

Press release – UKBB/UKBAB – first quarter surveys BB121 and BAB70 January 2009

Retirement plans on hold in face of recession, survey finds

Almost one-third of small- and medium-sized business owners will need to put plans for their retirement on hold because of the downturn in the UK economy, an online survey by The University of Nottingham Institute for Enterprise and Innovation (UNIEI) has revealed.

Thirty-one per cent of those polled in January by the bi-monthly UK Business Barometer (UKBB) survey said they expected they would now need to carry on managing their businesses for longer as a result of the current economic climate.

The UKBB also revealed that, with employment having fallen in the last quarter of 2008 — down by 37,000 on the same quarter the previous year, nearly one quarter of firms (23 per cent) had been forced to lay off staff over the previous three months. Almost the same proportion of respondents (23 per cent) were expecting job losses over the coming months as the UK recession begins to bite.

The picture wasn't all bad though — almost one-third (29 per cent) of businesses had taken on staff in the past three months (although this probably encompasses some seasonal work for Christmas), while 18 per cent still plan to hire staff over the next three months.

In terms of business growth, results for the last quarter were strongly negative — almost half of those questioned (45 per cent) have experienced a decline compared to 28 per cent of those businesses who have experienced expansion.

The outlook for the next quarter was very slightly more positive — 35 per cent expected a decline, while 36 per cent expected business to pick up.

More than half of those quizzed (53 per cent) revealed that market demand for their product or service had worsened in the previous quarter — 21 per cent of those said their situation had deteriorated significantly. Almost one-third (31 per cent) had experienced no change, while 17 per cent had actually seen some improvement despite market conditions.

The poll of the UKBB's sister survey, the UK Business Adviser Barometer (UKBAB) found that business advisers were still seeing clients struggling from having credit lines cut.

There were three reductions in the Bank of England base rate in the last quarter of 2008, followed by further cuts of 0.5 per cent in January and February. With the base rate then at its lowest historical point, panellists were asked about improvements in bank credit support.

The responses were bleak — 84 per cent said the extent to which banks are restoring credit provision is either very limited or non-existent, while only one per cent claim to have seen improvement to a reasonable extent.

More follows...

Comments received on the subject raised concerns over a lack of Government policies to help small businesses overcome these hurdles with accessing credit and a large number of respondents laid the blame at the door of the banks themselves which, they claim, are exacerbating the recession by curtailing overdrafts, calling in loans and refusing to offer any financial flexibility to their customers.

A sign of the times was the number of advisers approached by clients for advice on redundancy issues — 67 per cent had seen some or significant increase in the last three months.

An open letter to the press from the UK Commission for Employment and Skills in late October 2008 urged employers to sustain or even increase investment into employee training to increase chances of survival through the recession and to aid rapid recovery and growth when the economy begins to emerge from it. The results from the UKBAB appear to show that this message may not be getting through — 59 per cent said their clients' emphasis on training remained unchanged despite the economic conditions and almost one-quarter (24 per cent) said their clients have decreased their emphasis on providing new skills. Just 12 per cent have increased training provision.

One contributor noted that “interest in training remains strong. However, the ability/willingness to pay for training or even to pay for it upfront when the business will be able to claim all or some of the training costs back through grant aid is having a significant effect on the willingness of some sectors to see money leave their accounts for even short periods of time. Therefore, the drop in willingness to undertake training and development in some sectors is marked but it is linked to financial considerations and not the value placed on the benefits of training and development.”

Advisers also had a pessimistic view on the future of some of their clients' companies — while 14 per cent of advisers (after adjusting for 'don't know' responses) believed that none of their clients will cease trading over the next year, more than half (56 per cent) believed that up to 10 per cent of their clients' companies could go bust.

The UKBB and UKBAB online surveys pose a number of topical questions in a bid to uncover the key issues affecting the small business market. Operating over the web means that results can be rapidly generated and the surveys have unique software that enables results to be processed and posted on their respective websites immediately they arrive.

More information, including results and analyses, can be found on the web at www.ukbb.ac and www.ukbab.ac. Businesses and advisers wishing to contribute as panellists on the project should visit the appropriate Business Barometer website to register.

— Ends —

Notes to editors: The University of Nottingham is ranked in the UK's Top 10 and the World's Top 100 universities by the Shanghai Jiao Tong (SJTU) and *Times Higher* (THE) World University Rankings.

More than 90 per cent of research at The University of Nottingham is of international quality, according to RAE 2008, with almost 60 per cent of all research defined as 'world-leading' or 'internationally excellent'. *Research Fortnight* analysis of RAE 2008 ranks the University 7th in the UK by research power. In 27 subject areas, the University features in the UK Top Ten, with 14 of those in the Top Five.

The University provides innovative and top quality teaching, undertakes world-changing research, and attracts talented staff and students from 150 nations. Described by *The Times* as Britain's 'only truly global university', it has invested continuously in award-winning campuses in the United Kingdom, China and Malaysia. Twice since 2003 its research and teaching academics have won Nobel Prizes. The University has won the Queen's Award for Enterprise in both 2006 (International Trade)

and 2007 (Innovation – School of Pharmacy), and was named ‘Entrepreneurial University of the Year’ at the Times Higher Education Awards 2008.

Nottingham was designated as a Science City in 2005 in recognition of its rich scientific heritage, industrial base and role as a leading research centre. Nottingham has since embarked on a wide range of business, property, knowledge transfer and educational initiatives (www.science-city.co.uk) in order to build on its growing reputation as an international centre of scientific excellence. The University of Nottingham is a partner in *Nottingham: the Science City*.

More information is available from Rick Eagles at the UNIEI on +44 (0)115 846 6869, richard.eagles@nottingham.ac.uk or Emma Thorne, Media Relations Manager in the Communications Office at The University of Nottingham, on +44 (0)115 951 5793, emma.thorne@nottingham.ac.uk

More University of Nottingham news: <http://communications/nottingham.ac.uk/>