June 2015

Oxford Business Survey 2015

Small and medium sized businesses

Executive summary report prepared for Oxford City Council

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Contents

1 Research objectives

In January 2015 Oxford City Council commissioned Ipsos MORI to undertake a telephone survey of SMEs[1] within the Oxford area. The objectives of this research were to understand businesses':

- Location priorities;

- The characteristics of their supply chain;

- Their growth ambitions; and

- Their recruitment and retention challenges.

The information will be used to inform Oxford's longer term planning including the Oxford Economic Growth Strategy Action Plan, Core Strategy, Planning Policies, Environmental Health and Housing policies. The results will also be used for lobbying locally and nationally for funding and investment so that Oxford's growth opportunities are realised and barriers to growth are addressed.

2 The approach

A 20 minute telephone survey was undertaken with 386 SMEs within Oxford, Botley, Kennington, Kidlington and Wheatley. (See Appendix 1 for survey questions). The sample frame was provided by Dunn & Bradstreet and included all businesses with up to 250 employees within a specific number of sectors. Given the limited sample available, quotas were set to achieve a broadly representative mix of sectors and size of company although more effort was put into targeting those with 50-250 employees as they potentially have the greatest economic impact on the Oxford area. (See Appendix 2 for sample by sector and business size).

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[1] SMEs – Small to Medium sized Enterprises. These are businesses with less than 250 employees.

3 Summary of key findings

3.1 Business location priorities

- **Oxford has a well-established SME community.** Two in five respondents are based in businesses which have been operating for more than 20 years. Those in the retail / arts / accommodation & food sectors are the most embryonic, with almost one third being in their first five years of business (31% vs. 17% overall).

- **Familiarity with Oxford is the main reason why businesses locate in the area.** 60% of SMEs chose Oxford simply because they live in the area, whilst 23% felt it provided the best market opportunity. In total, eight in ten businesses (81%) have customers based in Oxfordshire, 55% are located elsewhere in the UK and 40% have international reach.

3.2 Characteristics of the supply chain

- **Supplier location correlates with customer location** - significantly more businesses state that their suppliers are based in Oxfordshire (63% vs. 60% overall) if their customers are as well.

- **Micro SMEs are less likely to have local suppliers** - 55% in Oxfordshire vs. 60% overall.

- **Certain sectors rely on a high quality road network** – in particular the retail / arts / accommodation / food sectors are most likely to have their goods delivered by road (95% vs 84% overall).

- **Companies with a large number of international customers rely on their online presence** – information / communication / financial / real estate / admin and professional / scientific / education sectors are significantly more likely to receive goods and services online, as well as deliver via this method.

3.3 Growth ambitions

- **There are high future growth projections -** over half (58%) plan to expand their current business over the short to medium term. The information / communication / financial / real estate and administrative sectors are most positive with three-quarters (76% vs. 58% overall) stating they are likely to expand within Oxford. Conversely, those SMEs in the health and social care / agriculture / other sectors are less likely to have expansion plans with significantly fewer (45%) stating that they will definitely or maybe expand within Oxford in the next five years.

- **New SMEs are most keen to expand -** companies who have been established for less than five years are more likely to expand (25%) than those which have been in existence for longer.

- **Larger SMEs are more likely to remain in Oxford** - employers with more than 11 staff are significantly more likely to remain in Oxford than smaller (micro) organisations.

- **Companies investing to expand are more likely to stay in Oxford for the long term** - those companies with no plans to recruit additional staff in the short term (2-3 years) are less likely to

see themselves remaining in Oxford in five years' time (84%) compared to those who are currently recruiting or planning to recruit (94%).

- **Companies with a high commuter workforce are more likely to be flexible about their future business location** - those employers which have a greater proportion of staff travelling from outside Oxford seem more flexible as to their business location and less likely to see themselves located in Oxford in five years' time. For example, only 6% of employers with no staff travelling from outside of Oxford see themselves relocating vs. 19% of those who have 75% of their staff making this journey.

- **The majority of Oxford businesses appear financially secure** - over two-thirds of companies in Oxford (69%) do not envisage having to access short-term finance.

- **Finance is a key determining factor as to whether an Oxford company expands or not** - bottom line financial considerations are the most common determining factors, either not hitting revenue targets (19%) or paying out too much in business rates to the council (21%).

- **Unsuitable premises, expensive housing and transport, restrict growth -** One in ten (9%) feel that there is a lack of suitable premises for their type of business, whilst employee related issues such as high housing (12%) and transport costs (9%) also might result in companies seeking alternative locations.

3.4 Recruitment and retention

- **Well established SMEs are more likely to have staff who commute from outside Oxford** - around one in ten businesses (11%) have more than 50% of its staff commuting in from beyond the Oxford boundary. Well established, Oxford based companies (11+ years) are more likely to have some of their employees travelling from outside the area compared to newer, less well established companies.

- **Oxford companies try to offer flexibility to their workforce** - the vast majority of Oxford companies (82%) try to offer flexibility to their workforce and support flexible working hours. Around half of companies (48%) also offer employees the option to work from home.

- **The cost of living in Oxford is the main barrier to recruiting and retaining suitably skilled staff** - the cost of living (58%) and commuting (23%), as well as purchasing a property (32%) are the main barriers for companies when it comes to retaining staff.

- **Medium size SMEs are driving recruitment** - it appears that companies with 11+ employees are most likely to be recruiting, with just under two-thirds of those (63%) actually doing so at the moment. This is significantly higher than those companies with fewer than 10 employees.

- **Investment in trainees/graduates** - importantly, one in five companies stated their intention to recruit trainees/apprentices, whilst 15% are currently recruiting, or plan to recruit, graduates. Those companies with fewer than five employees are significantly more likely to employ trainees / apprentices (28%) than those with 6-10 employees (13%) or 11+ employees (14%). Graduates are significantly more likely to enter the professional / scientific / education sectors.

4 Appendices

4.1 Copy of questionnaire

INTRODUCTION: ASK TO SPEAK TO THE NAMED PERSON.

Good morning/afternoon/evening. I'm… from Ipsos MORI, the research organisation. We are conducting a survey on behalf of Oxford City Council amongst local businesses into their views on being based in the Oxford area, which includes not only Oxford, Botley, Kennington, Kidlington and Wheatley.

Can I speak to the most senior person at this site?

I would like to assure you that all the information we collect will be kept in the strictest confidence, and used for research purposes only.

 (IF NEED REASSURANCE, TAKE EMAIL ADDRESS AND SEND EMAIL)

SCREENING QUESTIONS

ASK ALL
S1.   Are you the person, or one of the people, who makes the major decisions affecting this organisation?

1. Yes – CONTINUE
2. No – THANK AND CLOSE

Seek name of eligible respondents

S2.   Including yourself, what is the total number of employees working for your organisation <u>at this site</u>?

WRITE IN NUMBER AND CODE BANDING BELOW. IF RESPONDENT DOES NOT WISH TO, OR CANNOT GIVE EXACT NUMBER, PROMPT FOR AN APPROXIMATION, AND CODE BANDING BELOW

WRITE IN AND CODE BELOW

1. **1-5**
2. **6-10**
3. **11-19**
4. **20-49**
5. **50-99**
6. **100-249**
7. **250 or more - close**
8. **Don't know/cannot give exact answer**
9. **Refused**

S3. **Which of the following is your main business activity?(At the business site in Oxford area contacted today, if multiple).**

(01)AGRICULTURE, FORESTRY AND FISHING
(02) MANUFACTURING
(03) CONSTRUCTION
(04) RETAIL
(05) TRANSPORT
(06) ACCOMMODATION AND FOOD SERVICE ACTIVITIES
(07) INFORMATION AND COMUNICATION
(08) FINANCIAL AND INSURANCE ACTIVITIES
(09) REAL ESTATE ACTIVITIES
(10) PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES
(11) ADMINISTRATIVE AND SUPPORT SERVICE ACTIVITIES
(12) PUBLIC ADMINISTRATION AND DEFENCE
(13) EDUCATION
(14) HUMAN HEALTH AND SOCIAL WORK ACTIVITIES
(15) ARTS, ENTERTAINMENT AND RECREATION
(16) OTHERS

_____

PROCEED IF IN QUOTA

SECTION 1: BUSINESS LOCATION PRIORITIES

Oxford City Council is interested in why your business is located in the Oxford area and what factors are important for sustaining and growing your business in the Oxford area.

Q1.   **How long have you been operating in Oxford?**
SINGLE CODE ONLY

1. Less than 1 year
2. 1 – 5 years
3. 6 – 10 years
4. 11 – 20 years
5. More than 20 years

Q2.   **Are your customers based in… ?**
READ OUT. MULTICODE OK

1. **Oxfordshire**
2. **Elsewhere in the UK**
3. **Internationally**

Q3. **Why did you choose Oxford as a business location?**
MULTICODE OK

1. It is where I live
2. I know the market/area
3. Best market opportunities for my products/service
4. Cumulative attraction – similar organisations within my sector locate here
5. Close to my suppliers
6. Good links with academia
7. A nice environment in which to work
8. Competitive business rates
9. Quality and choice of business premises
10. Good technology, telecommunications infrastructure
11. Good transport network within the city
12. Good labour resource/right skillsets
13. Access to a range of foreign language speakers
14. Proximity to major airports
15. Proximity to large cities/central location
16. Other (PLEASE WRITE IN)

SECTION 2: CHARACTERISTICS OF THE SUPPLY CHAIN

Q4. **In the main, where are your suppliers located?**
MULTICODE OK.

1. Oxfordshire
2. Elsewhere in the UK
3. Internationally

Q5. **Generally, how do your suppliers deliver your goods to you?**
READ OUT. MULTICODE OK.

1. Online
2. On foot
3. By car
4. By lorry, van or courier
5. By rail
6. By air

Q6. **How do you deliver your product or service?**
READ OUT. MULTICODE OK.

1. From my premises
2. By foot
3. Online
4. By car
5. By lorry, van or courier
6. By rail
7. By air

SECTION 3: YOUR GROWTH AMBITIONS

Q7. **Would you say that your business is likely to expand within the Oxford area within the next 5 years?**
SINGLE CODE ONLY

   1. Yes, definitely
   2. Yes, maybe
   3. No
   4. Don't know / Not sure – DO NOT READ OUT

Q8. **Do you think you will still be based in the Oxford area in 5 years' time?**
SINGLE CODE ONLY

   1. Yes, definitely
   2. Yes, maybe
   3. No
   4. Don't know – DO NOT READ OUT

ASK IF CODES 2-4 AT Q8 OTHERS GO TO Q10.

Q9. **What external factors might result in you leaving the Oxford area?**
MULTICODE OK

   1. Not generating sufficient revenue
   2. Cannot secure financial backing/problems accessing finance
   3. Business rates are too expensive
   4. A lack of suitable premises for expansion
   5. Housing costs
   6. Transport/commuting costs for employees
   7. Cash flow/late payment issues
   8. Unreliable suppliers/supply chains
   9. Competitors taking business away
   10. Access to customers/footfall issues (e.g. car parking problems)
   11. Other (PLEASE WRITE IN)

Q9a. **Of the factors you have mentioned, which is the one factor that is most important to your business?**

   1. Not generating sufficient revenue
   2. Cannot secure financial backing/problems accessing finance
   3. Business rates are too expensive
   4. A lack of suitable premises for expansion
   5. Housing costs
   6. Transport/commuting costs for employees
   7. Cash flow/late payment issues
   8. Unreliable suppliers/supply chains
   9. Competitors taking business away
   10. Access to customers/footfall issues (e.g. car parking problems)
   11. Other (PLEASE WRITE IN)

Q10. **How do you expect to access finance in the next 2-3 years?**
MULTICODE OK

1. Family, friends
2. Personal savings, credit card
3. Bank loans
4. Venture capital
5. Business angels
6. European Growth funds
7. Research & Development Funding
8. Pump priming
9. Business rate relief
10. We will not need to

SECTION 4: RECRUITMENT

Oxford City Council is interested to know if you face problems retaining and recruiting the right people.

Q11. **Do you have a problem retaining key employees?**
SINGLE CODE ONLY.

1. Yes
2. No

ASK IF CODE "YES" AT Q11. OTHERS GO TO Q13.

Q12 **What are the external barriers to retaining key employees?**
MULTICODE OK

1. It is expensive to live in Oxford
2. Staff are unable to afford to buy a property
3. It is expensive to commute within or to the Oxford area
4. It is time-consuming to commute to or within the Oxford area
5. Other (PLEASE WRITE IN)

Q13. **Which of the following statements best describes your recruitment intentions?**
READ OUT. SINGLE CODE ONLY.

1. **I am currently recruiting**
2. **I will have a need to recruit staff in the next 2- 3 years**
3. **I have no plans to recruit staff in the next 2-3 years**

ASK IF CODE 1 OR 2 AT Q13. OTHERS GO TO Q15.

Q14 **What kind of positions are you looking [IF CODE "1" AT Q13]/will you be looking [IF CODE "2" AT Q13] to fill within your business?**
MULTICODE OK

1. Administrative staff
2. Trainees/apprentices
3. Graduates
4. Unskilled Individual contributors/Non-management
5. Professional Individual contributors/Non-management
6. Junior management
7. Middle management
8. Senior management/director level
9. Other (PLEASE WRITE IN)

Q15. **In your experience, how easy or difficult is it to recruit the right people for your business?**
SINGLE CODE ONLY.

1. Very easy
2. Quite easy
3. Quite difficult
4. Very difficult

ASK IF CODE 3 OR 4 AT Q15. OTHERS GO TO Q19.

Q16. **You say it is difficult, why is that?**
MULTICODE OK.

1. Not the right skill set
2. Not the right qualifications
3. Not the right experience
4. Not based in the locality
5. It is expensive to travel into the Oxford area
6. The trains are not frequent enough into the Oxford area
7. The roads around the area make commuting particularly difficult
8. It is hard to encourage people to relocate to Oxford
9. There is insufficient affordable housing in the Oxford area
10. Other (PLEASE WRITE IN)

Q17.   **Are there particular job positions which you find difficult to fill?**
MULTICODE OK
1.   Administrative staff
2.   Trainees/apprentices
3.   Graduates
4.   Unskilled Individual contributors/Non-management
5.   Professional Individual contributors/Non-management
6.   Junior management
7.   Middle management
8.   Senior management/director level
9.   Other (PLEASE WRITE IN)
10. No

Q18.   **Are there particular job roles which you find difficult to fill?**
OPEN ENDED

Q19.   **What proportion of your employees would you say travel from outside of the Oxford area?**
SINGLE CODE ONLY.

1.   None
2.   Up to 25%
3.   26% - 50%
4.   51% - 75%
5.   76% - 100%
6.   Don't know – DO NOT READ OUT

Q20.   **Does your company support and permit…?**
READ OUT.SINGLE CODE PER STATEMENT

a.   **Flexible working hours**
b.   **Working from home**

ACROSS TOP OF GRID
1.   Yes
2.   No

Thank you for your participation in this research. In order that we may send you a summary of the findings from this research may we have an email address.
**Email address :**_____
I do not want to receive a summary of the findings

THANK YOU

4.2   Business profile

The figure below shows the profile of participants to the survey compared with the actual business population in Oxford (as defined by the Dunn & Bradstreet database). Although the sector profile is broadly similar, some are slightly underrepresented in the survey, including retail and construction businesses, while some are overrepresented, such as health and social work, education and administrative businesses.

While efforts were made to ensure the survey had a good mix of participants from every sector, it was not possible to set exact quotas because of the limited sample available in the areas of interest.
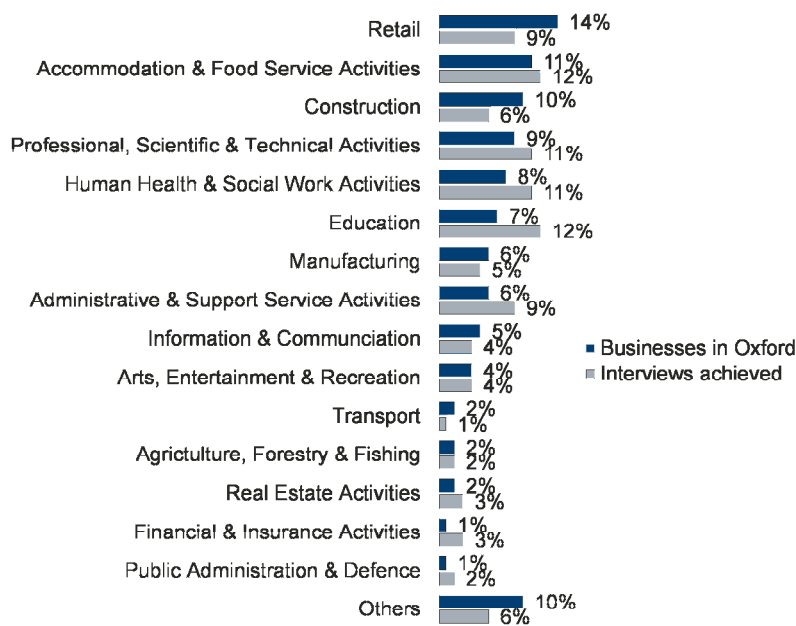
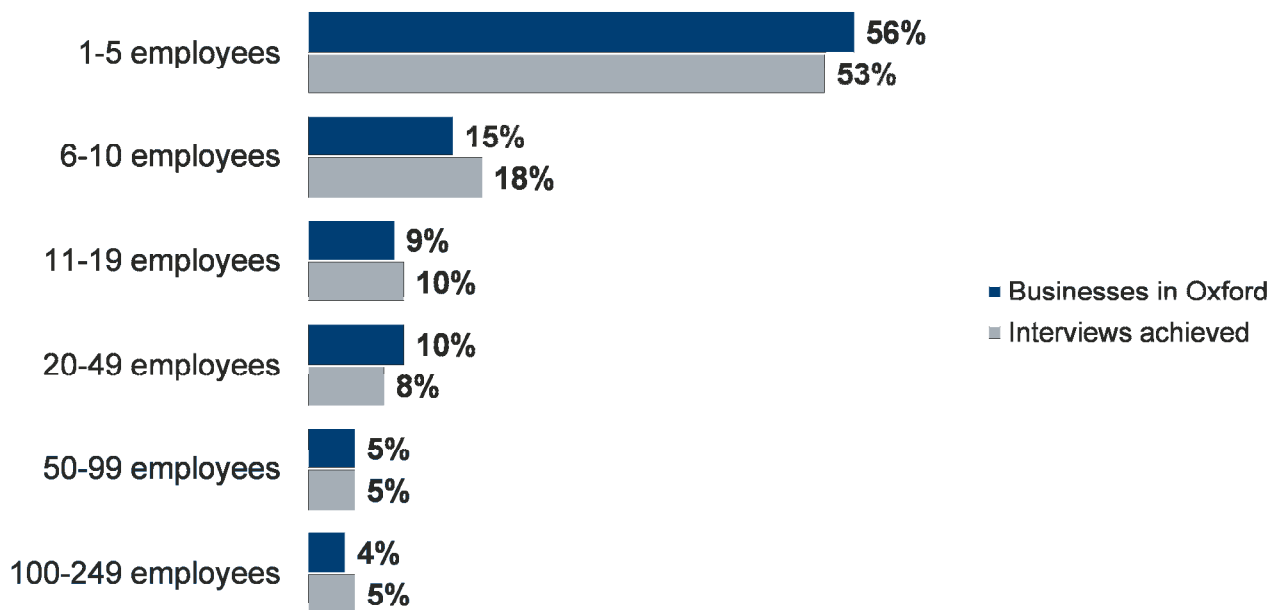Base: All valid responses (386)   Source: Ipsos MORI

Figure 4.1 – Profile of participants by sector

The figure below shows the profile of survey respondents by size of business compared with the business population in Oxford (as defined by the Dunn & Bradstreet database). As shown, the profile is very similar, with the largest difference being in businesses with 1-5 employees, who are underrepresented by 3 percentage points, while those with 6-10 employees are overrepresented by the same margin.

Base: All valid responses (386)   Source: Ipsos MORI

Figure 4.2 – Profile of participants by business size

Analysing business sector

The number of sector specific interviews achieved during this survey is not sufficiently robust to enable comparative analysis to be carried out. However, in order to provide some insight into the differences between the business sectors within Oxford, certain sectors have been combined together and therefore aggregated to provide base sizes which enable sector comparisons to be made as follows:

- **Sector group 1:** Manufacturing, Construction, Transport;

- **Sector group 2:** Retail, Arts, Accommodation, Food;

- **Sector group 3:** Information, Communication, Financial, Real Estate, Administration;

- **Sector Group 4:** Professional, Scientific, Education; and

- **Sector Group 5:** Health and Social, Agriculture, Others.

Type of office/location

Oxford's business sector can also be profiled by office type. Three in five businesses operate on a single site (62%), whilst a further 17% have their head office based in the Oxford area and 16% interviewed were in a branch, a proportion which increased to 25% among those in either the **retail / arts / accommodation / food** sectors.
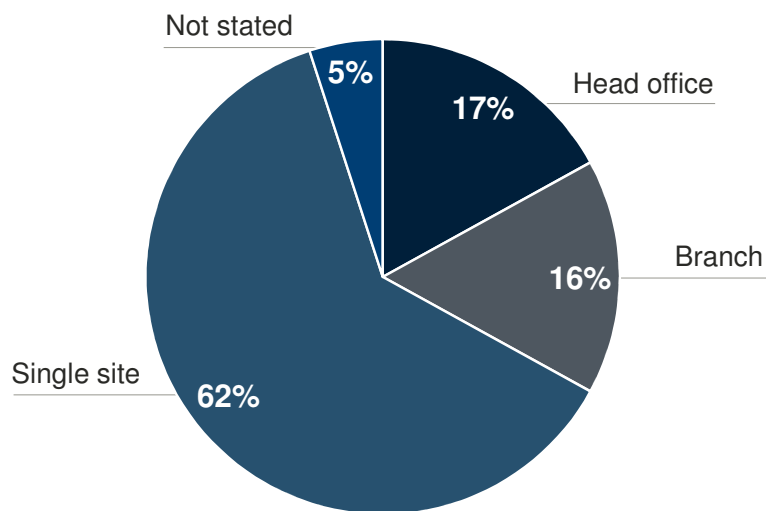
Base: All valid responses (386)   Source: Ipsos MORI

Figure 4.3 – Type of business

Publication of the data

As with all our studies, these findings are subject to our Standard Terms & Conditions of Contract. Any press release or publication of the findings of this survey requires the advance approval of Ipsos MORI. This would only be refused on the grounds of inaccuracy or misinterpretation of the findings.

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About Ipsos MORI North

Ipsos MORI North works closely with the UK government, local public services and the not-for-profit sector. Its research staff focus on public service and policy issues. Each has expertise in a particular part of the public sector, ensuring we have a detailed understanding of specific sectors and policy challenges. This, combined with our methodological and communications expertise, helps ensure that our research makes a difference for decision makers and communities.