐5 Electricity, gas and water supply
☐6 Construction
☐7 Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods
☐8 Hotels and restaurants
☐9 Transport, storage and communication
☐10 Financial intermediation
☐11 Real estate, renting and business activities
☐12 Public administration and defence; compulsory social security
☐13 Education
☐14 Health and social work

Q1c. What **year** was the business established? ____________________1

Q1d. Please indicate how you **came to be involved** with the business and in which **year** this occurred?

Started it	☐1	Year: ________5
Took over from another family member	☐2	Year: ________6
Bought it	☐3	Year: ________7
Other	☐4	Year: ________8

Q1e. Has the business always been located in rural Wales?

☐1 Yes ☐2 No

If No – where was it located before_______________________3

Q1f. When starting up/ taking over the business, how important for you were the following factors:

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

____
____
____5

Q1g. Please indicate your gender.

Female □1 Male □2

Q1h. Please indicate your age using the ranges below.

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

Q1i. What is your highest level of qualification?

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

____
________________________________7

Q1j. Have you had any formal training in business? □1 Yes □2 No

If YES, please provide details:

____
____
____3

Q1k. Are you a member of a Professional, Business or Trade institution or organisation?
□1 Yes □2 No

If YES, please provide details:

____
____
____3

Q1l. Thinking about personal training and business affiliations, please indicate how strongly you agree/disagree with each statement by circling the appropriate number:

1 = strongly disagree; 2 = disagree; 3 = neither agree or disagree; 4 = agree; 5 = strongly agree

Q1m(i). Formal business training is important 1 2 3 4 5

Q1m(ii). Professional associations are useful to me 1 2 3 4 5

Q1n. Are you a sole trader or an employer?

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

Employer □2

Section 2 – About your Employees

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

	Regular Full time	Regular Part time	Seasonal Full time	Seasonal Part Time	Casual
Male employees	………………1	………………2	………………3	………………4	………………5
Female employees	………………1	………………2	………………3	………………4	………………5

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

	% of workforce
Locally – less than 10 miles	____________1
Regionally – 10 to 50 miles	____________2
More than 50 miles within the UK	____________3
Outside of the UK	____________4
TOTAL	**100%**

Q2c. Are any of your employees registered on the Worker Registration Scheme [WRS]?

☐1 Yes ☐2 No

If YES – Approximately how many are registered on WRS? ____________3

Section 3 – Recruiting and Training your Employees

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

Local newspapers	❑1
National newspapers	❑2
Local radio / television	❑3
Job Centre	❑4
Internet	❑5
Word of mouth / family and friends	❑6
None	❑7
Other (please specify) ____________________________ ____________________________ ________________________9	❑8

Q3a(i). Which of the above recruitment methods has been the most successful for your business?

____1

Q3b. Thinking about recruiting and training employees, please indicate how strongly you agree/disagree with each statement by circling the appropriate number:

1 = strongly disagree; 2 = disagree; 3 = neither agree or disagree; 4 = agree; 5 = strongly agree

Q3b(i). It is difficult to recruit appropriately skilled employees	1 2 3 4 5
Q3b(ii).There is a shortage of applicants for work	1 2 3 4 5
Q3b(iii). It is useful to use informal networks for recruitment	1 2 3 4 5
Q3b(iv). Formal recruitment agencies provide good applicants	1 2 3 4 5
Q3b(v). Skills training for employees is too expensive	1 2 3 4 5
Q3b(vi). Skills training for employees is good	1 2 3 4 5
Q3b(vii). Skills training for employees is easy to obtain	1 2 3 4 5

Section 4 – Your Business Operations and Strategy

Q4a. Do you use a written business plan?	□1 Yes	□2 No
Q4b. Do you use a written marketing plan?	□1 Yes	□2 No
Q4c(i). Does your business use a computer?	□1 Yes	□2 No
Q4c(ii). Are you connected to the Internet?	□1 Yes	□2 No
Q4d(i). Is Broadband available at your business location?	□1 Yes	□2 No
Q4d(ii). Does your business have Broadband?	□1 Yes	□2 No

Q4e. How do you rate your Broadband service?

□1 Excellent □2 Good □3 Adequate □4 Poor □5 Not applicable

Q4f. Has your business used WAG's Broadband Support Scheme?

□1 Yes □2 No □3 Not aware of the scheme □4 Not applicable

Q4g. Over the last 3 years has your business's Internet use:

Decreased	□1
Stayed the same	□2
Increased	□3
Not applicable	□4

What are the reasons for this?

______________________________ 5

Q4h(i). Please tick which of the following you use to advertise products and services.

Local newspapers	❑1
National newspapers	❑2
Local radio / television	❑3
Internet	❑4
Word of mouth / family and friends	❑5
None	❑6
Other (please specify) ________________________________8	❑7

Q4h(ii). Which of the above advertising methods has been the most successful for your business?

____1

Q4i. Please complete the tables below to indicate the approximate percentages of your suppliers and customers who are located at the following distances from your business premises.

	Suppliers	Customers
Less than 20 miles radius	________1	________1
Between 20 and 60 miles radius	________2	________2
More than 60 miles radius within UK	________3	________3
Outside of the UK	________4	________4
TOTAL	**100%**	**100%**

Q4j. Please indicate the approximate percentages of your sales generated by the following types of customer.

	%
Private customers and households	______1
Shops	______2
Small businesses (excluding shops)	______3
Larger businesses (excluding shops)	______4
Public sector (e.g. local authority procurement)	______5
Wholesaler/ distributor	______6
Other (please specify)	______7
________________ ________________ ____________8 **TOTAL**	**100%**

Q4k. Does your business sponsor any local community activities, clubs, events or teams?

☐1 Yes ☐2 No

If YES, please provide details.

____

____

____3

Q4l. What do you see as the advantages of being a business in a small town or rural area such as where you are based?

____

____

____

____ 1

Q4m. What do you see as the disadvantages of being a business in a small town or rural area such as where you are based?

____

____

____ 1

Q4n. What do you regard as the main strengths of the business?

____

____

____ 1

Q4o. What do you see as the main weaknesses of the business?

____

____

____ 1

Q4p. What are the main opportunities for the business?

____

____

____ 1

Q4q. What are the main threats to the business?

____

____

____ 1

Q4r. Thinking about your business operations, please indicate how strongly you agree/disagree with each statement by circling the appropriate number:

1 = strongly disagree; 2 = disagree; 3 = neither agree or disagree; 4 = agree; 5 = strongly agree

Q4r(i). Business networks are useful to me 1 2 3 4 5

Q4r(ii). Family networks are useful to me in business 1 2 3 4 5

Section 5 – Business Support

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

	Very Good	Good	Satisfac -tory	Bad	Very Bad	Never Used
Welsh Assembly Government [WAG]	❑1	❑2	❑3	❑4	❑5	❑6
Local Authorities	❑1	❑2	❑3	❑4	❑5	❑6
Enterprise Agencies	❑1	❑2	❑3	❑4	❑5	❑6
Unions / Chambers of Commerce	❑1	❑2	❑3	❑4	❑5	❑6
Trade Organisations	❑1	❑2	❑3	❑4	❑5	❑6

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

If YES, please provide details of the WAG initiative(s), including the date(s) when your business benefitted.

____

____3

Q5c. Concerning the support to business and the economy provided by WAG, please indicate how strongly you agree/disagree with each statement by circling the appropriate number:

1 = strongly disagree; 2 = disagree; 3 = neither agree or disagree; 4 = agree; 5 = strongly agree

Q5c(i). WAG policies help to create more jobs	1 2 3 4 5
Q5c(ii). WAG policies help to create higher quality jobs	1 2 3 4 5
Q5c(iii). WAG policies help to stimulate economic growth	1 2 3 4 5
Q5c(iv). WAG policies help to regenerate communities	1 2 3 4 5
Q5c(v). WAG policies help to improve skills training	1 2 3 4 5
Q5c(vi). WAG policies help to improve business support	1 2 3 4 5

Q5d. Are you aware of 'Economic Renewal: a new direction' - WAG's approach to economic development?

□1 Yes □2 No

Section 6 – Changes in Business Activities

Over the last 3 years:

Q6a Has your **business**?

Contracted	□1
Stayed the same	□2
Expanded	□3

Q6b Has your **workforce**?

Contracted	□1	Approximately by what percentage	______4
Stayed the same	□2		
Expanded	□3	Approximately by what percentage	______5

Q6c Has your **turnover**?

Decreased	□1	Approximately by what percentage	______4
Stayed the same	□2		
Increased	□3	Approximately by what percentage	______5

Q6d Have your **profits**?

Decreased	□1	Approximately by what percentage	______4
Stayed the same	□2		
Increased	□3	Approximately by what percentage	______5

Q6e Have **customer orders** (if applicable) or **customer footfall**?

Decreased ☐1 Approximately by what percentage ______4
Stayed the same ☐2
Increased ☐3 Approximately by what percentage ______5
Not applicable ☐9

Q6f In terms of **financial investment in your business**, has this been?

More difficult than before ☐1
The same as before ☐2
Easier than before ☐3
Not applicable ☐4

Q6g. Has your business's investment in Research and Development?

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

What are the reasons for this?

____
____
____5

Q6h. Over the last 3 years has your business introduced new products or services?

☐1 Yes ☐2 No

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

____
____
____3

Q6i. What has been the biggest change for your business in the last 3 years?

____
____
____1

Q6j. Do you plan to expand the business over the next 3 years?

☐1 Yes ☐2 No

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

____
____
____3

Section 7 – Your Business and the Environment

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

☐1 Yes ☐2 No

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

____

____

____ 3

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

Tree planting	☐1
Carbon-offset	☐2
Buying green power	☐3
Low energy devices (e.g. light-bulbs)	☐4
On-site energy generation (e.g. solar panels, wind turbines)	☐5
Green Dragon	☐6
Other – please specify	☐7

____

____

____ 8

Q7b(ii). If your business does not participate in any environmental initiatives, please outline the reasons why not.

____

____

____ 1

Q7c. In the last 3 years has your business energy consumption?

Decreased	☐1
Increased	☐2
Stayed the same	☐3

What are the reasons for any changes?

____

____

____ 4

Q7d. Thinking about environmental issues and your business, please indicate how strongly you agree/disagree with each statement by circling the appropriate number:

1 = strongly disagree; 2 = disagree; 3 = neither agree or disagree; 4 = agree; 5 = strongly agree

Q7d(i). Environmental regulations overly constrain my business	1 2 3 4 5
Q7d(ii). There should be financial incentives for environmentally-friendly business practices (e.g. tax-breaks, subsidised energy-saving)	1 2 3 4 5

Section 8 – Financial information

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

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

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

Q8c. Please indicate the annual profits of the business by ticking one of the ranges below:

Less than or equal to 0% of turnover (i.e. a loss or break even)	□1
Above 0% and up to 1% of turnover	□2
Above 1% and up to 5% of turnover	□3
Above 5% and up to 10% of turnover	□4
Above 10% of turnover	□5

Please use the space below for any **general** comments that you wish to make:

____
____
____
____
____ 6

Thank you for taking the time to complete this questionnaire. Would you be willing to take part in further research concerning some of the issues raised in this survey? □1 Yes □2 No

If YES, please provide your contact details below.

Name ____

Contact Telephone No ____________________________________

e-mail address ____________________________________

If you have any queries about this survey, please contact Dr. Lawrence Kitchen at the Wales Rural Observatory, Cardiff University.

Telephone: 02920874970 e-mail: kitchen@cardiff.ac.uk

APPENDIX C

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www.walesruralobservatory.org.uk

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

Dear Madam/Sir, 21st December 2010

Wales Rural Observatory – Rural Business Survey 2010

You will recall that we wrote to you last month regarding the above survey. Our records indicate that you have not yet returned a completed questionnaire. We appreciate that there are many pressures on your time but your input would be extremely useful and we would be grateful for your response. Consequently, we have extended the deadline for receipt of questionnaires to 31st January 2011.

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

A high response rate to the survey is crucial to allow for examination of the full range of issues affecting businesses located in rural Wales. Please help us to achieve this by completing the enclosed questionnaire, which should take approximately 20 minutes.

The preferred method for completion is online. To complete an online version of the questionnaire, please visit the NEWS section at this website:
http://www.walesruralobservatory.org.uk/eng/main-e.html

Alternatively, if you wish to submit by post, please complete the attached questionnaire and return it in the Freepost envelope provided.

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

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

Yours faithfully,

Dr. Lawrence Kitchen