

London Annual Business Survey 2005

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Foreword

The 2005 London Annual Business Survey (LABS) is the third annual survey of private sector businesses in London undertaken jointly by the London Development Agency (LDA) and Business Link for London (BL4L). The survey provides a detailed and comprehensive overview of private sector businesses in London. It collects information on the structure of businesses in London in terms of characteristics such as size, sector and profile of ownership. It also assesses the areas in which businesses in London face the greatest challenges.

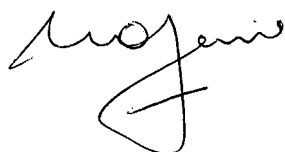
LABS is based on a robust and representative sample of businesses in London. 4,002 businesses took part in the survey, which was conducted by telephone. The report outlines the key findings that emerged from the data. As the survey is now in its third year it has also become increasingly possible to assess how businesses and the environment in which they operate have been changing over time.

In terms of the major challenges that businesses in London face, availability of skilled employees continues to be the most serious reported problem. The extent to which this issue is a problem has also increased significantly since 2004. In addition, the industry sector reporting the highest level of problems with this issue is the Construction sector.

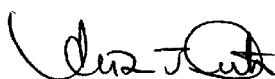
LABS also suggests that the proportion of businesses that are owned by women has been increasing. There is a mixed picture in terms of ethnic minority ownership, with the level of black ownership having increased slightly, but the level of Asian ownership having decreased slightly.

One of the key strengths of the survey is its ability to identify the key factors that influence business performance. In terms of business strategy, those businesses that had invested in IT, product/service development, training/re-training and had well set up management systems were significantly more likely to have seen an improvement in performance.

LABS provides a comprehensive overview of the profile of businesses in London and the nature of the issues that they face. This information enables the LDA and BL4L to effectively target and tailor their services in order to maximise the effectiveness of the support that they give to businesses in London and to ensure that London maintains its position as a leading global location for business.



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Introduction

1.1 Objectives of the survey

The 2005 London Annual Business Survey (LABS) is the third annual survey of private sector businesses in London undertaken jointly by the London Development Agency (LDA) and Business Link for London (BL4L).

The objectives of the annual survey are to:

- collect indicators of the performance of private sector businesses in London, and analyse the factors that influence business performance, to assist in the development of LDA and BL4L policies and activities
- analyse the impact of London's physical and social infrastructure on businesses
- identify issues faced by businesses where help and support may be beneficial
- monitor changes in these factors over time

This survey is widely used by organisations in the Greater London Authority (GLA) group to look at issues affecting businesses in London. LABS is also used by the LDA to monitor progress on London's Economic Development Strategy (EDS).

1.2 Methodology

Survey methodology

The survey covers all types of private sector businesses except for the self-employed. The survey is telephone based and aimed at the CEO/MD, other director or senior manager. The fieldwork for the 2005 survey was undertaken between October and December 2005, with 4,002 businesses being interviewed. The survey was undertaken on a quota sample basis. This approach involves over-sampling certain sizes of businesses, sectors and sub-regions in order to obtain statistically robust sample sizes for these categories, and then re-weighting these categories to the actual population of businesses in London.

The 2005 questionnaire contained 74 questions¹ covering:

1. Business profile (q1–17)
2. Workforce (q19–25)
3. Turnover, profit and productivity (q26–31)
4. Investment and access to finance (q32–41)
5. Sales and purchasing (q42–45)
6. Barriers and enablers (q46–48)
7. Information technology and innovation (q49–52)
8. Research & Development and collaboration (q54–62)
9. Business practice and advice (q63–72)
10. Management competencies (q74–78)

¹ There were no questions 18, 20, 53, and 77 in the final survey

Analysis of results

LABS is a comprehensive survey but care should always be taken in the interpretation of any survey results. It can only be said that certain results are likely to be true. We have therefore used formal statistical tests throughout this report to show how confident we are with the results. The tables in this report have been colour coded to show where we are 95 % (or at least 90 %) confident that the percentage of businesses in a sub-category giving a particular answer is significantly different from the answers given by other businesses. This gives us a clear guide on the differences that we should be concentrating on.

We have also used formal statistical analysis to look at how different factors affect the performance of businesses in terms of growth in their employment, turnover, productivity and profitability. Many factors affect the performance of businesses and it is important to separate out these different factors. For example, businesses in the Financial Services sector tend to be larger than businesses in other sectors. Therefore, the extent to which their better performance is due to the sector they operate in, or their size, must be considered and differences controlled for. The affect of other strategies (i.e. business strategies) on performance should also be examined. The results of this analysis are given at the end of each chapter.

1.3 Report structure

The report divides into three sections:

Section 1 – Economic performance of businesses in London

Section 2 – Structure of businesses in London

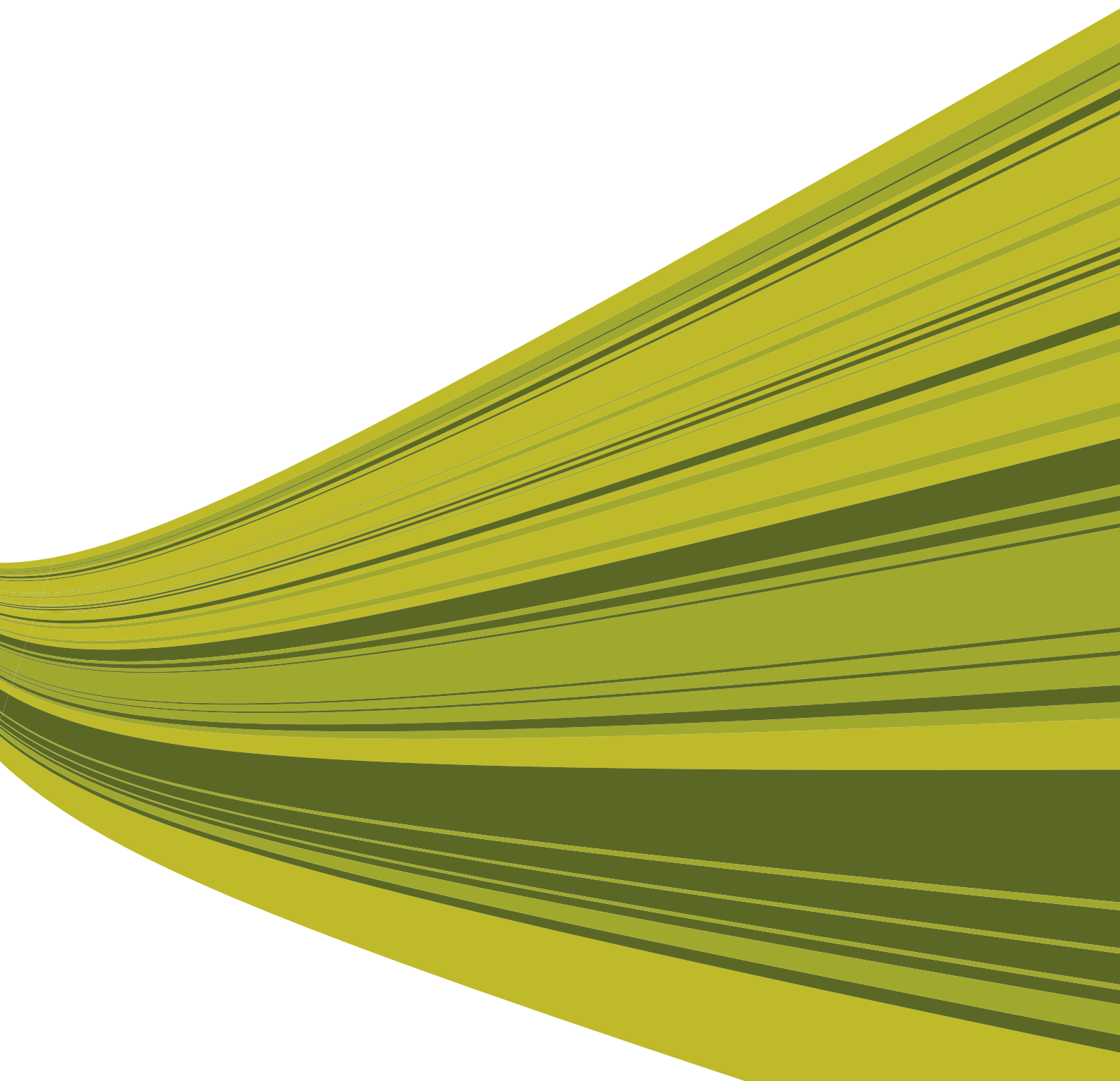
Section 3 – The operation of businesses in London

Section 1

Economic performance of
businesses in London

2 Employment, turnover, productivity and profitability

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Chapter 2

Summary

- Growth in business turnover and profitability does appear to have slowed down in 2005 after increasing significantly in 2004. The balance of firms stating turnover or profitability has increased over those saying they decreased has fallen back to around the levels reported in 2003. Businesses are also less optimistic about growth in turnover and profitability over the next year than they were in 2004, although they are still more optimistic than they were in 2003.
- Changes in turnover and profitability usually take time to feed through to employment levels and the balance of firms stating employment increased over those saying it decreased has risen slightly, although not by as much as it did in 2004. Businesses also continue to be as optimistic about employment growth as they were in 2004 and they are again also significantly more optimistic than they were in 2003.
- The balance of firms stating that productivity increased over those saying it decreased has remained approximately the same as in 2004, although firms do seem less optimistic about continuing productivity growth next year.
- The reason most often given by businesses in LABS 2005 for increasing employment was simply to meet higher demand for their products/services. The next most common reason given by businesses was that they required new staff with specific skills, then that they had introduced new products/services and then because of general restructuring of the business. This pattern of reasons given for increasing employment is very similar to that given in LABS 2004.
- The main reason given by businesses for decreasing employment was that there had been a fall in demand for their particular products/services. General restructuring of the business, increasing competition, pressure on cash flows/debt and shortage of skilled or suitable workers were the next most common reasons given. The pattern of reasons given for decreasing employment has changed since LABS 2004 and there has been a significant increase in the number of businesses giving increasing competition and shortages of skilled or suitable workers as a reason for the decrease in employment.
- The three main reasons given for achieving productivity gains were increase in demand for products or services, greater IT use and flexible working patterns. The importance of flexible working patterns and greater use of IT as factors that raise productivity has risen from 2004.
- As in 2004, fall in demand for products or services was the main reason that firms gave for falling productivity. However, there has been a marked increase from 2004 in those firms stating government regulations, inability to recruit sufficiently qualified staff and falls in capital expenditure, as reasons behind their businesses experiencing decreasing productivity.

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Chapter 2

2.1 Introduction

This chapter looks at the economic performance of businesses across London in terms of changes in their employment, turnover, productivity and profitability. LABS asks the businesses surveyed each year how their employment, turnover, productivity and profitability has changed over the previous 12 months and also asks about the reasons for changes in employment and productivity. The survey also asks businesses each year how they expect employment, turnover, productivity and profitability to change over the next 12 months and therefore provides an indication of the likely performance of the London economy in the short term.

Multivariate analysis has been used to analyse the effect that different factors have on businesses' performance and the results are covered at the end of each relevant chapter. The reasons for productivity and employment change discussed in this chapter are those reasons given by the businesses themselves.

Table 2.1: The performance of London's businesses

	Decreased			Remained same			Increased			Don't know			Balance of +ve over -ve		
	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Employment	12.3	10.5	12.7	71.4	72.3	67.4	15.3	16.2	18.8	0.9	1.1	1.1	3.0	5.7	6.1
Turnover	19.9	19.4	26.7	34.3	32.8	28.4	33.1	41.4	39.7	12.7	6.4	5.3	13.2	22.0	13.0
Productivity	6.4	6.4	7.8	57.6	54.3	50.9	24.2	34.0	35.2	11.8	5.4	6.0	17.7	27.6	27.4
Profitability	20.6	19.7	25.3	38.4	35.3	33.9	24.3	38.3	33.1	16.7	6.7	7.7	3.7	18.7	7.8

Source: LABS 2003, 2004, 2005

Table 2.2: The anticipated performance of London's businesses

	To decrease			To remain the same			To increase			Don't know			Balance of +ve over -ve		
	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005	2003	2004	2005
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Employment	2.5	3.1	4.1	65.4	59.4	55.9	27.6	34.0	36.6	4.5	3.5	3.5	25.1	30.9	32.5
Turnover	6.3	6.5	8.7	34.3	25.5	27.6	44.1	59.4	57.8	15.3	8.6	5.9	37.8	52.9	49.0
Productivity	2.9	2.9	3.9	49.5	43.1	49.4	32.8	47.3	40.6	14.8	6.7	6.0	30.0	44.4	36.7
Profitability	6.8	6.3	10.0	37.8	27.7	32.2	37.3	57.9	50.3	18.1	8.0	7.5	30.4	51.6	40.3

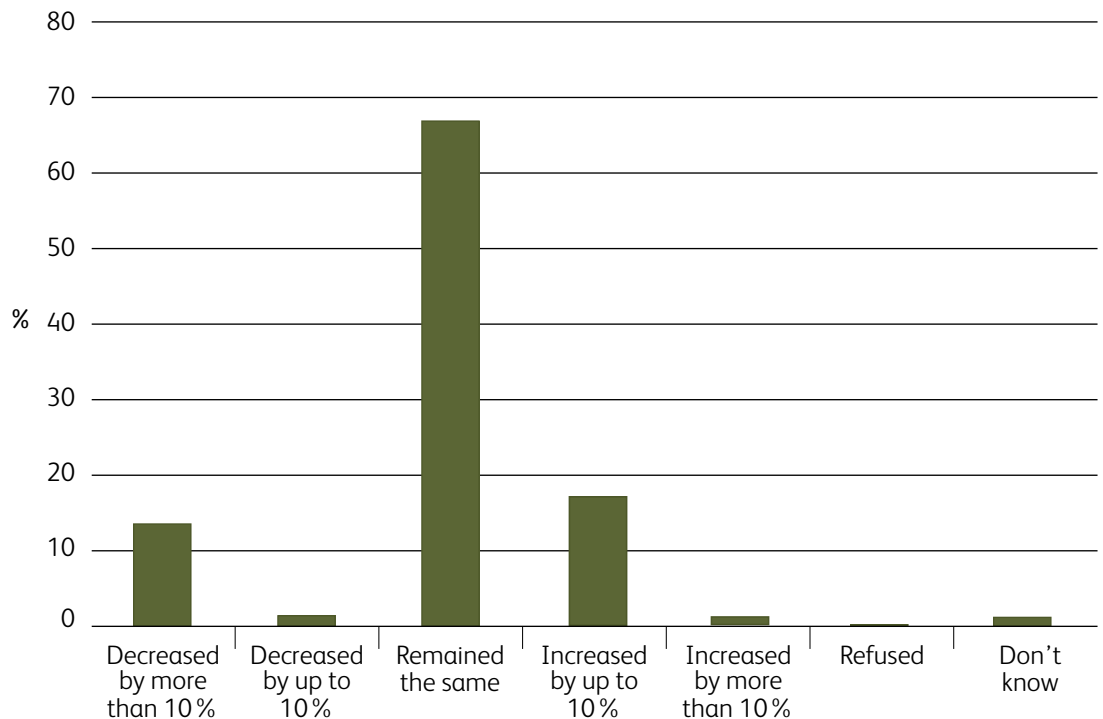
Source: LABS 2003, 2004, 2005

2.2 Employment

Changes in employment during the previous 12 months

In 2005, 6.1 % more businesses reported an increase in employment over the previous 12 months than reported a decrease. This is significantly higher than the balance in 2003 but only slightly above the balance in 2004. In 2004, 5.7 % more businesses reported an increase than reported a decrease but in 2003, only 3 % more were reporting an increase than were reporting a decrease.

Graph 2.1: Percentage businesses reporting increase/decrease/no change in employment in previous 12 months



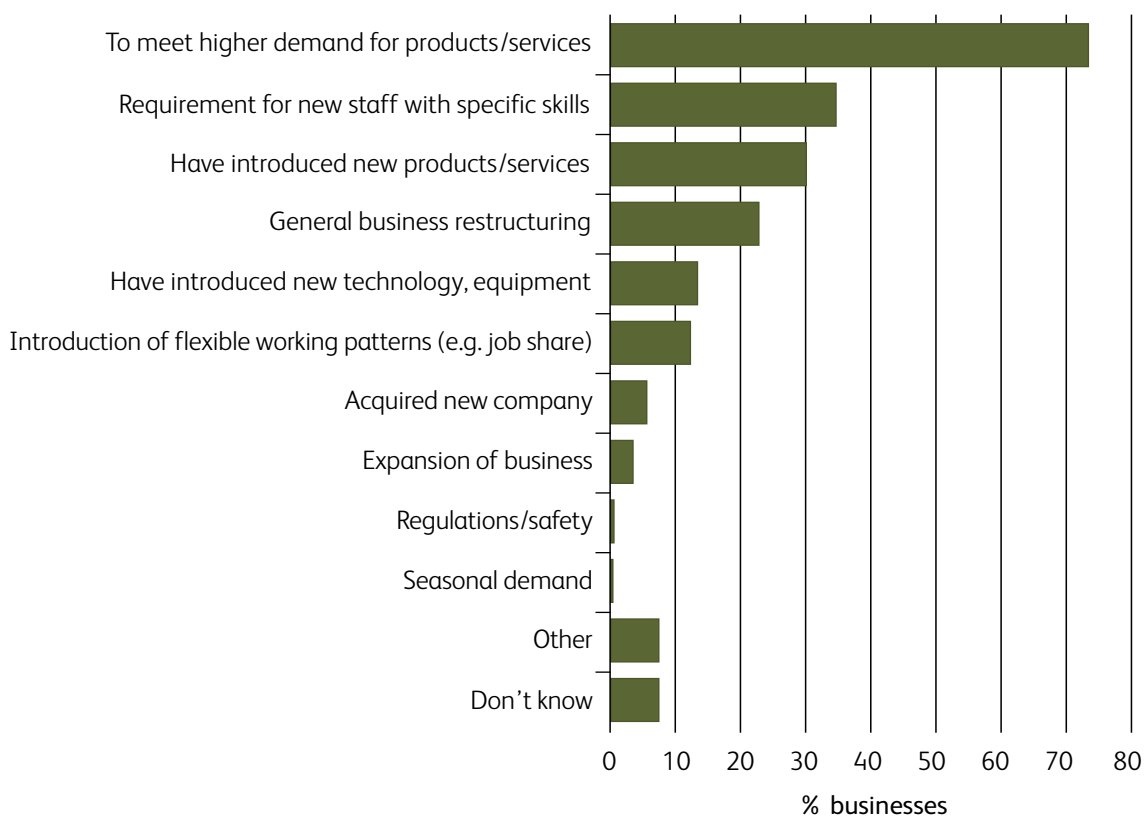
Source: LABS 2005

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Reasons given by businesses for changes in employment

The reason most often given by businesses in LABS 2005 for increasing employment was simply to meet higher demand for their products/services. The next most common reason given by businesses was that they required new staff with specific skills, then that they had introduced new products/services and then because of general restructuring of the business. This pattern of reasons given for increasing employment is very similar to that given in LABS 2004.

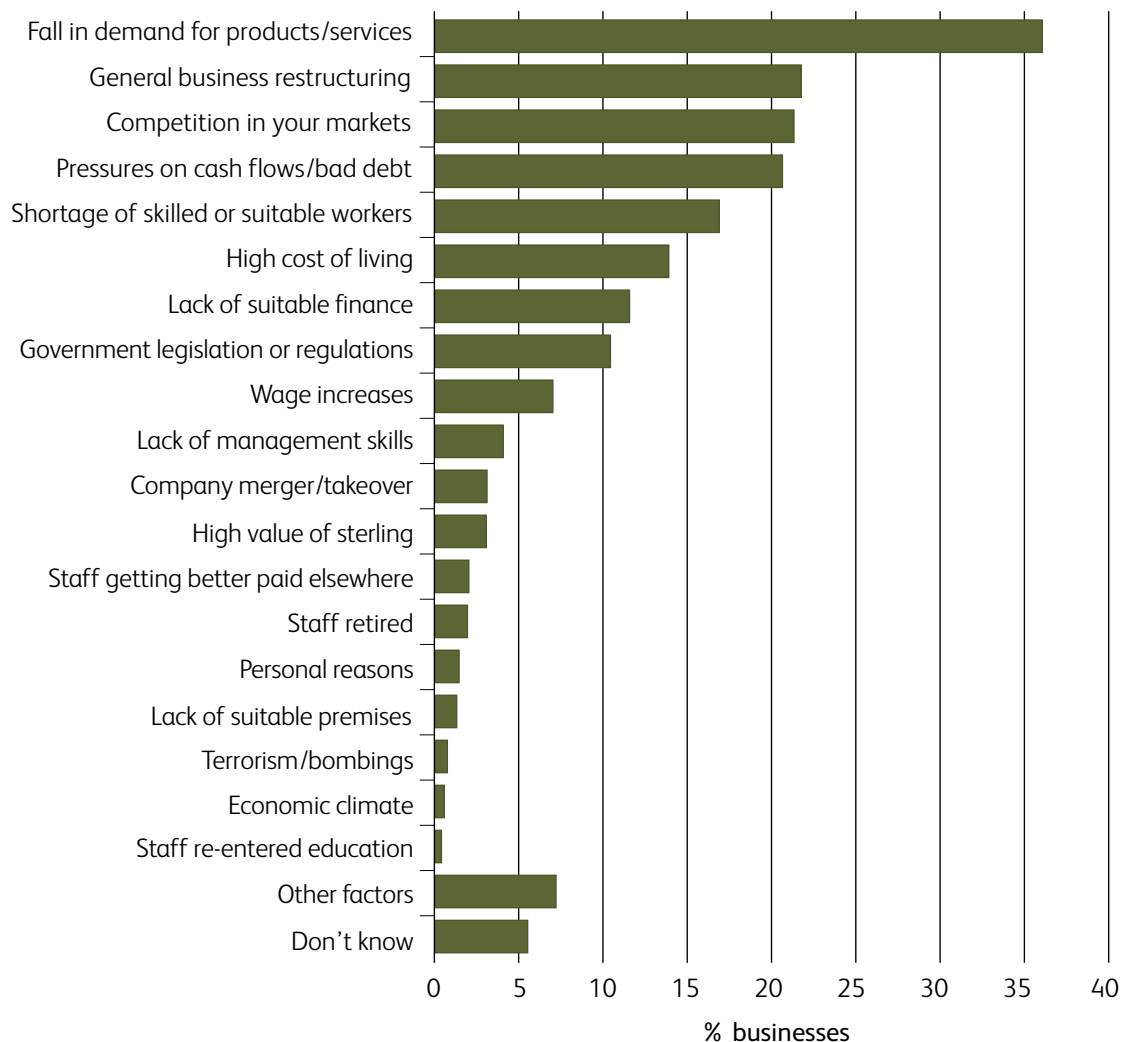
Graph 2.2: Reasons for increase in employment in previous 12 months



Source: LABS 2005

The main reason given by businesses for decreasing employment was that there had been a fall in demand for their particular products/services. General restructuring of the business, increasing competition, pressure on cash flows/debt and shortage of skilled or suitable workers were the next most common reasons given. The pattern of reasons given for decreasing employment has changed since LABS 2004 and there has been a significant increase in the number of businesses giving increasing competition and shortages of skilled or suitable workers as a reason.

Graph 2.3: Reasons for decrease in employment in previous 12 months



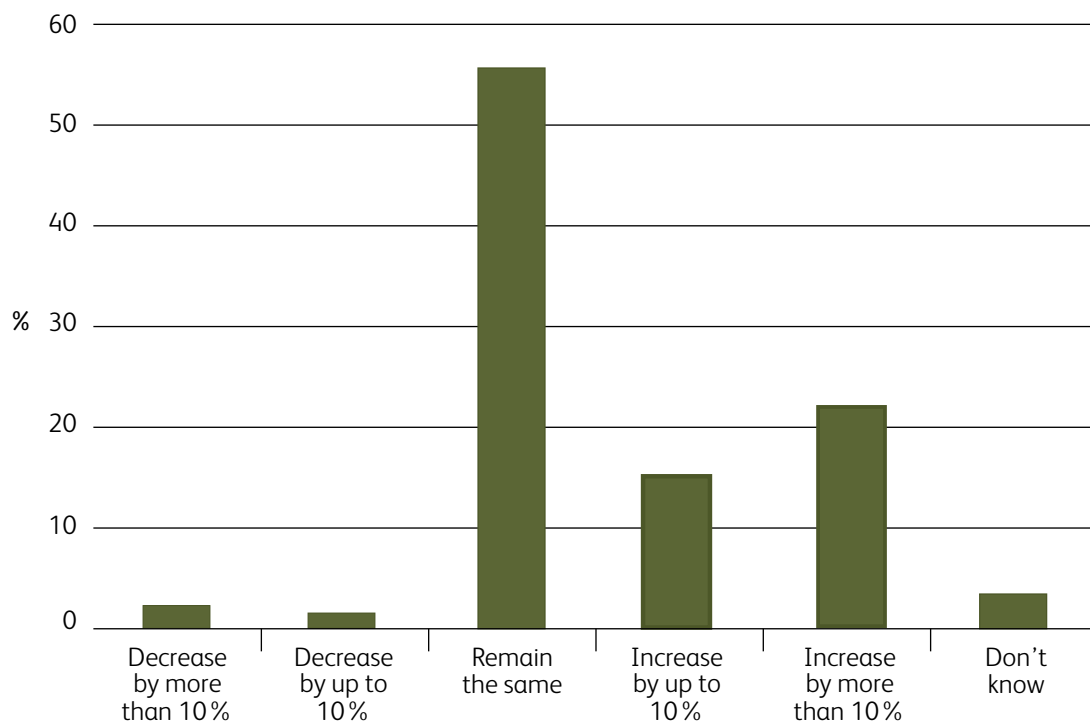
Source: LABS 2005

Chapter 2

Anticipated changes in employment over the next 12 months

A majority (56 %) of businesses in LABS 2005 expect their employment to remain the same over the next year. Around 35 % of businesses expect their employment to rise over the next year and 21 % of these expect large increases of over 10 %. Very few businesses expect employment decreases over the next year. These results are similar to the anticipated changes in employment reported in 2004, but more optimistic than those reported in 2003.

Graph 2.4: Percentage businesses reporting increase/decrease/no change in employment in next 12 months



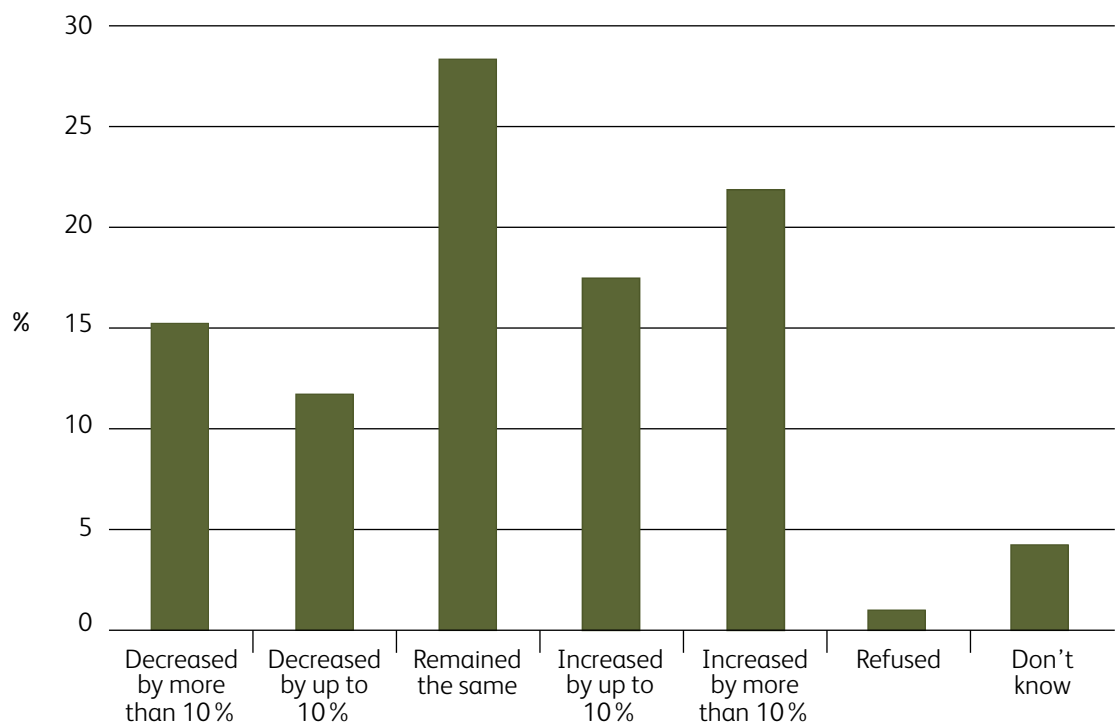
Source: LABS 2005

2.3 Turnover

Changes in turnover during the previous 12 months

A larger proportion of businesses in LABS 2005 reported increases in turnover than in employment. 13 % more businesses reported an increase in turnover than reported a decrease. This figure is significantly lower than the balance in 2004 and approximately the same as the balance in 2003. In 2004, 22 % more businesses reported an increase than reported a decrease and in 2003, 13.2 % more were reporting an increase than were reporting a decrease.

Graph 2.5: Percentage businesses reporting increase/decrease/no change in turnover in previous 12 months



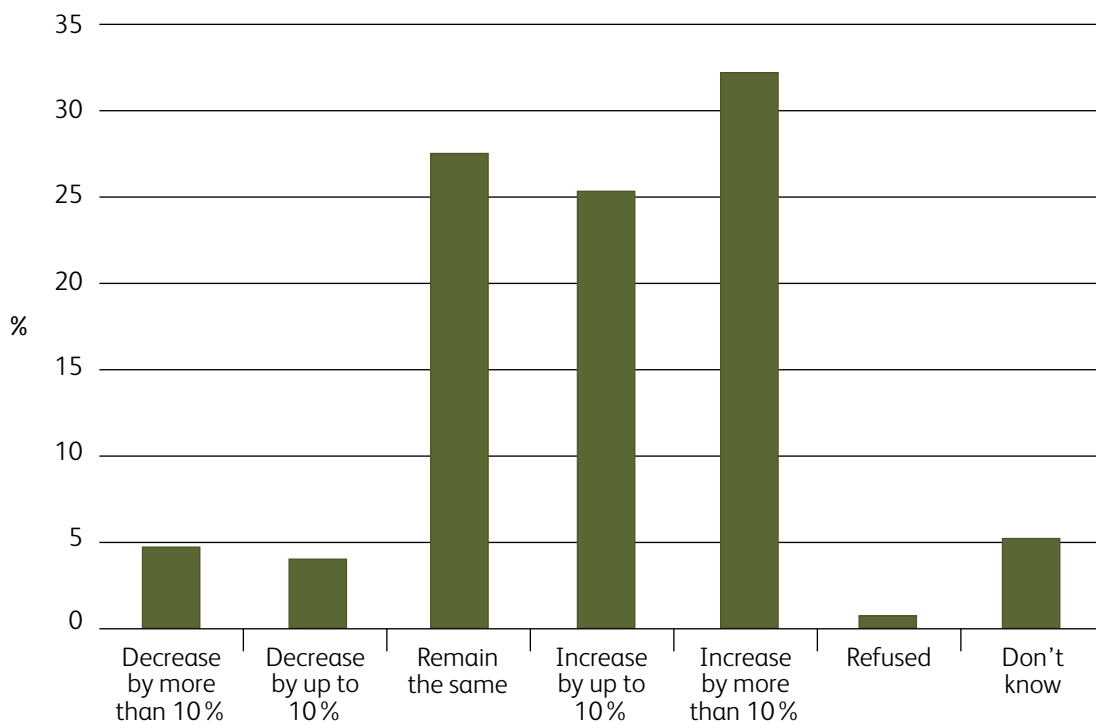
Source: LABS 2005

Chapter 2

Anticipated changes in turnover over the next 12 months

Even though the balance of businesses reporting an increase in turnover over those reporting a decrease has fallen, most businesses are still optimistic about the next 12 months in terms of turnover change. 58 % of businesses expect turnover to expand, with over 30 % anticipating growth of over 10 %. Of the remaining businesses, most expect turnover to remain the same (28 %), whilst around 5 % anticipate falls of up to 10 % and a further 5 % expect falls of greater than 10 %. These figures imply that businesses are marginally less optimistic about anticipated turnover than they were in 2004, but are still considerably more optimistic than they were in 2003.

Graph 2.6: Percentage businesses reporting increase/decrease/no change in turnover in next 12 months



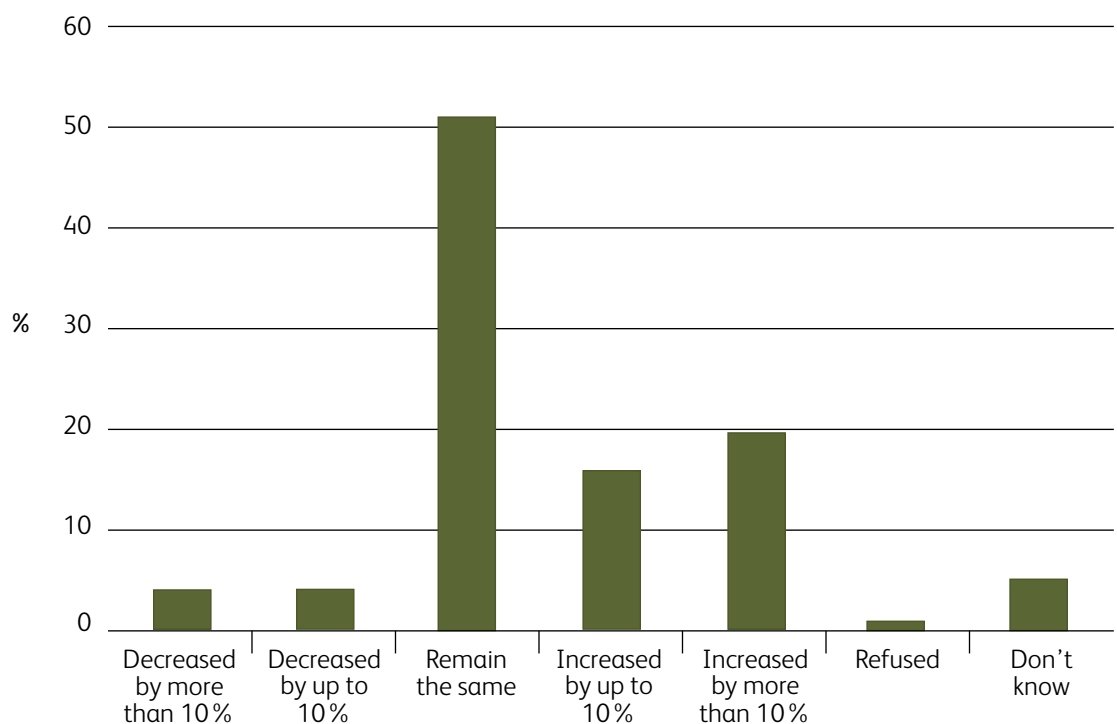
Source: LABS 2005

2.4 Productivity

Changes in productivity during the previous 12 months

27.4% more businesses reported an increase in productivity over the previous 12 months than reported a decrease. Just over half of all businesses saw productivity remain the same over the last 12 months, whilst 16% achieved increases of up to 10% and 19% experienced increases of over 10%. Overall, 35% of businesses had productivity gains. These figures are similar to the results for 2004, but considerably higher than those for 2003. In 2004, 27.6% more businesses reported an increase in productivity than reported a decrease, but in 2003 only 17.7% more were reporting an increase than were reporting a decrease.

Graph 2.7: Percentage businesses reporting increase/decrease/no change in productivity in previous 12 months



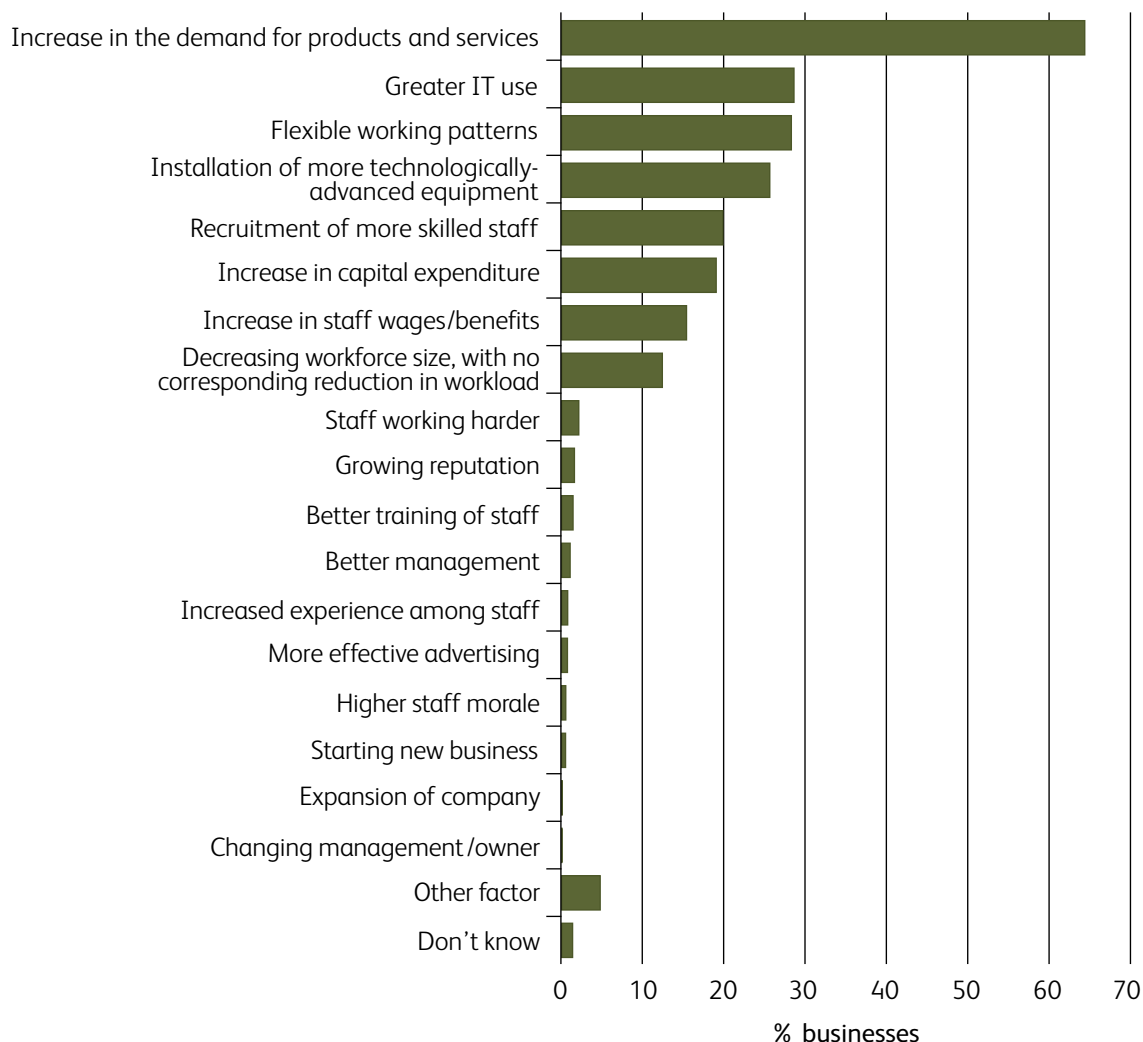
Source: LABS 2005

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Reasons given by businesses for changes in productivity

The main three reasons given for achieving productivity gains were increase in demand for products or services, greater IT use and flexible working patterns. The importance of flexible working patterns and greater use of IT, as factors that raise productivity has risen from 2004.

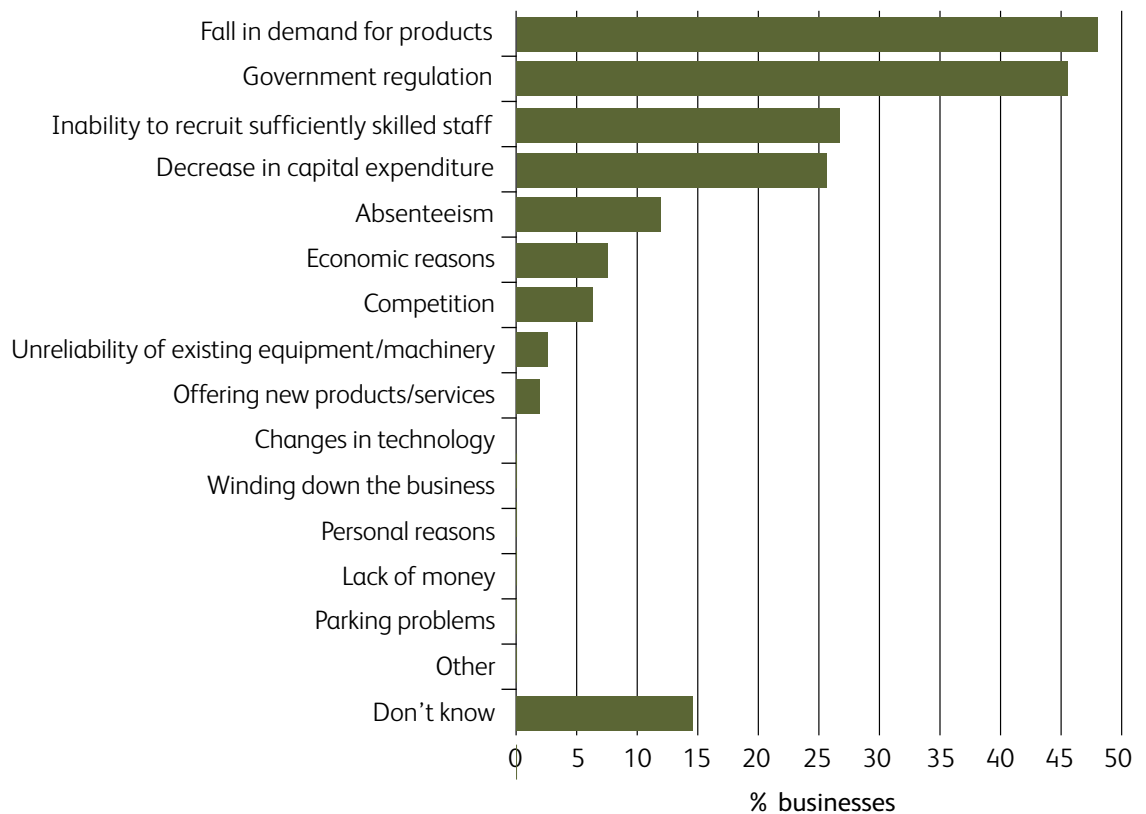
Graph 2.8: Reasons for increase in productivity in previous 12 months



Source: LABS 2005

As in 2004, a fall in demand for products or services was the main reason that firms gave for decreasing productivity. However, there has been a marked increase from 2004 in those firms stating government regulations, inability to recruit sufficiently qualified staff and falls in capital expenditure as reasons behind their businesses experiencing decreasing productivity.

Graph 2.9: Reasons for decrease in productivity in previous 12 months



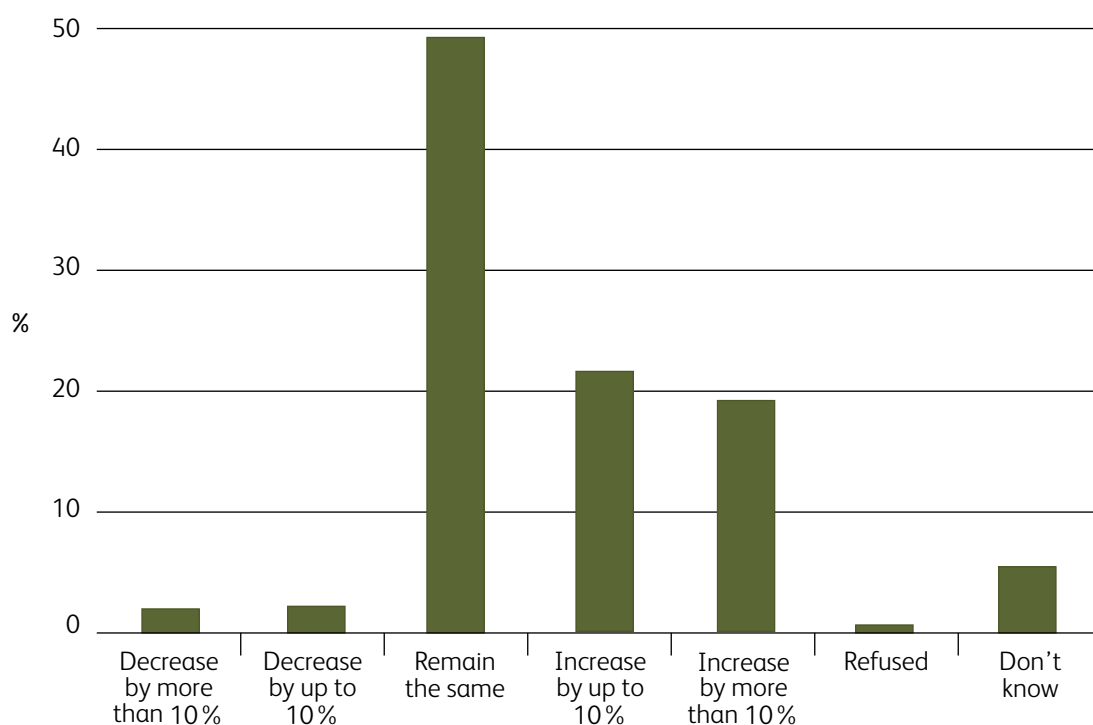
Source: LABS 2005

Chapter 2

Anticipated changes in productivity over the next 12 months

A large percentage of firms are optimistic about productivity in the next 12 months, with 40% expecting increases (roughly evenly split between those expecting up to and over 10% growth) and 50% anticipating that productivity will remain the same. Very few firms believe productivity will fall in their business next year. These figures imply that firms are less optimistic about productivity than they were in 2004 but more optimistic than they were in 2003.

Graph 2.10: Percentage businesses reporting increase/decrease/no change in productivity in next 12 months



Source: LABS 2005

Level of turnover per employee

Mean turnover per employee (a proxy measure for productivity), is £162,960 on average across London in 2005, although the median turnover per employee is only £50,000, as there are some businesses with very high levels of turnover per employee. In terms of sectors, mean turnover per employee is by far the highest in Banking and Finance, although again a low median turnover per employee indicates that this is due to a small number of businesses with very high levels of turnover per employee. Median turnover per employee is highest in the Manufacturing (excluding Publishing), Wholesale and Retail and Transport and Communications sectors. Median turnover per employee is lowest in the Business and Professional Services and Other Community Services sectors. Foreign-owned businesses have significantly higher levels of turnover per employee than the London average, both in terms of mean and median levels.

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Table 2.3: Turnover per employee by business characteristics

	Mean turnover per employee	Median turnover per employee	Weighted population	Unweighted sample
	£	£	n	n
All businesses	162,960	50,000	338,726	4,002
Size				
1-4	114,412	40,000	257,323	1,035
5-9	153,977	50,000	33,483	781
10-49	225,134	62,500	38,734	1,640
50-99	183,828	83,333	4,854	285
100-249	236,445	92,308	2,830	181
250+	117,769	80,000	1,501	80
Sector				
Primary & Utilities	35,616	75,000	541	9
Publishing	101,390	50,000	7,284	107
Manufacturing (excluding Publishing)	137,797	100,000	12,077	285
Construction	184,040	48,000	20,530	335
Wholesale & Retail	177,365	100,000	69,001	811
Hotels & Restaurants	83,353	62,500	23,072	456
Transport & Communications	105,113	100,000	12,307	285
Banking & Finance	343,621	87,500	11,092	223
Business & Professional Services	171,011	33,333	136,762	994
Education, Health & Social Work	58,797	50,000	11,004	276
Other Community Services	100,742	32,500	35,056	221
LDA sector				
Environment	279,836	92,098	1,962	27
Life Sciences	162,058	92,098	1,965	23
ICT	97,285	25,000	19,035	190
Tourism	65,178	35,714	18,207	434
Production	123,862	83,333	19,360	392
Creative	149,169	33,333	80,845	544
LSC area				
London East	188,025	50,000	71,433	837
London North	106,892	33,333	37,216	799
London Central	156,217	70,000	119,327	772
London South	129,023	56,667	51,580	799
London West	202,114	53,333	59,169	795

	Mean turnover per employee	Median turnover per employee	Weighted population	Unweighted sample
	£	£	n	n
Country of ownership				
UK-owned	139,118	46,667	318,582	3,591
Foreign-owned	383,335	200,000	16,826	337
Joint UK-foreign	139,481	60,000	2,244	47
DK/refused	112,817	83,333	1,073	27
Gender of owners				
Majority male	186,229	60,000	199,395	2,266
50:50 male-female	99,774	73,333	56,763	612
Majority female	78,092	37,500	56,583	376
DK/refused	192,468	75,000	25,985	748
Ethnicity of owners				
White	138,269	58,333	261,191	2,882
Black	493,941	20,000	17,534	140
Asian	172,597	25,000	30,110	287
Mixed	67,403	8,333	859	11
Other	210,985	75,000	7,258	102
DK/refused	233,667	83,333	21,775	580

Source: LABS 2005

■ Denotes significant differences from all businesses total at 95% significance level

■ Denotes significant differences from all businesses total at 90% significance level

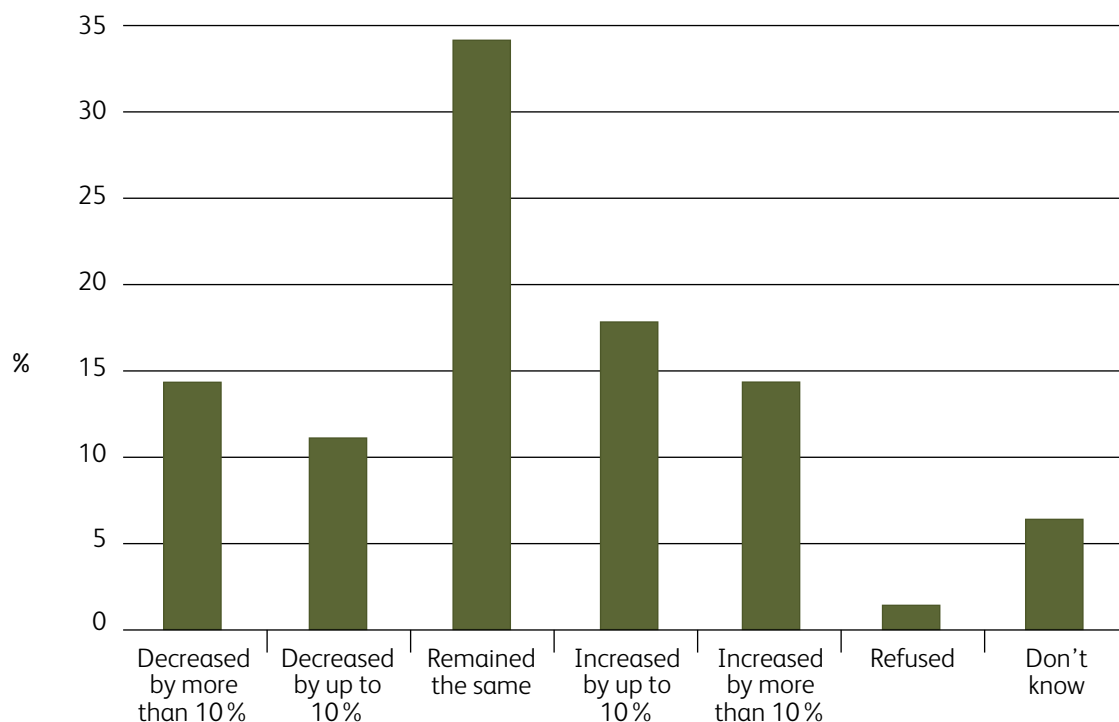
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2.5 Profitability

Changes in profitability during the previous 12 months

7.8 % more businesses in LABS 2005 reported an increase in profitability than reported a decrease. This figure is significantly lower than the balance in 2004 but slightly higher than the balance in 2003. In 2004, 18.7 % more businesses reported an increase than reported a decrease whereas in 2003, 3.7 % more were reporting an increase than were reporting a decrease.

Graph 2.11: Percentage businesses reporting increase/decrease/no change in profitability in previous 12 months

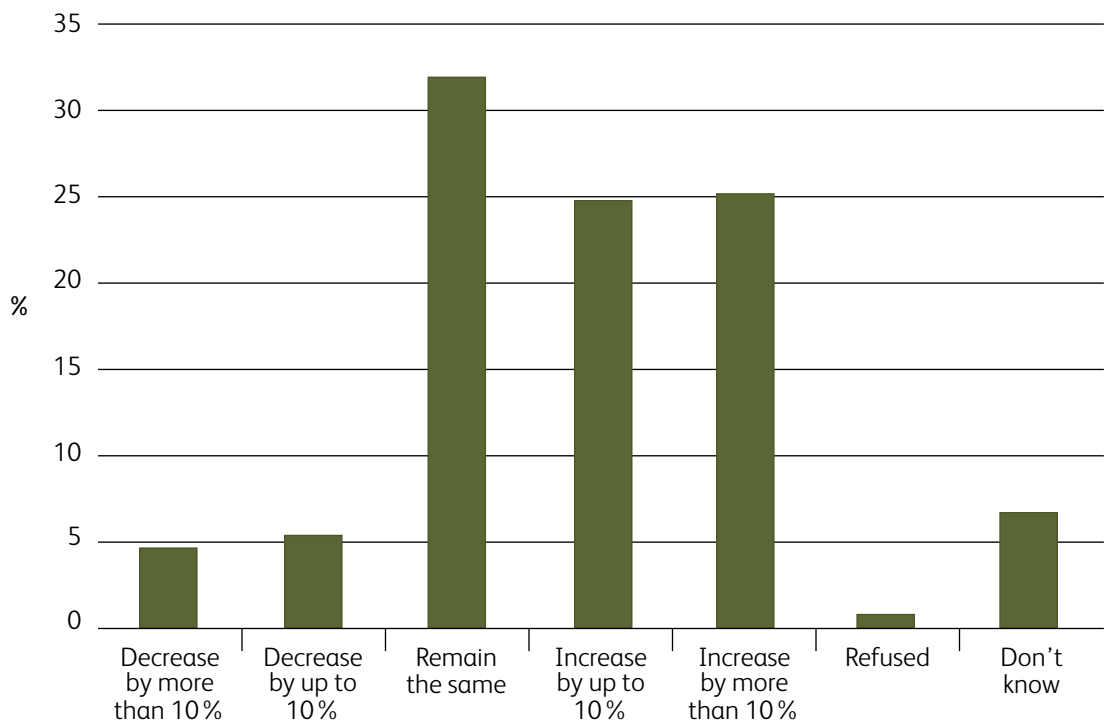


Source: LABS 2005

Anticipated changes in profitability over the next 12 months

Around half of all firms expect profitability to rise over the coming year, evenly split between those anticipating rises of up to and over 10%. In 2004, firms were more optimistic about profitability, with 58% of firms anticipating rises over the next 12 months. But in 2003 they were less optimistic, with only 37% of firms anticipating rises.

Graph 2.12: Percentage businesses reporting increase/decrease/no change in profitability in next 12 months



Source: LABS 2005

Section 2

Structure of businesses in London

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Chapter 3

Summary

- According to LABS 2005, there were 338,726 businesses in London in 2005, employing 3,270,413 people (full-time or part-time), including owners, partners and directors.
- Most businesses are small and employ less than 50 people. 76% of businesses are micro businesses employing less than five people and only 2.7% of businesses employ 50 or more people. However, bigger employers do account for the majority of jobs in London. 50.5% of business employment is in businesses employing 50 or more people, and only 26.2% of business employment is in businesses employing 10 or less people.
- Business size varies across sectors. Construction, Other Community Services and Business and Professional Services have the biggest proportion of small firms, with over 90% of businesses in these sectors employing less than 50 people.
- The majority of businesses in London are not only small but are also single site operations, i.e. are not part of a larger organisation. 78% of businesses are single-site operations. In multiple site businesses London employment accounts for around 25% on average of employment within the organisation. Nearly two thirds of multiple site businesses are also totally based in the UK (65%) compared to 35% with operations at sites outside the UK.
- Total business turnover in London in 2005 is estimated at £533 billion.
- 20% of London's businesses reported turnover below £50,000, and so well below the VAT threshold, and only 0.7% of businesses enjoyed turnover in excess of £50 million.
- The London economy is service oriented. Business and Professional Services and Wholesale and Retail make up over six out of 10 of London's businesses. Business and Professional Services alone accounts for over 40% of all businesses in London, but because of the smaller average firm size in this sector, it accounts for only 30% of employment by businesses.
- Banking and Finance only accounts for 3.3% of all London businesses, but the large average firm size of 32.8 employees gives an estimated 364,197 jobs in the sector – 11.1% of all business jobs in London.
- Nearly one quarter (23.9%) of London's businesses (80,845 in total) can be classified to the Creative Industries sector, accounting for 14.6% of London's jobs in businesses in 2005.

- The geographic spread of businesses is uneven across London. Of the five Learning and Skills Council (LSC) areas, London Central contains most businesses, 35% of the total, while London South (15%) and London North (11%) have the fewest.
- Over half (53.6%) of London's businesses have been in existence since before 2000.
- New businesses are important for job creation. One in thirteen (7.6%) of London's businesses were opened in the 12 months prior to the survey, down from a ratio of one in 10 for the 2004 survey. The 25,832 new business openings in 2005 are estimated to have created 283,841 jobs in London, an average of 11 jobs per opening. This is equivalent to 8.7% of total employment.

Effects on business performance

- Business size was an important influencer of employment growth in 2005, with businesses with more than 10 employees showing a significantly greater likelihood of adding additional jobs. Large businesses with over 250 employees were the most likely to have enjoyed profits growth.
- Reflecting trends in the macroeconomy sector of activity played a significant role in determining relative growth in 2005, with Hotels and Restaurants performing poorly in terms of turnover, productivity and profits growth. Location within London had little influence on growth in 2005, though Olympic Zone businesses performed better in employment terms.
- Older businesses, established before 1990, added significantly fewer jobs than younger businesses (established in 1990-1994), while new businesses, started since 1999, were more likely to have performed strongly across all aspects of growth.

Chapter 3

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3.1 Introduction

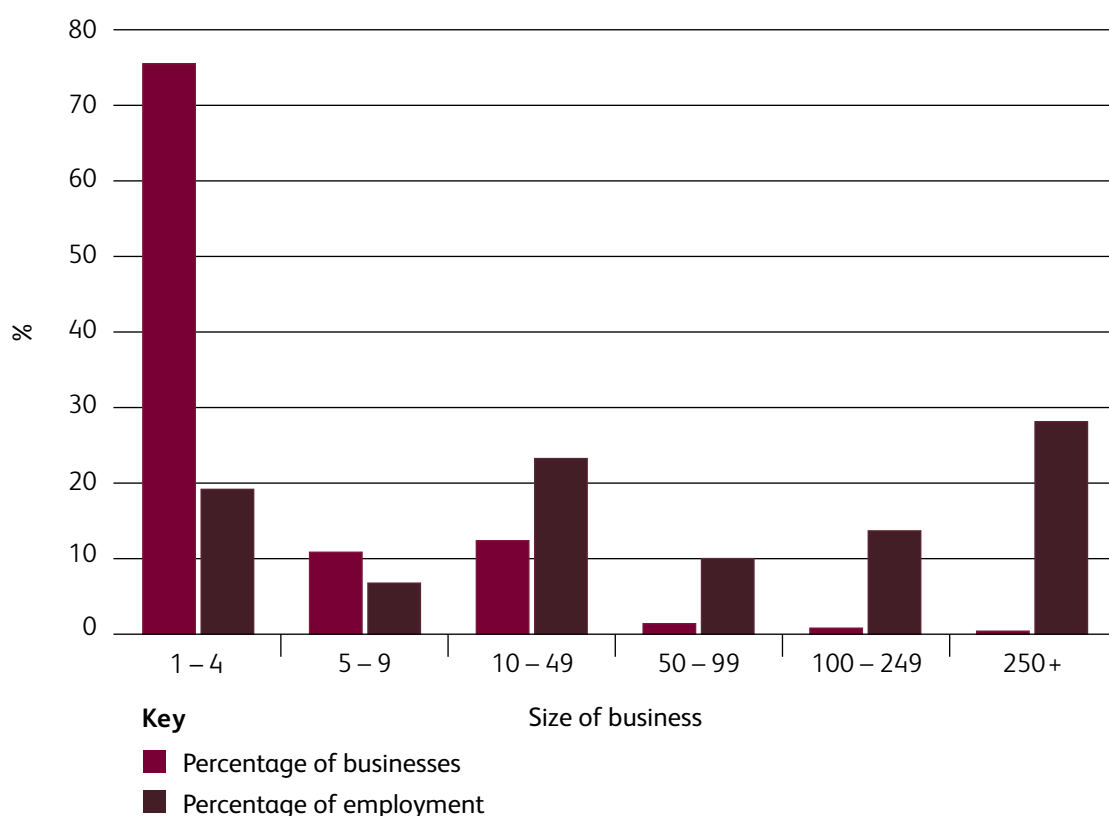
This chapter examines London's businesses in terms of location, sector, size and age. As well as describing key facets of businesses in London, it also explores how these different attributes relate to performance. For example, it provides insights into which sectors are performing well in London and which are finding the business environment more difficult, and whether attributes such as size, age and location are an important influence on relative performance.

LABS 2005 surveyed 4,002 private sector businesses in London. Grossing up from this sample it is estimated that there are 338,726 businesses in London in 2005, employing 3,270,413 people (full-time or part-time), including owners, partners, and directors.

3.2 Size

Most businesses are small and employ less than 50 people. 76 % of businesses are micro businesses employing less than five people and only 2.7 % of businesses employ 50 or more people (Graph 3.1 and Table 3.1). However, bigger employers do account for the majority of jobs in London. 50.5 % of business employment is in businesses employing 50 or more people, and only 26.2 % of business employment is in businesses employing 10 or less people. This tendency for smaller firms to dominate the population of businesses and larger firms to dominate in terms of employment, results in a mean employment size of 9.7 but a median value of 3.0.

Graph 3.1: Percentage of businesses and percentage of business employment in London by size



Source: LABS 2005

Business size varies considerably across the different sectors of the London economy. There are proportionately more small businesses (1-49 employees) in Construction (98.4%), Other Community Services (98.4%) and Business and Professional Services (98.0%) and proportionately fewer small businesses in Banking and Finance (93.3%) Primary and Utilities (93.5%), Education, Health and Social work (93.8%) and Transport and Communications (94%). There are proportionately more medium size businesses (50-249 employees) in Education, Health and Social work and proportionately more medium size businesses and large businesses (250+ employees) in Transport and Communications and Banking and Finance.

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Table 3.1: London's businesses by employment size

	1 to 4	5 to 9	10 to 49	50 to 99	100 to 249	250+	Mean	Median	Weighted population	Unweighted sample
	%	%	%	%	%	%	n	n	n	n
All businesses	76.0	9.9	11.4	1.4	0.8	0.3	9.7	3.0	338,726	4,002
Sector										
Primary & Utilities	64.4	15.5	13.6	3.5	3.0	0.0	14.5	4.0	541	9
Publishing	72.9	9.7	13.8	1.9	1.2	0.5	14.1	4.0	7,284	107
Manufacturing (excluding Publishing)	69.2	12.4	14.8	1.8	1.0	0.7	14.6	3.0	12,077	285
Construction	84.3	6.7	7.4	0.9	0.5	0.2	5.6	3.0	20,530	335
Wholesale & Retail	72.9	11.9	12.7	1.4	0.8	0.3	8.7	3.0	69,001	811
Hotels & Restaurants	50.2	17.3	28.6	2.7	0.8	0.3	13.0	4.0	23,072	456
Transport & Communications	67.8	12.6	13.6	2.6	2.0	1.5	15.9	3.0	12,307	285
Banking & Finance	56.4	16.5	20.4	3.2	1.9	1.7	32.8	4.0	11,092	223
Business & Professional Services	84.0	6.8	7.2	1.0	0.7	0.3	7.5	3.0	136,762	994
Education, Health & Social Work	45.5	20.7	27.6	3.6	1.4	1.3	17.8	6.0	11,004	276
Other Community Services	84.4	7.8	6.2	0.9	0.6	0.1	5.5	2.0	35,056	221
LDA sector										
Environment	79.2	4.1	13.3	0.4	1.6	0.0	23.0	2.0	1,962	27
Life Sciences	82.2	4.5	8.2	0.8	1.9	0.0	46.9	2.0	1,965	23
ICT	81.4	7.5	9.6	1.1	0.3	0.2	5.9	3.0	19,035	190
Tourism	41.2	20.0	33.0	4.2	1.1	0.4	15.4	7.0	18,207	434
Production	70.6	11.4	14.4	1.9	1.1	0.4	14.4	3.0	19,360	392
Creative	85.5	6.0	7.2	0.7	0.4	0.2	5.9	3.0	80,845	544

Country of ownership										
UK-owned	77.6	9.5	10.6	1.2	0.7	0.2	8.8	3.0	318,582	3,591
Foreign-owned	52.2	13.8	24.0	5.8	2.3	1.4	23.7	4.0	16,826	337
Joint UK-foreign	47.4	16.9	26.1	6.9	2.2	0.5	18.5	5.0	2,244	47
DK/refused	32.6	33.8	28.3	2.7	2.7	0.0	17.1	6.0	1,073	27
Gender of owners										
Majority male	77.2	9.9	10.7	1.3	0.7	0.1	26.9	5.0	199,395	2,266
50:50 male-female	79.1	10.6	9.4	0.6	0.2	0.1	5.6	3.0	56,763	612
Majority female	88.3	6.6	4.4	0.4	0.3	0.0	10.7	4.0	56,583	376
DK/refused	32.8	15.2	37.1	6.5	4.9	2.4	46.4	10.0	25,985	748
Ethnicity of owners										
White	77.8	9.6	10.5	1.1	0.6	0.2	7.6	3.0	261,191	2,882
Black	86.8	9.1	3.4	0.3	0.3	0.0	3.9	3.0	17,534	140
Asian	82.9	8.7	6.7	1.3	0.4	0.0	5.4	3.0	30,110	287
Mixed	77.5	11.6	9.3	1.7	0.0	0.0	5.0	3.0	859	11
Other	64.7	14.0	19.2	1.5	0.3	0.3	8.8	4.0	7,258	106
DK/refused	39.1	13.6	33.0	6.5	4.5	2.1	45.0	9.0	21,775	576

Source: LABS 2005

Denotes significant differences from all businesses total at 95% significance level

Denotes significant differences from all businesses total at 90% significance level

Chapter 3

Single and multiple site businesses

The majority of businesses in London are not only small but are also single site operations, i.e. are not part of a larger organisation. 78 % of businesses are single-site operations compared to 21.8 % that operate across multiple sites (Table 3.2). In multiple site businesses, London employment accounts for around 25 % on average of employment within the organisation. Nearly two thirds of multiple site businesses are also totally based in the UK (65 %), compared to 35 % with operations at sites outside the UK.

According to LABS 2005, single site businesses employ 1,459,419 people in London – 44.6 % of the total. Only one in five businesses employing over 250 people are single site operations, compared with nearly nine out of 10 businesses that employ less than five people. On average there are 5.5 (median 3) people employed at single site businesses in London compared to 9.7 (median 3) per site for all businesses.

Table 3.2 Business sites and employment size

	Single-site organisation	Multiple-site organisation	Don't know	Weighted population	Unweighted sample
	%	%	%	n	n
All businesses	78.0	21.8	0.2	338,726	4,002
Size					
1-4	85.5	14.3	0.1	257,323	1,035
5-9	63.4	36.3	0.4	33,483	781
10-49	51.4	48.4	0.2	38,734	1,640
50-99	37.1	62.2	0.7	4,854	285
100-249	34.4	65.6	0.0	2,830	181
250+	19.8	80.2	0.0	1,501	80
Sector					
Primary & Utilities	70.3	29.7	0.0	541	9
Publishing	89.3	10.7	0.0	7,284	107
Manufacturing (excluding Publishing)	75.8	24.0	0.2	12,077	285
Construction	86.0	13.9	0.0	20,530	335
Wholesale & Retail	70.5	29.5	0.0	69,001	811
Hotels & Restaurants	56.7	43.2	0.1	23,072	456
Transport & Communications	67.0	33.0	0.0	12,307	285
Banking & Finance	63.1	36.9	0.0	11,092	223
Business & Professional Services	83.8	16.0	0.3	136,762	994
Education, Health & Social Work	68.2	30.9	0.9	11,004	276
Other Community Services	90.0	10.0	0.0	35,056	221

LDA sector					
Environment	86.8	13.2	0.0	1,962	27
Life Sciences	88.5	11.5	0.0	1,965	23
ICT	87.7	12.3	0.0	19,035	190
Tourism	59.6	40.3	0.1	18,207	434
Production	80.9	19.0	0.1	19,360	392
Creative	85.1	14.8	0.1	80,845	544
Country of ownership					
UK-owned	81.1	18.9	0.1	318,582	3,591
Foreign-owned	32.8	65.5	1.7	16,826	337
Joint UK-foreign	20.5	79.5	0.0	2,244	47
DK/refused	8.8	82.6	8.6	1,073	27
Gender of owners					
Majority male	81.0	18.7	0.3	199,395	2,266
50:50 male-female	84.5	15.5	0.0	56,763	612
Majority female	86.4	13.6	0.0	56,583	376
DK/refused	22.5	77.3	0.2	25,985	748
Ethnicity of owners					
White	81.0	18.8	0.2	261,191	2,882
Black	90.0	10.0	0.0	17,534	140
Asian	85.7	14.3	0.0	30,110	287
Mixed	78.9	21.1	0.0	859	11
Other	71.8	28.2	0.0	7,258	106
DK/refused	24.3	75.5	0.1	21,775	576

Source: LABS 2005

Denotes significant differences from all businesses total at 95% significance level

Denotes significant differences from all businesses total at 90% significance level

Chapter 3

Organisation size

Over half of London's businesses (51.5 %) are part of organisations that employ less than 100 people but around one quarter (25.3 %) are in organisations where total employment is in excess of 1000.

27.9 % of businesses employing less than five people in London are part of a larger organisation employing more than 100 people, with 3.5 % of London's smallest businesses part of organisations employing over 2,000 people (Table 3.3). There are more businesses with an organisation size in excess of 1,000 people in Publishing (45.6 %), Wholesale and Retail (38.5 %), Banking and Finance (33.6 %) and Hotels and Restaurants (31.7 %).

Nearly half (45.3 %) of the foreign-owned businesses in London are part of organisations employing over 1,000 people, compared with 20.4 % of UK-owned businesses.

Turnover

Turnover at site

Total business turnover in London in 2005 is estimated at £533 billion. Mean turnover was £1.6 million, but median turnover was only £150,000 (Table 3.4). Mean turnover levels were highest in Banking and Finance (£11.3 million), with Manufacturing (excluding Publishing) the only other sector with mean turnover in excess of £2 million. Foreign-owned businesses had significantly higher mean turnover (£9.1 million)

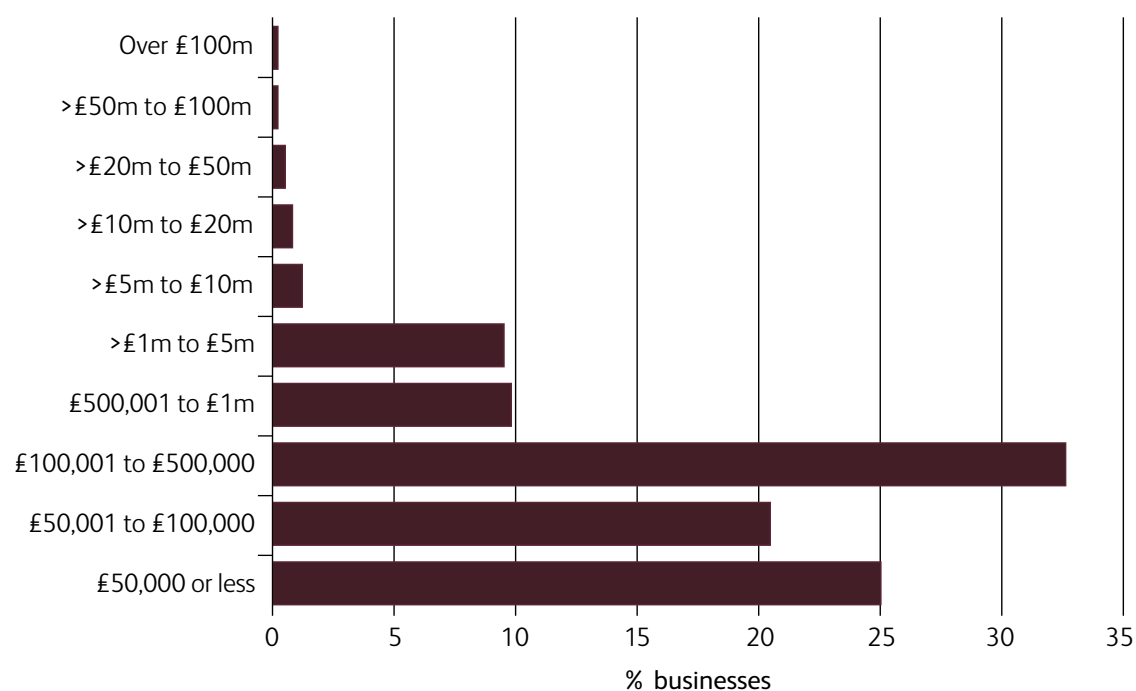
In line with the 2004 results, 20 % of those responding to the questions in the 2005 survey on turnover, reported turnover levels below £50,000 (Graph 3.2), suggesting that at least 67,745 businesses in London operated below the VAT threshold of £58,000 in 2005. At the opposite extreme, 0.7 % of businesses that responded enjoyed turnover in excess of £50 million. In Banking and Finance 29.8 % of businesses enjoyed turnover in excess of £50 million.

Turnover by organisation size

17.9 % of London's businesses were part of an organisation with turnover in excess of £10 million, with 8.9 % being part of an organisation with turnover in excess of £100 million.

There was a higher tendency for businesses to be part of organisations with turnover in excess of £10 million in Banking and Finance (32.7 %), Publishing (29 %) and Wholesale and Retail (27 %).

Graph 3.2: Percentage of number of businesses in London by turnover band



Source: LABS 2005

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Table 3.3 Businesses and organisational size

	Less than 100	100-199	200-499	500-999	1,000-1,999	2,000-4,999	5,000-9,999	10,000+	Refused	Don't know	Weighted population	Unweighted population
	%	%	%	%	%	%	%	%	%	%	n	n
All businesses	51.5	5.1	6.0	4.4	3.0	4.4	3.2	14.4	0.0	8.0	73,842	4,002
Size												
1-4	72.1	2.4	3.9	3.0	1.3	3.1	0.4	6.8	0.0	7.1	36,881	1,035
5-9	45.8	7.2	5.1	6.5	4.4	4.3	6.6	10.6	0.1	9.3	12,140	781
10-49	29.8	7.1	8.6	5.0	4.8	5.7	4.8	25.2	0.0	9.0	18,740	1,640
50-99	10.1	11.4	11.0	5.7	3.6	6.2	9.9	35.1	0.0	7.1	3,021	285
100-249	0.0	16.5	20.0	4.8	2.8	10.5	3.9	31.0	0.0	10.5	1,857	181
250+	0.0	0.0	4.9	8.7	15.2	11.9	13.9	39.9	0.0	5.5	1,204	80
Sector												
Primary & Utilities	72.5	17.5	0.0	0.0	0.0	0.0	0.0	10.0	0.0	0.0	160	9
Publishing	27.8	7.0	9.5	1.8	12.5	7.2	8.2	17.7	0.0	8.3	778	107
Manufacturing (excluding Publishing)	75.1	4.5	3.4	2.2	0.4	7.6	3.0	1.8	0.0	1.8	2,894	285
Construction	70.2	0.9	0.2	13.2	2.3	2.4	1.3	7.8	0.0	1.7	2,862	335
Wholesale & Retail	41.6	3.4	6.0	2.5	3.8	6.6	4.6	23.5	0.0	8.2	20,329	811
Hotels & Restaurants	32.4	7.1	7.6	5.5	5.4	3.6	2.3	20.4	0.0	15.7	9,961	456
Transport & Communications	43.2	3.0	14.0	1.9	1.1	1.8	2.7	15.9	0.0	16.3	4,057	285
Banking & Finance	44.3	4.5	12.2	3.9	6.5	6.2	1.9	19.0	0.0	1.5	4,094	223
Business & Professional Services	66.5	6.8	3.2	4.5	1.4	3.3	2.5	7.2	0.1	4.4	21,818	994
Education, Health & Social Work	50.5	5.2	7.9	11.4	4.0	1.7	2.8	6.4	0.0	10.2	3,395	276
Other Community Services	59.0	3.9	6.1	3.4	0.0	3.5	6.3	4.7	0.0	13.2	3,493	221

LDA sector													
Environment	60.3	0.0	7.0	4.9	4.8	0.0	11.1	5.0	0.0	6.9	259	27	
Life Sciences	73.4	0.0	0.0	3.0	0.0	2.6	12.7	0.0	0.0	8.3	225	23	
ICT	82.8	3.9	3.1	1.0	2.1	1.7	3.4	1.3	0.6	0.0	2,333	190	
Tourism	26.9	6.8	7.5	7.2	7.0	4.5	3.5	23.6	0.0	12.9	7,331	434	
Production	65.1	5.0	4.7	2.1	3.0	7.5	4.1	5.2	0.0	3.2	3,673	392	
Creative	67.2	4.5	5.5	1.5	2.8	5.6	2.6	4.5	0.1	5.7	11,959	544	
Country of ownership													
UK-owned	56.5	5.8	6.2	4.3	2.8	3.3	2.7	11.5	0.0	6.8	60,159	3,591	
Foreign-owned	29.3	2.2	5.2	5.7	4.7	9.3	5.7	25.7	0.0	12.3	11,013	337	
Joint UK-foreign	46.7	0.0	5.1	1.4	0.0	0.0	7.0	33.4	0.0	6.4	1,784	47	
DK/refused	0.0	0.0	0.0	0.0	2.4	27.1	1.0	30.1	0.0	39.5	886	27	
Gender of owners													
Majority male	61.6	7.4	6.5	3.5	3.6	2.7	2.3	5.5	0.0	6.7	37,306	2,266	
50:50 male-female	79.3	3.1	6.9	3.5	0.3	0.4	0.4	4.6	0.0	1.6	8,774	612	
Majority female	85.9	1.0	1.5	0.8	0.2	0.7	0.8	6.1	0.0	3.1	7,676	376	
DK/refused	7.4	3.1	6.3	7.8	4.3	10.8	7.1	38.3	0.0	15.0	20,086	748	
Ethnicity of owners													
White	64.3	5.7	5.8	3.5	2.6	2.7	2.3	8.4	0.0	4.5	49,110	2,882	
Black	67.4	2.5	18.7	0.0	3.9	0.0	5.3	2.3	0.0	0.0	1,750	140	
Asian	66.4	5.7	2.2	4.7	2.1	0.7	0.9	3.9	0.0	13.3	4,311	287	
Mixed	70.2	21.8	0.0	0.0	8.0	0.0	0.0	0.0	0.0	0.0	182	11	
Other	16.3	5.9	9.9	0.7	3.0	3.1	8.0	31.1	0.0	22.0	2,043	106	
DK/refused	11.8	2.9	5.5	8.0	4.3	11.2	6.0	34.2	0.0	16.0	16,445	576	

Source: LABS 2005

Denotes significant differences from all businesses total at 95% significance level

Denotes significant differences from all businesses total at 90% significance level

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Table 3.4 London businesses by turnover at site

	Mean	Median	Minimum	Maximum	Weighted population	Unweighted sample
	£	£	£	£	n	n
All businesses	1,573,389	150,000	0	770,000,000	264,507	3,096
Size						
1-4	280,838	80,000	0	80,000,000	201,792	808
5-9	1,029,802	300,000	0	329,000,000	26,280	612
10-49	4,445,523	1,000,000	0	329,000,000	29,452	1,254
50-99	11,963,039	5,000,000	0	329,000,000	3,678	220
100-249	34,092,569	12,000,000	0	770,000,000	2,145	140
250+	72,671,585	32,000,000	0	329,000,000	1,161	62
Sector						
Primary & Utilities	515,394	300,000	28,000	3,000,000	264	5
Publishing	1,426,583	200,000	25,000	221,000,000	6,495	92
Manufacturing (excluding Publishing)	2,017,325	300,000	0	329,000,000	10,148	246
Construction	1,035,732	144,000	0	329,000,000	17,038	278
Wholesale & Retail	1,538,754	300,000	0	770,000,000	50,268	607
Hotels & Restaurants	1,082,192	250,000	0	329,000,000	16,531	340
Transport & Communications	1,673,769	300,000	0	35,000,000	8,815	207
Banking & Finance	11,282,311	350,000	8,000	329,000,000	8,354	160
Business & Professional Services	1,275,263	100,000	0	329,000,000	110,152	808
Education, Health & Social Work	1,048,466	300,000	0	40,000,000	7,491	180
Other Community Services	555,595	65,000	0	329,000,000	28,952	173
LDA sector						
Environment	6,436,537	184,195	60,000	329,000,000	1,696	22
Life Sciences	7,596,100	184,195	0	329,000,000	1,944	21
ICT	574,865	75,000	0	100,000,000	16,666	152
Tourism	1,005,094	250,000	0	75,000,000	13,823	328
Production	1,786,784	250,000	0	329,000,000	16,643	338
Creative	881,105	100,000	0	329,000,000	65,114	444
LSC area						
London East	2,012,584	150,000	0	770,000,000	55,806	651
London North	754,014	100,000	0	329,000,000	30,540	616
London Central	1,581,517	210,000	0	329,000,000	92,968	593
London South	1,192,925	170,000	0	329,000,000	40,152	615
London West	1,907,194	160,000	0	329,000,000	45,041	621

Table 3.4 London businesses by turnover at site *continued*

	Mean	Median	Minimum	Maximum	Weighted population	Unweighted sample
	£	£	£	£	n	n
Country of ownership						
UK-owned	1,228,047	140,000	0	329,000,000	251,139	2,813
Foreign-owned	9,074,342	800,000	0	770,000,000	11,325	237
Joint UK-foreign	2,579,161	300,000	15,000	35,000,000	1,624	35
DK/refused	1,929,510	500,000	300,000	21,000,000	420	11
Gender of owners						
Majority male	1,428,601	180,000	0	770,000,000	155,022	1,800
50:50 male-female	557,391	220,000	0	329,000,000	46,975	503
Majority female	299,953	75,000	0	22,000,000	45,166	303
DK/refused	8,935,456	750,000	0	329,000,000	17,344	490
Ethnicity of owners						
White	1,053,633	175,000	0	329,000,000	210,206	2,305
Black	1,926,005	60,000	0	329,000,000	13,237	113
Asian	935,758	75,000	0	329,000,000	21,119	222
Mixed	338,154	25,000	5,000	2,000,000	628	6
Other	1,847,908	300,000	0	770,000,000	6,231	83
DK/refused	10,523,057	750,000	0	329,000,000	13,087	367

Source: LABS 2005

Denotes significant differences from all businesses total at 95 % significance level

Denotes significant differences from all businesses total at 90 % significance level

Table 3.5 London businesses by turnover of organisation

	£50,000 or less	£50,001 to £100,000	£100,001 to £500,000	£500,001 to £1m	>£1m to £5m	>£5m to £10m	>£10m to £20m	>£20m to £50m	>£50m to £100m	Over £100m	Refused	Don't know	Weighted population	Unweighted population
	%	%	%	%	%	%	%	%	%	%	%	%	n	n
All businesses	0.0	3.2	12.0	6.3	16.7	5.4	2.6	4.2	2.2	8.9	7.7	30.9	73,842	4,002
Size														
1-4	1.0	4.8	18.5	8.0	13.7	4.0	3.1	1.5	1.0	4.6	5.8	33.9	36,881	1,035
5-9	0.1	2.3	9.4	12.1	12.8	5.8	3.0	4.1	4.0	6.9	7.4	32.0	12,140	781
10-49	0.3	0.4	1.9	2.9	15.0	7.0	4.2	4.8	3.2	18.4	9.7	32.1	18,740	1,640
50-99	0.0	0.0	0.6	0.0	8.1	7.9	5.2	8.7	3.8	34.6	8.8	22.3	3,021	285
100-249	0.0	0.0	0.0	0.0	2.3	4.9	6.2	13.5	5.7	40.8	6.9	19.5	1,857	181
250+	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13.2	11.3	58.7	6.1	10.7	1,204	80
Sector														
Primary & Utilities	0.0	0.0	0.0	0.0	72.5	0.0	0.0	0.0	0.0	10.0	17.5	0.0	160	9
Publishing	0.0	0.0	8.3	0.0	6.2	12.0	0.0	10.0	1.8	16.2	3.7	41.7	778	107
Manufacturing (excluding Publishing)	0.0	2.4	31.6	18.6	17.2	6.4	2.3	0.8	0.6	9.7	1.9	8.4	2,894	285
Construction	0.0	0.0	19.6	25.5	11.8	2.6	1.0	2.0	1.0	4.3	7.2	25.1	2,862	335
Wholesale & Retail	0.0	1.0	7.7	4.0	12.3	5.3	2.2	2.8	4.2	17.8	10.4	32.4	20,329	811
Hotels & Restaurants	0.1	3.0	8.6	6.7	13.5	4.7	1.6	4.5	1.7	9.9	7.0	38.8	9,961	456
Transport & Communications	0.0	0.0	13.0	11.3	4.6	6.8	9.6	5.9	1.4	7.9	10.7	28.9	4,057	285
Banking & Finance	0.0	8.2	3.3	0.3	5.7	3.3	4.3	4.5	0.9	23.1	17.7	28.7	4,094	223
Business & Professional Services	0.3	4.3	15.7	2.2	16.3	5.0	5.3	4.4	2.7	8.0	2.5	33.3	21,818	994
Education, Health & Social Work	0.0	7.5	7.5	1.6	18.2	10.9	3.3	0.3	0.0	3.2	7.5	40.0	3,395	276
Other Community Services	10.4	0.5	1.6	34.1	7.9	2.1	1.7	2.1	1.8	6.4	6.9	24.5	3,493	221

LDA sector																
Environment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	27
Life Sciences	0.0	0.0	50.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2	23
ICT	0.0	6.0	31.5	14.3	11.6	7.6	7.6	4.8	2.4	3.2	2.3	6.0	1.9	9.4	13.6	190
Tourism	0.0	4.0	10.6	3.9	7.6	7.6	4.8	7.6	1.8	2.4	2.7	6.0	1.9	10.5	38.6	434
Production	0.0	1.9	26.7	14.7	14.9	14.9	7.6	7.6	1.8	2.6	2.7	2.7	0.9	11.1	15.5	392
Creative	3.5	0.2	8.6	9.9	24.3	24.3	7.8	7.8	2.6	2.6	2.5	2.5	2.4	5.6	28.9	544
Country of ownership																
UK-owned	2.7	1.1	14.2	5.3	10.7	10.7	7.7	7.7	2.0	4.4	2.8	12.6	7.9	28.6	15,799	3,591
Foreign-owned	0.2	6.2	10.1	6.4	10.1	10.1	5.9	5.9	1.9	2.2	4.0	19.6	5.3	28.1	6,525	337
Joint UK-foreign	0.0	0.6	11.4	6.8	17.0	17.0	4.3	4.3	1.8	3.0	1.6	10.9	7.5	35.2	25,965	47
DK/refused	0.0	2.9	9.5	8.0	8.9	8.9	3.6	3.6	4.1	5.5	3.7	9.1	8.8	35.9	11,284	27
Gender of owners																
Majority male	0.0	7.4	10.1	7.3	13.7	13.7	4.8	8.6	2.9	1.9	9.6	5.6	28.0	14,270	2,266	
50:50 male-female	0.7	3.2	13.2	8.0	14.5	14.5	6.0	4.1	3.4	2.6	9.0	6.3	28.9	60,159	612	
Majority female	0.0	0.0	3.8	1.3	3.3	3.3	1.8	0.9	4.8	1.7	23.9	11.4	47.2	11,013	376	
DK/refused	0.0	9.2	0.0	0.0	35.3	35.3	0.0	0.0	5.2	3.2	16.8	0.4	29.8	1,784	748	
Ethnicity of owners																
White	0.0	0.0	0.0	1.6	0.0	0.0	0.0	0.0	0.0	1.0	18.2	31.2	48.1	886	2,882	
Black	0.0	3.4	12.0	7.9	17.8	17.8	6.7	3.8	4.8	2.6	5.0	6.4	29.5	37,306	140	
Asian	0.0	5.5	25.6	7.2	26.9	26.9	5.7	0.1	0.9	0.8	4.2	7.9	15.1	8,774	287	
Mixed	5.5	2.7	20.7	16.6	4.6	4.6	2.3	1.1	1.6	0.1	1.6	4.1	39.1	7,676	11	
Other	0.0	0.7	0.3	0.4	1.9	1.9	3.2	5.3	3.2	3.8	30.6	9.6	40.9	20,086	106	
DK/refused	0.9	1.7	13.9	8.8	16.9	16.9	6.7	3.4	4.3	2.4	6.5	4.8	29.7	49,110	576	

Source: LABS 2005

Denotes significant differences from all businesses total at 95% significance level

Denotes significant differences from all businesses total at 90% significance level

Chapter 3

Size, sector, location and age of businesses

3.3 Sectors

ONS sectors

Two sectors, Business and Professional services and Wholesale and Retail, make up over six out of 10 of London's businesses (See Graph 3.3), with Business and Professional Services alone accounting for 40.4% of the total. On average Business and Professional Services firms employ 7.5 people (median 3.0), giving an estimate from LABS 2005 of 1,019,859 employees for the sector as a whole or 31.2% of total business employment. Wholesale and Retail businesses have an average employment size of 8.7 (median 3.0), and are estimated by LABS 2005 to employ 598,630 people, or 18% of total business employment. Thus these two sectors account for nearly half of all London's business jobs.

Under one in eight of London's businesses are in the production industries – with 3.6% in Manufacturing (19,361) and 6.1% in Construction (20,530). With an average of 14.3 employees (median 3.5), Manufacturing is estimated to employ 279,286, or 8.5% of total business employment in London. The Banking and Finance sector only accounts for 3.3% of all London businesses, but the large average firm size of 32.8 employees (median 4.0) gives an estimated 364,197 jobs in the sector, 11.1% of all business jobs in London.

Graph 3.3: Percentage of number of businesses and percentage of business employment in London by standard ONS sectors

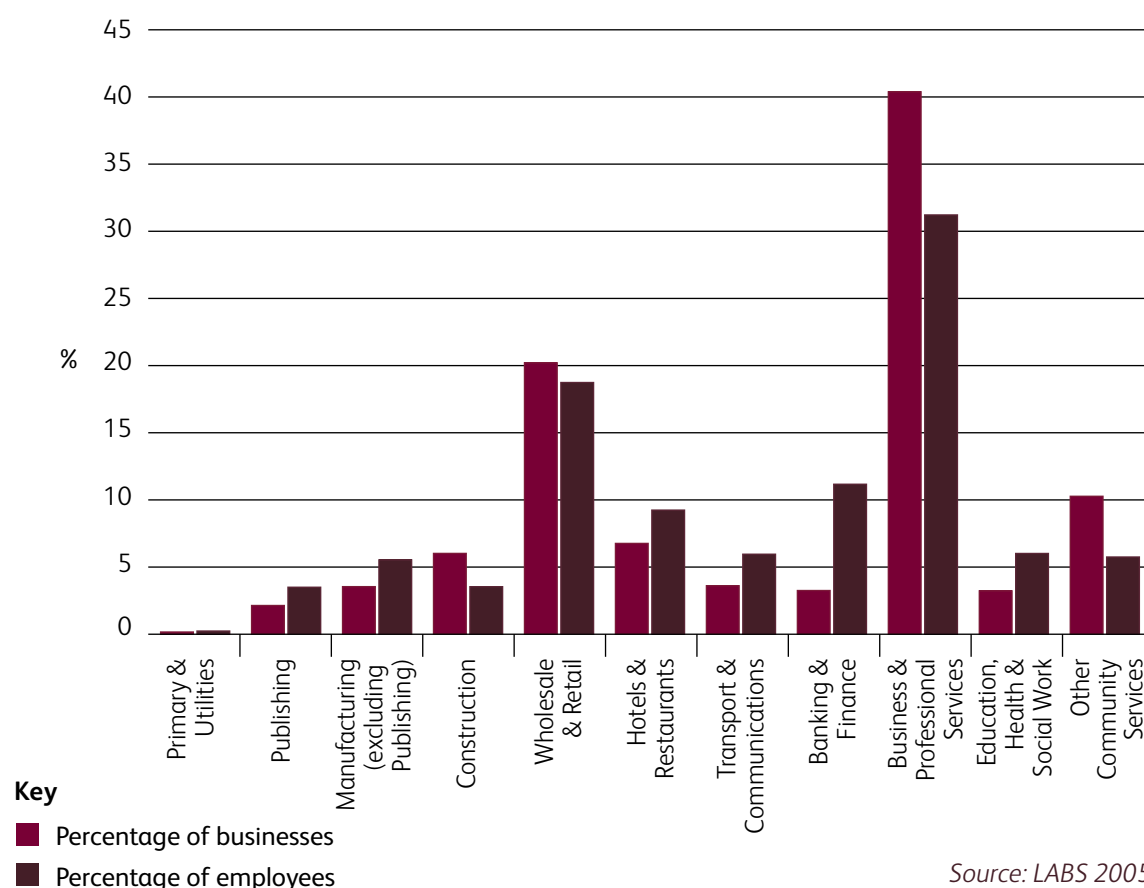


Table 3.6 London businesses by sector

	Primary & Utilities	Publishing	Other Manuf- turing	Construc- tion	Wholesale & Retail	Hotels & Restaurants	Transport & Communi- cations	Banking & Finance	Business & Professional Services	Education, Health & Social Work	Other Community Services	Weighted population	Unweighted population
	%	%	%	%	%	%	%	%	%	%	%	n	n
All businesses	0.2	2.2	3.6	6.1	20.4	6.8	3.6	3.3	40.4	3.2	10.3	338,726	4,002
Size													
1-4	0.1	2.1	3.2	6.7	19.5	4.5	3.2	2.4	44.7	1.9	11.5	257,323	1,035
5-9	0.3	2.1	4.5	4.1	24.5	11.9	4.6	5.5	27.6	6.8	8.1	33,483	781
10-49	0.2	2.6	4.6	3.9	22.6	17.0	4.3	5.8	25.5	7.8	5.6	38,734	1,640
50-99	0.4	2.9	4.6	3.7	20.2	12.9	6.5	7.4	26.9	8.2	6.4	4,854	285
100-249	0.6	3.0	4.5	3.5	19.3	6.9	8.6	7.4	33.3	5.3	7.9	2,830	181
250+	0.0	2.5	5.9	2.9	15.9	5.1	11.9	12.2	31.2	9.4	2.9	1,501	80
Country of ownership													
UK-owned	0.2	2.2	3.6	6.4	20.1	6.6	3.3	2.9	40.8	3.3	10.7	318,582	3,591
Foreign-owned	0.2	2.2	3.2	0.6	22.5	9.0	10.3	9.6	35.1	1.9	5.4	16,826	337
Joint UK-foreign	0.7	0.8	5.7	0.0	24.0	11.2	0.6	12.5	39.5	0.3	4.9	2,244	47
DK/refused	0.0	0.0	0.0	0.8	51.0	19.9	3.7	3.4	12.3	8.1	0.8	1,073	27
Gender of owners													
Majority male	0.1	1.5	3.9	7.2	18.7	6.8	3.9	3.3	41.4	2.6	10.6	199,395	2,266
50:50 male-female	0.5	2.2	4.6	6.1	24.0	4.7	3.9	2.2	41.4	2.6	7.8	56,763	612
Majority female	0.0	4.3	1.8	4.0	17.4	5.2	2.1	1.3	42.9	6.2	14.9	56,583	376
DK/refused	0.2	2.6	2.4	1.9	31.5	15.3	4.6	9.5	25.0	3.2	3.9	25,985	748
Ethnicity of owners													
White	0.2	2.4	4.1	7.2	17.5	5.6	2.8	2.9	43.2	3.2	10.8	261,191	2,882
Black	0.0	1.3	0.7	4.9	18.7	7.8	3.0	5.9	42.8	3.6	11.3	17,534	140
Asian	0.0	0.5	1.8	1.0	36.6	7.3	8.6	1.6	29.2	2.5	11.0	30,110	287
Mixed	0.0	0.0	0.0	1.4	36.4	22.7	5.5	0.0	10.7	23.3	0.0	859	11
Other	0.0	0.8	4.3	0.0	25.3	12.7	10.9	4.8	25.2	2.1	13.8	7,258	106
DK/refused	0.2	2.2	1.8	2.3	30.9	16.7	4.6	7.6	26.5	4.3	3.0	21,775	576

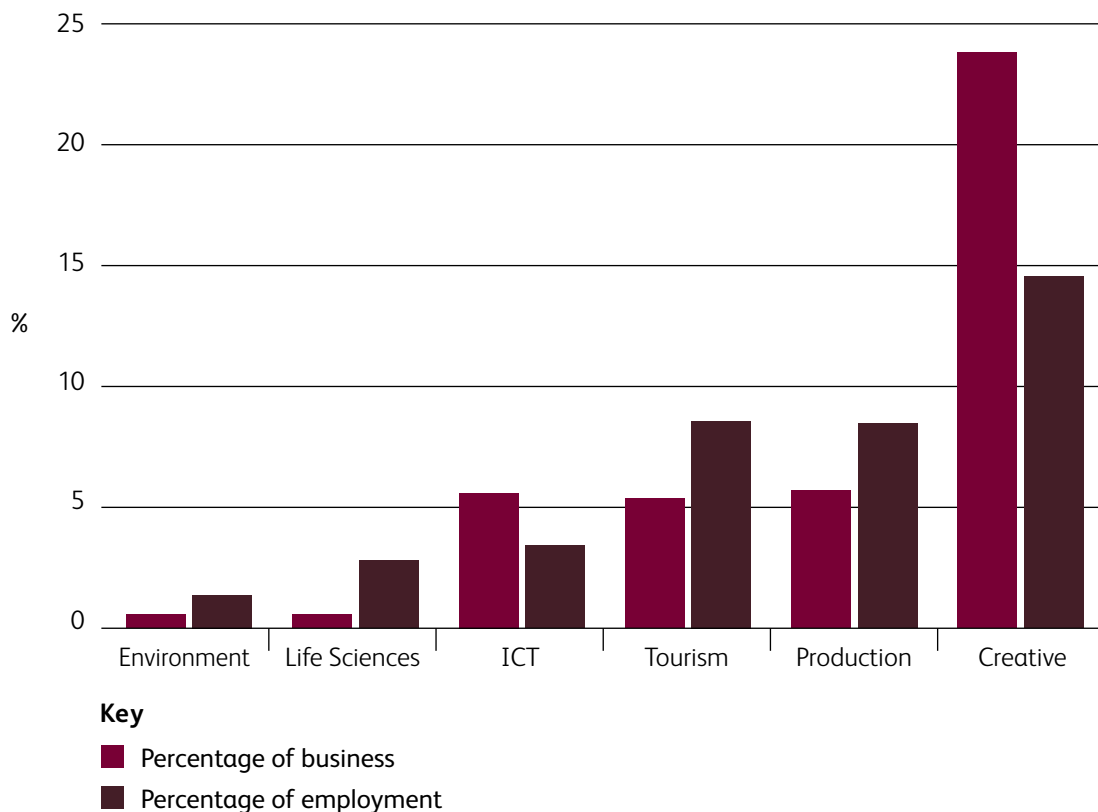
Source: LABS 2005

 Denotes significant differences from all businesses total at 95% significance level

 Denotes significant differences from all businesses total at 90% significance level

Chapter 3

Graph 3.4: Percentage of number of businesses and percentage of business employment in London by LDA sectors



Source: LABS 2005

LDA sectors

The LDA has identified six composite sectors as particularly important – Creative Industries, Production, Tourism, ICT, Life Sciences and Environment. Graph 3.4 shows that Creative Industries is the biggest of these composite sectors, with 23.9 % of all London businesses (80,845) classified to this sector. Based on estimates from LABS 2005, 478,698 (14.6 %) of London's jobs in private sector businesses are in Creative Industries.

The number of ICT businesses (19,035) is similar to that for Production (19,360), both being slightly larger than Tourism where there are 18,207 businesses. But the ICT sector provides fewer jobs, 112,480 (3.4 % of total employment) in 2005 compared to around 280,000 or 8.6 % of total employment in both Tourism and Production.

Life Sciences and Environment are small sectors in terms of numbers of businesses. There are 1,965 businesses classified to Life Sciences in the 2005 survey, and 1,962 businesses classified to Environment, both around 0.6 % of all London businesses.

Table 3.7 Businesses by LDA sectors

	Environment	Life Sciences	ICT	Tourism	Production	Creative	Weighted population	Unweighted population
	%	%	%	%	%	%	n	n
All businesses	0.6	0.6	5.6	5.4	5.7	23.9	338,726	4,002
Size								
1-4	0.6	0.6	6.0	2.9	5.3	26.9	257,323	1,035
5-9	0.2	0.3	4.3	10.9	6.6	14.5	33,483	781
10-49	0.7	0.4	4.7	15.5	7.2	15.0	38,734	1,640
50-99	0.1	0.3	4.2	15.6	7.4	11.6	4,854	285
100-249	1.1	1.4	1.8	7.0	7.5	10.8	2,830	181
250+	1.9	3.2	2.7	5.6	8.5	12.3	1,501	80
Country of ownership								
UK-owned	0.6	0.6	5.7	5.1	5.7	24.4	318,582	3,591
Foreign-owned	0.2	0.3	5.9	8.7	5.4	14.1	16,826	337
Joint UK-foreign	0.6	–	–	11.0	6.4	29.8	2,245	47
DK/refused	1.1	1.1	–	13.5	–	10.5	1,073	27
Gender of owners								
Majority male	0.6	0.5	7.9	5.2	5.4	27.1	199,395	2,266
50:50 male-female	0.2	0.6	4.8	3.5	6.8	17.4	56,763	612
Majority female	1.1	1.1	0.4	4.6	6.1	25.6	56,583	376
DK/refused	0.3	0.4	1.3	12.2	4.9	9.6	25,985	748
Ethnicity of owners								
White	0.7	0.7	5.7	4.2	6.5	27.1	261,191	2,882
Black	–	–	11.0	4.2	1.9	22.2	17,534	140
Asian	–	0.1	5.8	7.5	2.3	9.6	30,110	287
Mixed	–	–	0.8	22.7	–	–	859	11
Other	–	–	2.8	17.2	5.2	23.4	7,258	106
DK/refused	0.3	0.3	1.2	12.8	4.0	7.9	21,775	576

Source: LABS 2005

Denotes significant differences from all businesses total at 95 % significance level

Denotes significant differences from all businesses total at 90 % significance level

Chapter 3

3.4 Location


LSC areas


The geographic spread of businesses is uneven across London. Of the five LSC areas, London Central contains most businesses, 35 % of the total, while London South (15 %) and London North (11 %) have the fewest. In turn, with a LABS 2005 based estimate of 1,208,047 jobs, London Central accounts for 36.9 % of the London total, with fewer than one in eight of London's jobs located in London North. There is also a tendency for London North businesses to be small, employing 7.1 people on average.

Table 3.8 Location of London businesses by employment size bands

	1 to 4	5 to 9	10 to 49	50 to 99	100 to 249	250+	Mean	Median	Weighted population	Unweighted sample
	%	%	%	%	%	%	n	n	n	n
All businesses	76.0	9.9	11.4	1.4	0.8	0.4	9.7	3.0	338,726	4,002
LSC area										
London East	74.0	9.5	13.1	1.7	1.1	0.6	10.7	3.0	71,433	837
London North	79.6	9.0	9.3	1.1	0.6	0.4	7.1	3.0	37,216	799
London Central	74.7	11.0	11.7	1.4	0.9	0.3	10.1	3.0	119,327	772
London South	77.3	9.5	11.0	1.3	0.5	0.4	9.2	3.0	51,580	799
London West	77.4	9.0	10.6	1.5	0.8	0.5	9.4	3.0	59,169	795

Source: LABS 2005

 Denotes significant differences from all businesses total at 95 % significance level

 Denotes significant differences from all businesses total at 90 % significance level

Head office location

The majority of multiple site businesses in London (56.7 %) also have London head offices or are the head office. Under one in 10 businesses in London (8 %) have head offices outside the UK.

Table 3.9 Head office locations for London businesses

Head office location	%
This is the head office	22.9
Elsewhere in the borough	2.8
Elsewhere in London	31.0
Elsewhere in South East	10.0
Elsewhere in the UK	24.5
Elsewhere in EU	2.2
Elsewhere in Europe	0.9
USA	2.8
Rest of the world	2.1

Source: LABS 2005

3.5 Age of businesses


Over half of London's businesses (53.6%) were established prior to 2000. One in 13 (7.6%) of London's businesses were opened in the 12 months prior to the survey (see Graph 3.5), down from a ratio of one in 10 for the 2004 survey. The 25,832 new business openings are estimated to have created 283,841 jobs in London, an average of 11 jobs per opening (median 3.0). This is equivalent to 8.7% of total employment – implying that new businesses punch above their weight in terms of associated jobs.


Relative to the existing stock of businesses, Transport and Communications, Business and Professional Services and Wholesale and Retail all enjoyed above average rates of business formation, accounting for 76.8% of all openings and 27.5% of the jobs created in new businesses (see Table 3.10). Within the LDA sectors, only in ICT (11.7%) and Tourism (8.1%) were the rate of openings (relative to existing stock of businesses), higher than for the London economy as a whole.

Table 3.10: New London businesses by sector

	Opened since 2005	Weighted population	Unweighted sample
	%	n	n
All businesses	7.6	338,726	3,980
Sector			
Primary & Utilities	0.0	541	9
Publishing	3.1	7,284	107
Manufacturing	7.4	12,077	285
Construction	7.2	20,530	335
Wholesale & Retail	8.8	69,001	811
Hotels & Restaurants	6.5	23,072	456
Transport & Communications	10.1	12,307	285
Banking & Finance	3.2	11,092	223
Business & Professional Services	9.2	136,762	994
Education, Health & Social Work	5.5	11,004	276
Other Community Services	2.6	35,056	221
LDA sector			
Environment	0.9	1,962	27
Life Sciences	0.7	1,965	23
ICT	16.6	19,035	190
Tourism	8.1	18,207	434
Production	5.8	19,360	392
Creative	7.3	80,845	544

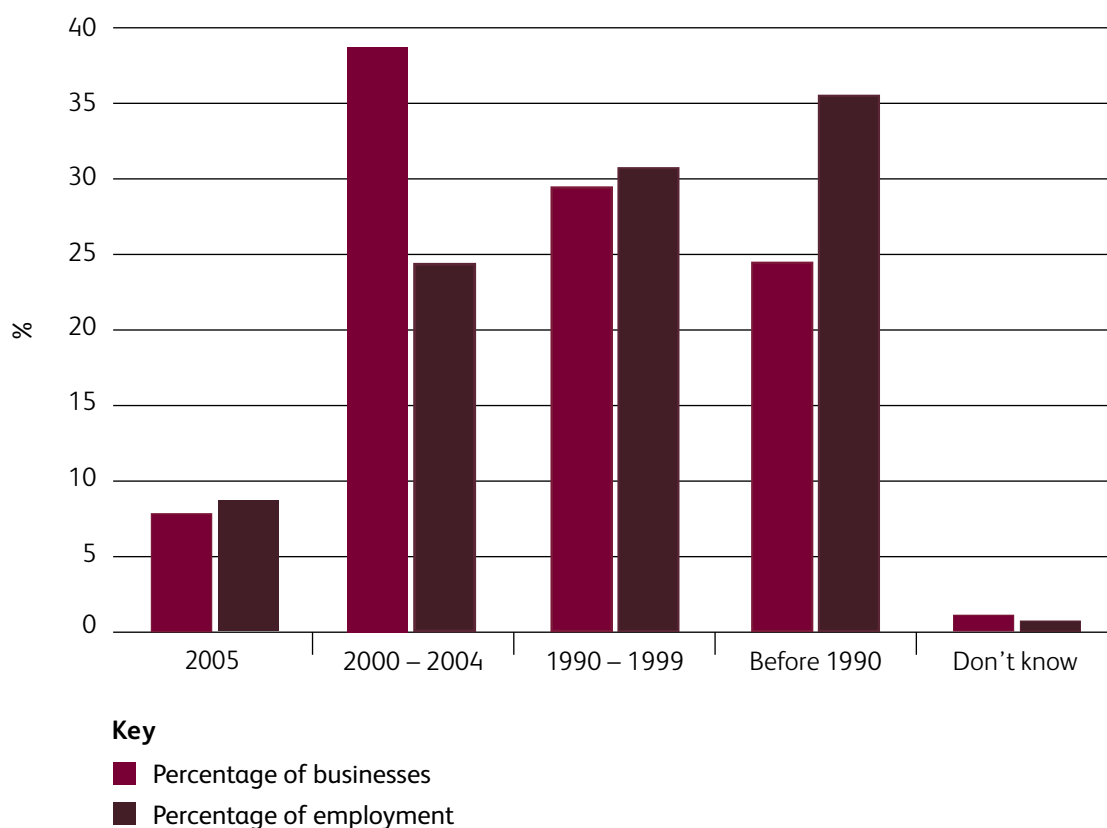
Source: LABS 2005

 Denotes significant differences from all businesses total at 95 % significance level

 Denotes significant differences from all businesses total at 90 % significance level

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Graph 3.5: Percentage of number of businesses and percentage of business employment in London by age of business



Source: LABS 2005

Foreign-owned and joint UK/foreign-owned businesses are more likely to have been started in the 2000–2004 period, while compared to the averages, a significantly greater proportion of black and Asian-owned businesses were either started in the last year or prior to 1990.

3.6 Differences in performance by size, sector, location and age of businesses

Business size was an important influence on employment growth in 2005 (see Table 3.11, multivariate results), with businesses with more than 10 employees showing a significantly greater likelihood of adding additional jobs. Large businesses with over 250 employees were the most likely to have enjoyed profits growth. Older businesses, that is those established before 1990, added significantly fewer jobs than younger businesses (established in 1990–1994). While new businesses, started since 1999, were more likely to have performed well across all aspects of growth. Location within London had little influence on growth in 2005 – though Olympic Zone businesses performed better in employment terms. Reflecting trends in the macroeconomy, sector of activity played a significant role in determining relative growth in 2005, with Hotels and Restaurants performing poorly in terms of turnover, productivity and profits growth. Business services enjoyed the fastest growth in turnover, while Primary and Utilities and Financial services saw the fastest growth in profits.


Chapter 3

Size, sector, location and age of businesses

Table 3.11: Influence of size, sector, location and age of business on performance

Structural variables	Odds ratio			
	Growth in employment	Growth in turnover	Growth in productivity	Growth in profits
Size of business				
1-4	0.32	0.84	1.11	1.14
5-9 ⁽¹⁾	1.00	1.00	1.00	1.00
10-49	1.35	1.12	1.24	1.19
50-99	1.99	1.23	0.81	1.39
100-249	2.23	1.95	1.29	1.44
250+	1.28	1.64	1.01	2.07
Sector				
Primary & Utilities	1.68	0.87	3.30	1.79
Publishing	0.39	0.51	0.92	0.54
Manufacturing (excluding publishing)	0.73	0.89	0.88	0.78
Construction	0.92	0.69	0.49	0.78
Wholesale & Retail Sales	0.73	0.73	0.75	0.76
Hotels & Restaurants	0.45	0.84	0.69	0.84
Transport & Communications	0.82	0.99	0.74	1.04
Banking & Finance	0.82	0.84	1.15	1.05
Business & Professional Services ¹	1.00	1.00	1.00	1.00
Education	0.71	0.69	0.47	0.73
Other Community	0.67	0.95	0.82	0.70
Location of business				
Olympic Zone	1.35	1.11	1.02	1.06
London (excluding the Olympic Zone) ¹	1.00	1.00	1.00	1.00
Age of business				
Established in 2005	1.87	–	–	–
Established in 2004–2005	1.56	2.00	1.81	1.69
Established in 1995–1999	1.05	1.14	1.23	1.09
Established in 1990–1994	1.00	1.00	1.00	1.00
Established before 1990	0.67	0.82	1.09	0.82

Source: LABS 2005

 Likelihood that variable significantly affects growth at 90% significance level

 Likelihood that variable significantly detracts from growth at 90% significance level

⁽¹⁾ Denotes reference category

Chapter 4

Ownership of businesses

Summary

- The overwhelming majority of businesses in London are UK-owned. It is estimated from LABS 2005 that 16,826 (5%) of businesses in London are foreign-owned and are estimated to employ 398,777 people, equivalent to 12.1% of total business employment. Foreign ownership is also more common in Banking and Finance and Transport and Communications and least common in Construction.
- Just over half (52.7%) of London's businesses trade as private limited companies, while four out of 10 (41%) are either sole proprietorships or partnerships. Public limited companies only make up 4.2% of the stock of London businesses.
- Family ownership is common. Nearly half of all businesses (48.7%) classify themselves as family-owned, accounting for around 1 million jobs, just under one third of estimated business employment.
- Majority female-owned businesses account for one in six (16.7%) of London's businesses in 2005. The percentage of businesses that are majority female-owned does also appear to be growing and has increased from 11.4% in 2004 and 9.7% in 2003.
- Female-owned businesses are however more likely to be smaller than male owned businesses. The average size of majority female-owned businesses is 3.8 employees compared with 7.7 for majority male-owned businesses.
- Black-owned businesses are more likely to be run by women than businesses in other ethnic groups. Women run around one quarter of black-owned businesses (25.5%), compared with 18% of white-owned and only 11.7% of Asian-owned businesses.
- A total of one in six (16.5%) of London's businesses are majority-owned by ethnic minorities.
- There are more Asian than black-owned businesses and the number of black-owned businesses is particularly low compared to the size of the black population in London. 30,147 businesses or one in eleven (8.9%) of London's businesses are Asian-owned compared to 12.1% of London's population classified as Asian. A total of 17,614 or just over one in twenty (5.2%) of London's businesses are black-owned compared to 10.9% of London's population classified as black.
- Asian-owned businesses are particularly well represented in certain sectors. On average 8.9% of businesses are Asian-owned, but some 21.1% of Transport and Communications and 16% of Wholesale and Retail businesses are Asian-owned.

Chapter 4

Summary

- Black-owned businesses are more likely to be small. Only 4.1% of black-owned businesses have more than 10 employees, compared with 12.6% of white-owned businesses and 8.4% of Asian-owned businesses.
- There does appear to have been a rise in the proportions of both white and black ownership, and a fall in the proportion of Asian ownership, although changes to the format of the question on the ethnicity of owners may explain this to some extent. White ownership has trended higher, increasing from 67% of businesses in 2003 to 77% in 2005. Ownership by ethnic minorities as a whole has fallen from 21.6% in 2003 to 16.5% in 2005. Black ownership has risen as a proportion of the total from 3% in 2003 to 5% in 2005 and Asian ownership has fallen from 12% to 9%.
- Very few businesses have disabled owners. 2% of businesses have a majority of owners that are disabled. There were 10,681 businesses in London (3.6%) with one or more disabled owners, employing 78,265 people. These businesses were more likely to employ less than five people than the average for all London businesses.
- Two out five (40.2%) of those involved in setting up a business were in their thirties at the time, with a further fifth (21.8%) in their forties. Only one in 10 were either under 25 (9.9%) or over 50 (10.1%) at the time of business establishment.
- A significant number of businesses appear to be set up for what might be called lifestyle reasons. The most common reasons given for setting up a business were a desire for independence (23% of respondents). This reason was given by almost the same percentage as gave the desire to make money (19%).

Effects on business performance

- Family-owned businesses are significantly more likely to have suffered low employment, productivity and profits growth in 2005. London, South East or UK headquarters were associated with lower relative turnover growth, as were single site and Asian-owned businesses.

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 - 4.2 UK/foreign-owned
 - 4.3 Legal status
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 - 4.5 Ethnicity of owners
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 - 4.9 Differences in business performance by type of ownership
-

4.1 Introduction

Ownership characteristics of businesses vary considerably. Owners set strategy for businesses and control management of day-to-day operations. Differences in ownership characteristics may therefore be associated with differences in performance and require variation in the approaches adopted by business support organisations.

This chapter examines London's businesses in terms of their ownership characteristics, including the extent to which ownership is in the UK or abroad, what types of legal structures of ownership are used, and variations in gender, ethnicity and reasons for setting up a business. The issues of disability and differences in business performance by types of ownership are also investigated.

4.2 UK/foreign-owned

The overwhelming majority of businesses in London are UK-owned (Table 4.1). It is estimated from LABS 2005 that 16,826 (5 %) of businesses in London are foreign-owned and are estimated to employ 398,777 people, equivalent to 12.1 % of total business employment. The proportion of foreign-owned businesses does however increase for larger businesses. 3.4 % of businesses with less than five employees are foreign-owned compared to 21.7 % for those with over 250 employees. Foreign ownership is also more common in Banking and Finance (14.6 %) and Transport and Communications (14.1 %). It is least common in Construction (0.5 %). Of the LDA sectors, only Tourism (8 %) has above average levels of foreign ownership. All the other LDA sectors have foreign ownership below the London average. In terms of geography, businesses in London East (6.7 %) and London West (6.5 %) are the most likely to be foreign-owned. This is probably due to the higher levels of Banking and Finance businesses in London East and the higher levels of Transport and Communications businesses in London West. London North shows the lowest rates of foreign ownership (2.5 %).

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Table 4.1: Foreign ownership of London's businesses

	UK-owned	Foreign-owned	Joint UK-foreign	DK/refused	Weighted population	Unweighted sample
	%	%	%	%	n	n
All businesses	94.1	5.0	0.7	0.3	338,726	4,002
Size						
1-4	96.0	3.4	0.4	0.1	257,323	1,035
5-9	90.9	6.9	1.1	1.1	33,483	781
10-49	87.3	10.4	1.5	0.8	38,734	1,640
50-99	76.2	20.0	3.2	0.6	4,854	285
100-249	83.4	13.8	1.8	1.0	2,830	181
250+	77.5	21.7	0.8	0.0	1,501	80
Sector						
Primary & Utilities	91.9	5.2	3.0	0.0	541	9
Publishing	94.7	5.1	0.2	0.0	7,284	107
Manufacturing (excluding Publishing)	94.5	4.4	1.1	0.0	12,077	285
Construction	99.5	0.5	0.0	0.0	20,530	335
Wholesale & Retail	93.0	5.5	0.8	0.8	69,001	811
Hotels & Restaurants	91.4	6.5	1.1	0.9	23,072	456
Transport & Communications	85.5	14.1	0.1	0.3	12,307	285
Banking & Finance	82.5	14.6	2.5	0.3	11,092	223
Business & Professional Services	94.9	4.3	0.6	0.1	136,762	994
Education, Health & Social Work	96.2	3.0	0.1	0.8	11,004	276
Other Community Services	97.1	2.6	0.3	0.0	35,056	221
LDA sector						
Environment	96.6	1.5	0.6	0.6	1,962	27
Life Sciences	96.5	2.9	0.0	0.6	1,965	23
ICT	94.8	5.2	0.0	0.0	19,035	190
Tourism	89.8	8.0	1.4	0.8	18,207	434
Production	94.6	4.7	0.7	0.0	19,360	392
Creative	96.1	2.9	0.8	0.1	80,845	544

Table 4.1: Foreign ownership of London's businesses *continued*

	UK-owned	Foreign-owned	Joint UK-foreign	DK/refused	Weighted population	Unweighted sample
LSC area						
London East	92.7	6.7	0.4	0.2	71,433	837
London North	96.7	2.5	0.5	0.4	37,216	799
London Central	94.1	4.6	1.0	0.3	119,327	772
London South	95.7	3.5	0.6	0.3	51,580	799
London West	92.6	6.5	0.4	0.5	59,169	795
Gender of owners						
Majority male	95.9	3.3	0.7	0.1	199,395	2,266
50:50 male-female	98.7	1.1	0.0	0.1	56,763	612
Majority female	95.7	4.2	0.1	0.0	56,583	376
DK/refused	66.4	28.1	2.9	2.6	25,985	748
Ethnicity of owners						
White	96.4	3.1	0.4	0.1	261,191	2,882
Black	95.0	4.1	0.9	0.0	17,534	140
Asian	94.6	4.4	0.7	0.4	30,110	287
Mixed	98.3	1.7	0.0	0.0	859	11
Other	78.7	18.4	1.7	1.3	7,258	106
DK/refused	69.1	24.6	3.3	3.0	21,775	576

Source: LABS 2005

Denotes significant difference from all businesses total at 95% significance level

Denotes significant difference from all businesses total at 90% significance level

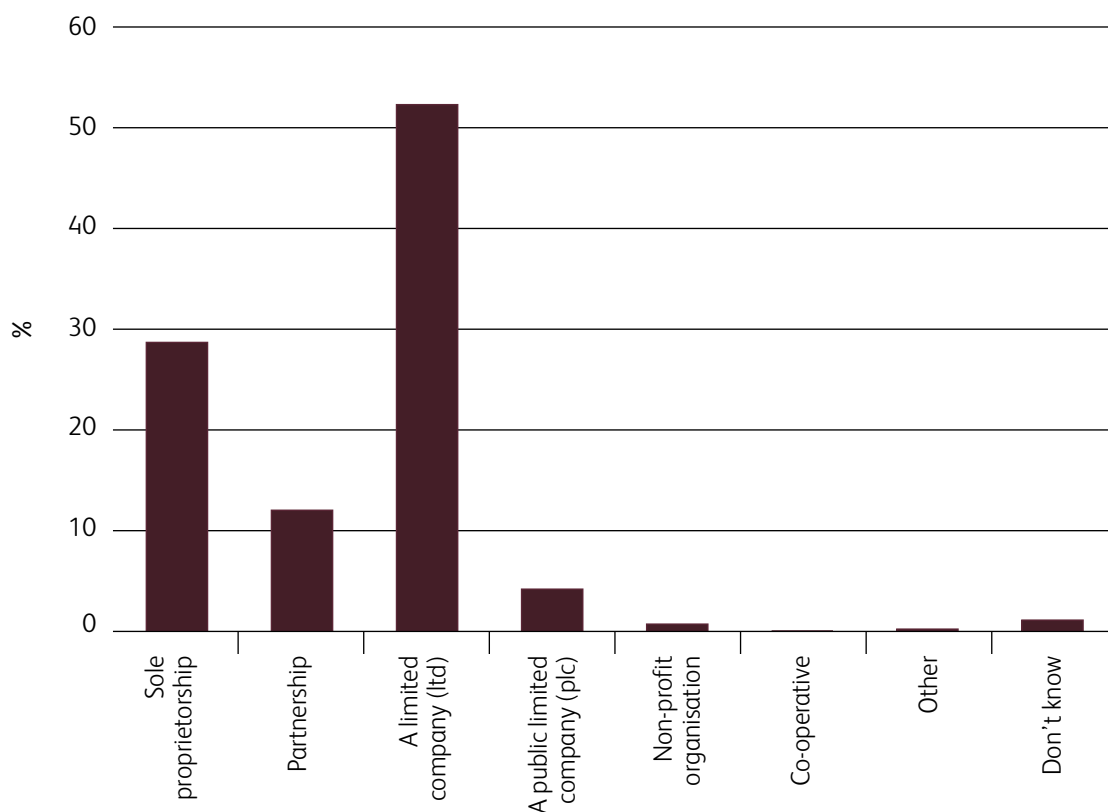
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4.3 Legal status

52.7% of London's businesses trade as limited companies (Graph 4.1), while 41% are either sole proprietorships or partnerships. Public limited companies only make up 4.2% of the stock of London businesses, but account for an estimated 26.7% (874,181 jobs) of London's business employment.

Nearly half of all businesses (48.7%) classify themselves as family-owned, accounting for around 1m jobs, and just under a third of estimated business employment. A further 8.7% of businesses describe themselves as social enterprises, estimated by LABS 2005 to employ 306,620 people, with an average employment figure of 10.5 jobs per business (median 3), above the overall average for London businesses.

Graph 4.1: Percentage of number of businesses in London by legal status



Source: LABS 2005

Table 4.2 Legal status of London's businesses

	Sole proprietorship		Partnership		A limited company (ltd)		A public limited company (plc)		Non-profit organisation		Co-operative		Other		Don't know		Weighted population		Unweighted sample	
	%		%		%		%		%		%		%		%		n		n	
All businesses	28.9		12.1		52.7		4.2		0.7		0.0		0.2		1.1		338,726		4,002	
Size																				
1-4	35.0		12.5		49.6		1.5		0.6		0.0		0.1		0.7		257,323		1,035	
5-9	14.1		11.3		63.7		7.0		0.5		0.0		0.5		2.9		33,483		781	
10-49	7.4		10.4		63.8		14.2		1.3		0.2		0.4		2.3		38,734		1,640	
50-99	4.7		7.1		58.3		23.7		1.4		1.3		1.3		2.3		4,854		285	
100-249	1.4		10.02		53.2		26.7		4.1		0.0		2.9		1.6		2,830		181	
250+	2.9		13.4		31.2		47.4		2.1		0.0		2.9		0.0		1,501		80	
Sector																				
Primary & Utilities	31.8		24.9		40.3		3.0		0.0		0.0		0.0		0.0		541		9	
Publishing	14.5		6.9		71.9		3.2		0.0		0.0		0.9		2.7		7,284		107	
Manufacturing (excluding Publishing)	26.7		11.2		56.7		1.9		0.0		0.0		0.2		3.4		12,077		285	
Construction	39.1		8.1		51.1		1.7		0.0		0.0		0.0		0.0		20,530		335	
Wholesale & Retail	28.8		15.2		47.0		7.7		0.3		0.0		0.1		0.8		69,001		811	
Hotels & Restaurants	25.4		13.6		45.7		10.7		1.0		0.1		1.1		2.6		23,072		456	
Transport & Communications	17.0		9.9		67.7		4.8		0.0		0.0		0.3		0.2		12,307		285	
Banking & Finance	14.9		13.4		57.2		11.3		1.3		0.0		0.5		1.3		11,092		223	
Business & Professional Services	26.2		12.5		57.9		2.5		0.5		0.0		0.1		0.4		136,762		994	
Education, Health & Social Work	44.1		8.5		37.4		2.2		3.2		0.0		0.1		4.5		11,004		276	
Other Community Services	43.6		8.3		42.2		0.7		2.3		0.2		0.2		2.4		35,056		221	

Source: LABS 2005

 Denotes significant difference from all businesses total at 95% significance level

 Denotes significant difference from all businesses total at 90% significance level

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Table 4.2 Legal status of London's businesses *continued*


	Sole propr- etorship	Partner- ship	A limited company (ltd)	A public limited company (plc)	Non- profit organisation	Co- operative	Other	Don't know	Weighted population	Unweighted sample
	%	%	%	%	%	%	%	%	n	n
LDA sector										
Environment	2.1	0.0	94.1	3.1	0.0	0.0	0.6	0.0	1,962	27
Life Sciences	13.8	0.0	83.1	3.1	0.0	0.0	0.0	0.0	1,965	23
ICT	19.6	8.8	68.6	1.3	0.0	0.0	0.3	1.4	19,035	190
Tourism	24.6	11.9	50.3	11.1	0.2	0.1	0.3	1.4	18,207	434
Production	22.1	9.5	62.4	2.4	0.0	0.0	0.5	3.1	19,360	392
Creative	34.2	10.9	51.0	2.4	0.2	0.0	0.1	1.2	80,845	544
LSC area										
London East	29.1	12.2	51.9	4.7	0.5	0.0	0.5	1.0	71,433	837
London North	34.5	12.0	49.5	3.3	0.4	0.0	0.0	0.3	37,216	799
London Central	24.7	13.0	55.9	4.1	0.8	0.0	0.2	1.3	119,327	772
London South	30.7	11.6	49.3	4.6	1.5	0.1	0.0	2.2	51,580	799
London West	32.1	10.4	52.3	4.1	0.3	0.1	0.2	0.5	59,169	795
Country of ownership										
UK-owned	30.3	12.7	52.0	3.4	0.6	0.0	0.2	0.9	318,582	3,591
Foreign-owned	8.9	2.3	63.0	17.7	3.7	0.0	0.7	3.7	16,826	337
Joint UK-foreign	0.0	1.1	75.9	14.4	1.8	0.0	2.7	4.1	2,244	47
DK/refused	0.0	10.7	52.1	19.4	0.0	2.0	0.0	15.9	1,073	27

Table 4.2 Legal status of London's businesses *continued*

	Sole propi- etorship	Partnership	A limited company (ltd)	A public limited company (plc)	Non- profit organisation	Co- operative	Other	Don't know	Weighted population	Unweighted sample
	%	%	%	%	%	%	%	%	n	n
Gender of owners										
Majority male	35.4	9.9	51.9	1.8	0.2	0.0	0.1	0.8	199,395	2,266
50:50 male-female	8.5	26.2	63.9	1.1	0.0	0.0	0.1	0.1	56,763	612
Majority female	38.1	10.1	48.7	1.0	1.2	0.0	0.4	0.4	56,583	376
DK/refused	3.8	1.9	43.8	36.9	5.2	0.2	1.0	7.1	25,985	748
Ethnicity of owners										
White	28.7	13.4	54.2	2.2	0.5	0.0	0.2	0.8	261,191	2,882
Black	36.8	6.8	56.0	0.4	0.0	0.0	0.0	0.0	17,534	140
Asian	42.5	10.5	44.9	2.0	0.0	0.0	0.0	0.0	30,110	287
Mixed	56.4	12.4	31.1	0.0	0.0	0.0	0.0	0.0	859	11
Other	18.7	9.5	66.7	3.4	0.0	0.0	0.0	1.8	7,258	106
DK/refused	8.2	3.7	39.2	35.4	5.3	0.3	1.2	6.8	21,775	576

Source: LABS 2005

 Denotes significant difference from all businesses total at 95 % significance level

 Denotes significant difference from all businesses total at 90 % significance level

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In terms of sectors, public limited companies are most common in Banking and Finance (11.3%), Hotels and Restaurants (10.7%) and Wholesale and Retail (7.7%) compared with an average of 4.2% across all London businesses. Black and Asian-owned businesses are significantly more likely to be sole proprietorships (Table 4.2).

4.4 Gender of owners

Majority female-owned¹ businesses account for one in six (16.7%) of London's businesses (56,763 businesses – see Table 4.3). Majority female-owned businesses are more likely to be smaller than majority male-owned businesses. The average size of majority female-owned businesses is 3.8 employees (median 2) compared with 7.7 (median 3) for majority male-owned businesses.

¹ Where females comprise over 50% of owners, partners or directors

Table 4.3: Gender of owners

	Majority male	50:50 male-female	Majority female	DK/refused	Weighted population	Unweighted sample
	%	%	%	%	n	n
All businesses	58.9	16.8	16.7	7.7	338,726	4,002
Size						
1-4	59.8	17.5	19.4	3.3	257,323	1,035
5-9	59.2	17.9	11.1	11.8	33,483	781
10-49	54.9	13.8	6.4	24.9	38,734	1,640
50-99	53.2	7.1	5.2	34.6	4,854	285
100-249	46.5	3.9	5.0	44.5	2,830	181
250+	34.2	3.5	0.0	62.3	1,501	80
Sector						
Primary & Utilities	40.2	51.6	0.0	8.1	541	9
Publishing	40.0	17.2	33.7	9.2	7,284	107
Manufacturing (excluding Publishing)	65.0	21.5	8.3	5.1	12,077	285
Construction	69.6	17.0	11.1	2.4	20,530	335
Wholesale & Retail	54.1	19.7	14.2	11.9	69,001	811
Hotels & Restaurants	58.5	11.6	12.8	17.2	23,072	456
Transport & Communications	62.8	18.1	9.4	9.7	12,307	285
Banking & Finance	60.2	11.1	6.5	22.3	11,092	223
Business & Professional Services	60.3	17.2	17.7	4.8	136,762	994
Education, Health & Social Work	47.4	13.3	31.7	7.6	11,004	276
Other Community Services	60.4	12.7	24.1	2.9	35,056	221
LDA sector						
Environment	59.2	4.9	31.5	4.4	1,962	27
Life Sciences	46.4	17.2	31.5	5.0	1,965	23
ICT	82.8	14.3	1.2	1.7	19,035	190
Tourism	57.3	11.0	14.4	17.4	18,207	434
Production	55.6	19.9	17.9	6.6	19,360	392
Creative	66.7	12.2	17.9	3.1	80,845	544

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Table 4.3: Gender of owners *continued*

	Majority male	50:50 male-female	Majority female	DK/refused	Weighted population	Unweighted sample
	%	%	%	%	n	n
LSC area						
London East	65.0	15.1	13.4	6.5	71,433	837
London North	63.2	18.9	10.6	7.3	37,216	799
London Central	57.1	14.3	20.2	8.4	119,327	772
London South	50.2	23.8	17.7	8.4	51,580	799
London West	59.8	16.4	16.6	7.3	59,169	795
Country of ownership						
UK-owned	60.0	17.6	17.0	5.4	318,582	3,591
Foreign-owned	38.7	3.9	14.0	43.3	16,826	337
Joint UK-foreign	62.9	0.6	2.7	33.8	2,244	47
DK/refused	26.7	7.3	2.0	64.0	1,073	27
Ethnicity of owners						
White	61.3	18.1	18.0	2.7	261,191	2,882
Black	58.2	14.9	25.5	1.5	17,534	140
Asian	67.1	20.3	11.7	0.9	30,110	287
Mixed	54.7	2.2	43.2	0.0	859	11
Other	72.5	5.9	10.8	10.8	7,258	106
DK/refused	14.6	1.8	2.5	81.1	21,775	576

Source: LABS 2005

Denotes significant difference from all businesses total at 95% significance level

Denotes significant difference from all businesses total at 90% significance level

The incidence of majority female ownership varies by sector. Majority female ownership is most prevalent in Publishing, Education, Health and Social Work and Other Community Services. It is least common in Banking and Finance. Majority female ownership is most common in London Central and least common in London North. Across the LDA sectors majority female ownership is slightly above the London average in Creative industries (17.9%), but well below the average in ICT (1.2%) and below the average in Tourism (14.4%).

Black-owned businesses are more likely to be run by women than businesses in other ethnic groups. Women run around one quarter of black-owned businesses (25.5%), compared with 18% of white-owned and only 11.7% of Asian-owned businesses.

The incidence of majority female ownership may be increasing over time. The 2005 proportion of majority female-owned businesses of 16.7% compares with 11.4% in 2004 and 9.7% in 2003. Thus the number of majority female-owned businesses in London is estimated to have risen from 33,459 in 2003 to 56,583 in 2005, a rise of 23,124.

Table 4.4: Evolution of female ownership

	2003	2003	2003
	– weighted estabs	– unweighted estabs	
	%	n	n
Majority female	9.7	33,459	275
50:50/majority male	79.0	271,285	2,877
Don't know/refused	11.2	38,589	921
	2004	2004	2004
	– weighted estabs	– unweighted estabs	
Majority female	11.4	38,883	347
50:50/majority male	84.1	288,134	3,245
Don't know/refused	4.5	15,472	416
	2005	2005	2005
	– weighted estabs	– unweighted estabs	
Majority female	16.7	56,583	376
50:50/majority male	75.6	256,158	2,878
Don't know/refused	7.7	25,985	748

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4.5 Ethnicity of owners

A total of one in six (16.5 %) of London's businesses are majority-owned by minority ethnic communities.

Asian-owned businesses form the biggest block among these minority ethnic-owned businesses. One in 11 (8.9 %) of London's businesses are Asian-owned, a total of 30,147 businesses. This compares with the 12.1 % of London's population classified as Asian in the 2001 Census of Population. One in 20 (5.2 %) of London's businesses are black-owned, a total of 17,614 businesses. This compares with the 10.9 % of London's population classified as black in the 2001 Census of Population.

Mixed-ethnicity-owned businesses only make up 0.3 % of London's businesses (859). This compares with the 3.9 % of London's population classified as mixed ethnicity in the 2001 Census of Population.

Asian-owned businesses are particularly well represented in certain sectors. On average 8.9 % of businesses are Asian-owned, but some 21.1 % of Transport and Communications and 16 % of Wholesale and Retail businesses are Asian-owned. Among the sectors with a significantly higher share of white-owned businesses are Construction, where 91.9 % of businesses are white-owned, and Manufacturing (excluding Publishing), where the proportion is 88.9 %.

Businesses majority-owned by ethnic minorities are significantly more likely to be small. Only 4.1 % of black-owned businesses have more than 10 employees, compared with 12.6 % of white-owned businesses and 8.4 % of Asian-owned businesses.

Table 4.5: Ethnicity of business owners

	White		Black		Asian		Mixed		Other		DK/refused		Weighted population		Unweighted sample	
	%		%		%		%		%		%		n		n	
All businesses	77.1		5.2		8.9		0.3		2.1		6.4		338,726		4,002	
Size																
1-4	79.0		5.9		9.7		0.3		1.8		3.3		257,323		1,035	
5-9	75.2		4.8		7.8		0.3		3.0		8.9		33,483		781	
10-49	70.9		1.5		5.2		0.2		3.6		18.5		38,734		1,640	
50-99	59.2		1.0		7.9		0.3		2.2		29.4		4,854		285	
100-249	57.4		2.1		4.7		0.0		0.9		34.9		2,830		181	
250+	50.7		0.0		0.7		0.0		1.5		47.1		1,501		80	
Sector																
Primary & Utilities	91.9		0.0		0.0		0.0		0.0		8.1		541		9	
Publishing	87.5		3.0		2.0		0.0		0.8		6.6		7,284		107	
Manufacturing (excluding Publishing)	88.9		0.9		4.4		0.0		2.6		3.2		12,077		285	
Construction	91.9		4.2		1.5		0.1		0.0		2.4		20,530		335	
Wholesale & Retail	66.4		4.8		16.0		0.5		2.7		9.7		69,001		811	
Hotels & Restaurants	63.9		5.9		9.6		0.8		4.0		15.8		23,072		456	
Transport & Communications	59.7		4.3		21.1		0.4		6.4		8.1		12,307		285	
Banking & Finance	68.4		9.4		4.2		0.0		3.1		14.9		11,092		223	
Business & Professional Services	82.5		5.5		6.4		0.1		1.3		4.2		136,762		994	
Education, Health & Social Work	75.6		5.8		6.8		1.8		1.4		8.6		11,004		276	
Other Community Services	80.2		5.6		9.4		0.0		2.9		1.8		35,056		221	

Source: LABS 2005

 Denotes significant difference from all businesses total at 95% significance level

 Denotes significant difference from all businesses total at 90% significance level

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Table 4.5: Ethnicity of business owners *continued*

	White	Black	Asian	Mixed	Other	DK/refused	Weighted population	Unweighted sample
	%	%	%	%	%	%	n	n
LDA sector								
Environment	96.4	0.0	0.0	0.0	0.0	3.6	1,962	27
Life Sciences	95.0	0.0	1.3	0.0	0.0	3.7	1,965	23
ICT	78.2	10.2	9.2	0.0	1.1	1.4	19,035	190
Tourism	60.3	4.0	12.4	1.1	6.9	15.3	18,207	434
Production	88.3	1.7	3.5	0.0	1.9	4.5	19,360	392
Creative	87.4	4.8	3.6	0.0	2.1	2.1	80,845	544
LSC area								
London East	76.8	3.7	11.8	0.3	1.7	5.6	71,433	837
London North	74.1	9.7	8.3	0.3	2.9	4.6	37,216	799
London Central	81.5	5.4	4.6	0.1	2.2	6.2	119,327	772
London South	85.3	1.3	5.0	0.0	0.8	7.6	51,580	799
London West	63.5	6.9	17.7	0.7	3.1	8.1	59,169	795
Country of ownership								
UK-owned	79.1	5.2	8.9	0.3	1.8	4.7	318,582	3,591
Foreign-owned	48.0	4.3	7.9	0.1	7.9	31.9	16,826	337
Joint UK-foreign	46.3	7.3	8.8	0.0	5.4	32.2	2,244	47
DK/refused	20.5	0.0	10.8	0.0	8.6	60.1	1,073	27
Gender of owners								
Majority male	80.3	5.1	10.1	0.2	2.6	1.6	199,395	2,266
50:50 male-female	83.2	4.6	10.8	0.0	0.8	0.7	56,763	612
Majority female	82.9	7.9	6.2	0.7	1.4	1.0	56,583	376
DK/refused	27.0	1.0	1.0	0.0	3.0	68.0	25,985	748

Source: LABS 2005

Denotes significant difference from all businesses total at 95 % significance level

Denotes significant difference from all businesses total at 90 % significance level

Black-owned businesses are more common in London North (9.7 %), while Asian-owned businesses are more prevalent in London East (11.8 %).

The mix of ownership by ethnicity varies amongst the surveys carried out in 2003, 2004 and 2005. White ownership has increased from 67 % of businesses in 2003 (229,971) to 77.1 % (261,191) in 2005. Ownership by ethnic minorities has fallen from 21.6 % in 2003 to 16.5 % in 2005, with the number of businesses who did not answer the question falling from 11.4 % to 6.4 % in this same period. Black ownership has risen as a proportion of the total and in terms of total numbers of businesses, from 3 % (10,327) in 2003 to 5.2 % (17,534) in 2005. Asian ownership has fallen from 11.9 % (40,927) to 8.9 % (30,110). Changes to the format of the question – affecting mixed ownership in particular – may explain some of these changes.

Table 4.6: Evolution of ownership by ethnicity

	2003	2003	2003
		– weighted estabs	– unweighted estabs
	%	n	n
White	67.0	229,971	2,494
Black	3.0	10,327	72
Asian	11.9	40,927	319
Mixed	5.0	17,031	224
Other/Chinese	1.7	5,952	83
Don't know/refused	11.4	39,125	881
	2004	2004	2004
		– weighted estabs	– unweighted estabs
White	71.6	245,199	2,687
Black	4.9	16,653	139
Asian	10.7	36,785	374
Mixed	4.1	13,938	242
Other/Chinese	2.8	9,576	98
Don't know/refused	5.9	20,338	468
	2005	2005	2005
		– weighted estabs	– unweighted estabs
White	77.1	261,191	2,882
Black	5.2	17,534	140
Asian	8.9	30,110	287
Mixed	0.3	859	11
Other/Chinese	2.1	7,258	106
Don't know/refused	6.4	21,775	576

Source: LABS 2005

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4.6 Disability

According to the 2005 survey, 2 % of businesses were majority-owned by people classified as disabled. In addition, there were 10,681 businesses in London (3.6 %) with one or more disabled owners², estimated by LABS 2005 to employ 78,265 people. These businesses were more likely to employ less than five people than the average for all London businesses. There is considerable sectoral variation in the prevalence of businesses with at least one disabled owner. Over one in 10 (11.2 %) businesses in Education, Health and Social Work have at least one disabled owner, followed by nearly one in 14 (7.3 %) businesses in Banking and Finance. Disabled owners are underrepresented in Publishing and Other Community Services (both with 0.6 % of businesses with disabled owners).

Table 4.7: Disabled business ownership

	Businesses with one or more disabled owners	Weighted population	Unweighted sample
	%	n	n
All businesses	3.6	338,726	4,002
Size			
1-4	4.0	257,323	1,035
5-9	2.8	33,483	781
10-49	2.2	38,734	1,640
50-99	2.8	4,854	285
100-249	4.7	2,830	181
250+	0.0	1,501	80
Sector			
Primary & Utilities	0.0	541	9
Publishing	0.6	7,284	107
Manufacturing (excluding Publishing)	0.8	12,077	285
Construction	3.3	20,530	335
Wholesale & Retail	4.8	69,001	811
Hotels & Restaurants	3.8	23,072	456
Transport & Communications	2.8	12,307	285
Banking & Finance	7.3	11,092	223
Business & Professional Services	3.4	136,762	994
Education, Health & Social Work	11.2	11,004	276
Other Community Services	0.6	35,056	221

Source: LABS 2005

■ Denotes significant difference from all businesses total at 95 % significance level

■ Denotes significant difference from all businesses total at 90 % significance level

2 The term disabled owner is used to cover disabled owners, or partners in a business

4.7 Age of owners

40.2 % of those involved in setting up a business were in their thirties at the time, with a further fifth (21.8 %) in their forties. Only one in 10 were either under 25 (9.9 %) or over 50 (10.1 %) at the time of business establishment. However there is evidence of geographic variation in this picture. In London East the age at establishment is more likely to be either under 30 or over 50 than the average for London as a whole, while in London North, those involved in setting up businesses tend to be younger. In terms of gender those establishing female-owned businesses are more likely to be in their forties than for the average business.

Asian owners are significantly more likely to establish a business in their thirties, while businesses with other ethnic ownership are significantly more likely to be established by the under thirties.

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Table 4.8: Age at establishment of business

	Under 25	25-29	30-39	40-49	50-64	65+	Refused	Don't know	Weighted population	Unweighted sample
	%	%	%	%	%	%	%	%	n	n
All businesses	9.9	17.8	40.2	21.8	10.0	0.1	0.2	0.1	224,799	1,799
Size										
1-4	9.7	17.9	40.4	21.4	10.5	0.0	0.2	0.1	194,634	771
5-9	8.7	18.1	39.5	24.5	8.3	0.7	0.1	0.0	16,130	399
10-49	13.6	16.3	38.2	25.9	5.1	0.0	0.5	0.4	12,700	546
50-99	15.3	20.1	32.9	26.0	5.6	0.0	0.0	0.0	831	50
100-249	15.0	16.1	40.8	12.6	10.2	5.3	0.0	0.0	476	30
250+	0.0	0.0	0.0	100.0	0.0	0.0	0.0	0.0	29	3
Sector										
Primary & Utilities	21.2	5.9	48.7	0.0	24.2	0.0	0.0	0.0	478	6
Publishing	4.9	1.4	36.6	45.2	11.9	0.0	0.0	0.0	5,273	39
Manufacturing (excluding Publishing)	8.4	13.8	27.2	22.7	26.3	0.0	0.2	1.4	7,813	134
Construction	17.9	18.1	32.2	25.0	6.7	0.1	0.0	0.0	15,776	215
Wholesale & Retail	13.7	14.5	46.0	17.0	8.0	0.0	0.8	0.0	39,333	266
Hotels & Restaurants	13.7	13.8	38.1	22.8	11.7	0.0	0.0	0.0	11,037	137
Transport & Communications	12.6	21.8	27.0	28.4	10.1	0.1	0.0	0.0	7,409	127
Banking & Finance	6.1	6.4	43.8	26.3	16.3	0.0	0.4	0.6	5,645	111
Business & Professional Services	7.0	19.9	39.4	23.1	10.4	0.1	0.1	0.0	98,787	553
Education, Health & Social Work	8.0	25.4	29.4	26.9	8.8	1.6	0.0	0.0	5,875	113
Other Community Services	10.2	20.2	49.2	14.0	6.4	0.0	0.0	0.0	27,408	98

Table 4.8: Age at establishment of business *continued*

LDA sector											
Environment	0.0	0.0	18.4	41.2	40.4	0.0	0.0	0.0	0.0	1,548	10
Life Sciences	15.7	0.8	2.3	43.9	37.2	0.0	0.0	0.0	0.0	1,687	10
ICT	12.1	13.9	40.1	24.7	9.0	0.0	0.1	0.0	0.0	16,030	126
Tourism	9.5	20.4	34.8	18.7	16.6	0.0	0.0	0.0	0.0	8,995	123
Production	7.0	8.8	31.0	31.8	20.5	0.0	0.1	0.9	0.9	13,086	173
Creative	8.7	22.8	39.6	18.8	9.4	0.1	0.5	0.2	0.2	63,603	295
LSC area											
London East	13.2	20.3	36.1	16.6	12.9	0.0	0.6	0.3	0.3	47,314	375
London North	10.1	23.5	36.8	21.8	7.2	0.5	0.0	0.1	0.1	26,928	422
London Central	8.4	20.7	42.2	20.5	8.1	0.1	0.1	0.0	0.0	75,830	290
London South	5.1	10.2	40.5	35.3	8.8	0.0	0.1	0.0	0.0	33,781	355
London West	12.6	12.0	43.1	19.3	13.0	0.0	0.0	0.0	0.0	40,982	357
Country of ownership											
UK-owned	9.8	17.8	40.4	21.6	10.1	0.1	0.2	0.1	0.1	221,164	1,744
Foreign-owned	14.3	17.0	26.9	38.3	2.3	0.0	0.0	1.1	1.1	3,110	47
Joint UK-foreign	1.7	20.9	36.1	12.5	28.8	0.0	0.0	0.0	0.0	490	6
DK/refused	12.0	88.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	70	2

Source: LABS 2005

Denotes significant difference from all businesses total at 95% significance level

Denotes significant difference from all businesses total at 90% significance level

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Table 4.8: Age at establishment of business *continued*

	Under 25	25-29		30-39		40-49		50-64		65+		Refused	Don't know	Weighted population	Unweighted sample
	%	%	%	%	%	%	%	%	%	%	%	%	%	n	n
Gender of owners															
Majority male	6.3	9.9	49.1	23.5	11.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	7,519	1,106
50:50 male-female	6.4	13.3	46.9	21.3	11.7	0.2	0.0	0.0	0.0	0.1	0.1	0.0	0.1	45,311	408
Majority female	13.5	1.0	52.3	12.0	21.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2,901	238
DK/refused	7.0	11.8	51.0	25.1	2.9	1.5	0.7	0.7	0.0	0.0	0.0	0.0	0.0	1,721	47
Ethnicity of owners															
White	8.8	18.7	38.6	22.9	10.6	0.1	0.2	0.1	0.1	0.1	0.1	0.1	0.1	182,161	1,438
Black	14.6	15.2	45.4	19.0	5.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	13,704	98
Asian	12.4	12.6	49.5	17.6	7.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	20,814	166
Mixed	26.6	13.7	46.9	11.9	0.0	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	777	7
Other	23.5	19.6	26.1	17.3	13.2	0.0	0.0	0.0	0.0	0.3	0.3	0.0	0.3	4,546	49
DK/refused	8.8	7.6	69.7	9.2	4.4	0.3	0.4	0.4	0.0	0.0	0.0	0.4	0.0	2,833	41

Source: LABS 2005

Denotes significant difference from all businesses total at 95 % significance level

Denotes significant difference from all businesses total at 90 % significance level

4.8 Reasons for setting up businesses

A significant number of businesses appear to be set up for what might be called lifestyle reasons. As shown in Table 4.9 the most common reason given for setting up a business was a desire for independence (23 % of respondents). This reason was given by almost the same percentage as gave the desire to make money (19 %). Other frequently cited reasons were the opportunity to meet a gap in the market, to build on past experience, a desire to start their own business, redundancy and difficulty finding other work.

Table 4.9 Motivation behind business start-up

	%
Reasons for starting up in business	
Be my own boss/independent/tired of working for other people	22.6
To have an income/make money	19.3
Business opportunity/gap in the market	9.8
Experience of this type of work/has been in this business (inc. natural progression)	7.0
Wanted to start own business/it is what I want to do	6.5
Made redundant	6.5
Found it difficult to find work/needed to work/unemployed	5.8
Wanted a change of job/new challenge (inc. boredom)	4.1
Branching out from/split with other/previous business	2.7
Freedom/flexible working/like to work from home	2.2
Enjoyment of doing this type of job	2.0
Interest in subject/field	1.9
Think that the business could be run better/provide a better service	1.8
Family-based decision inc. family business/friend-based decision	1.7
Dissatisfaction with last job	1.7
An ambition/for personal achievement	1.6
Provide a required service/asked to do it	1.6
The business/resource was offered by someone else (inc. partner)	1.4
Thought it was a good idea at the time	1.3
To enhance living standard	1.1
Took over from previous owner	1.0
Wanted to serve the community/help people	1.0
Have expertise in the field	0.6
To expand existing business	0.6
Old business/company folded or went into liquidation	0.4

Source: LABS 2003/5

Chapter 4

Ownership of businesses

4.9 Differences in performance by type of ownership

Family-owned businesses are significantly more likely to have suffered low employment, productivity and profits growth in 2005. London, South East, UK and non-EU European headquarters were associated with lower relative turnover growth, as were single site and Asian-owned businesses. Foreign-owned businesses were more likely to suffer from low turnover and profits growth.

Table 4.10 Ownership influences on performance

	Odds ratio			
	Growth in employment	Growth in turnover	Growth in productivity	Growth in profits
Family-owned	0.73	0.94	0.79	0.80
Foreign-owned	1.08	0.72	1.21	0.73
Global operation	0.85	0.95	0.93	1.19
HQ in London	0.70	0.15	0.96	0.72
HQ elsewhere in the South East	0.63	0.15	1.91	0.97
HQ elsewhere in the UK	0.82	0.20	1.20	1.00
HQ elsewhere in the EU	1.08	0.34	2.00	0.56
HQ elsewhere in Europe	1.31	0.14	2.24	1.31
HQ in the USA	0.65	0.27	2.05	1.61
HQ elsewhere in RoW	1.14	0.32	0.77	0.76
White-owned ³	1.00	1.00	1.00	1.00
Black-owned	1.11	1.16	1.12	1.03
Asian-owned	1.15	0.62	0.78	0.64
Mixed-owned	3.13	1.68	0.53	2.98
Other-owned	1.14	1.24	0.43	0.79
Female-owned	1.26	1.21	0.96	1.14
Franchise	0.87	0.92	1.04	0.82
Social business	1.17	1.16	1.03	1.23
Single site operation	0.76	0.14	0.82	0.73

Source: LABS 2005

 Likelihood that variable significantly affects growth at 90% significance level

 Likelihood that variable significantly detracts growth at 90% significance level

³ Denotes reference category

Chapter 5

Workforce

Summary

- On the basis of LABS 2005, it is estimated that there are 3,270,413 jobs in private sector businesses in London, including owners and partners. Of those employed in London businesses, 9.7% can be categorised as owners or partners.
- Businesses in London still employ more men than women. Male workers on average make up 63.9% of employment in businesses. This applies across all business sizes, but the balance shifts towards female workers as business size increases.
- The proportion of women in workforces does vary markedly by sector, with on average over 60% of jobs in Education, Health and Social Work businesses and over 40% in Hotels and Restaurants sector businesses undertaken by women. In contrast under 20% of jobs in Construction businesses are undertaken by women.
- Businesses controlled by females have markedly more women employees. In the case of majority female-owned firms, women make up 70% of the workforce compared with only 22.2% for majority male-owned firms. The higher percentage of women employees in female-owned businesses is also largely full-time employment.
- Asian-owned and Other ethnic group-owned businesses tend to have low proportions of women in their workforces (31.5% and 28.9% respectively), compared to the average across all London businesses of 36%.
- On average just over four out of five jobs (80.8%) in businesses (Table 5.2) are full-time (greater than 30 hours per week). Female workers on average make up around one quarter of this full-time workforce.

Chapter 5

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5.1 Introduction

5.2 Gender

5.3 Full-time/Part-time

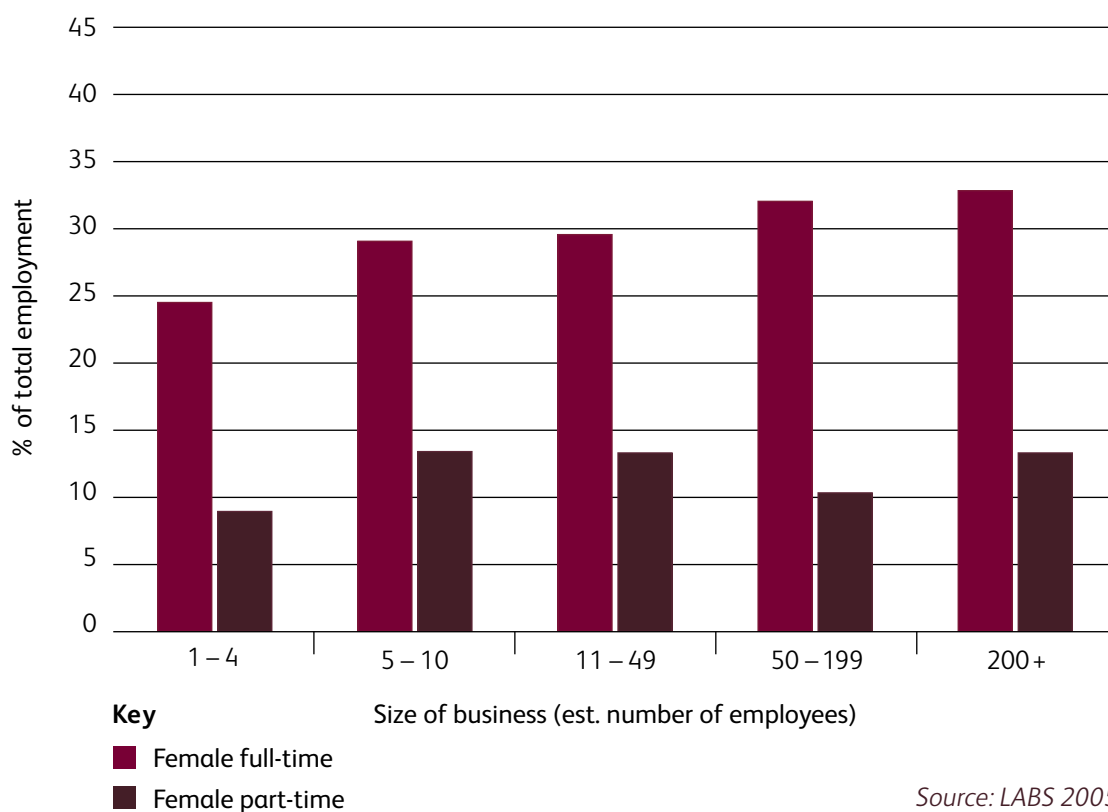
5.1 Introduction

On the basis of LABS 2005, it is estimated that there are 3,270,413 jobs in private sector businesses in London, including owners and partners. Of those employed in London businesses, 9.7 % can be categorised as owners or partners. This chapter looks at how jobs in businesses are split between men and women and full and part-time workers and how this varies in different types of businesses.

5.2 Gender

Male workers on average make up 63.9 % of employment in businesses (Table 5.1). There are however distinct variations in the male-female balance in terms of the company size, with the balance shifting towards female workers as business size increases (Graph 5.1). For example, in the largest businesses, with over 250 employees, men hold only 52.5 % of the jobs.

Graph 5.1: Female proportion of total employment by size of business



Source: LABS 2005

Table 5.1 Workforce characteristics

	Mean		Median		Full-time male		Full-time female		Part-time male		Part-time female		Weighted population		Unweighted population	
	n	n	n	n	%	%	%	%	%	%	%	%	n	n	n	n
All businesses	9.7	3.0	3.0	3.0	54.9	25.9	9.0	10.1	336,106	3,936						
Size																
1-4	2.5	2.0	2.0	2.0	57.1	24.6	9.0	9.0	255,996	1,030						
5-9	6.7	6.0	6.0	6.0	48.1	29.8	9.5	14.0	33,370	778						
10-49	19.7	16.0	16.0	16.0	47.8	29.6	9.1	13.6	38,402	1,627						
50-99	65.1	60.0	60.0	60.0	49.2	32.1	7.3	10.9	4,570	270						
100-249	144.2	130.0	130.0	130.0	48.6	31.9	8.0	13.1	2,557	166						
250+	617.1	400.0	400.0	400.0	46.0	35.4	6.5	10.4	1,211	65						
Sector																
Primary & Utilities	14.5	4.0	4.0	4.0	53.8	45.4	0.0	0.8	513	8						
Publishing	14.1	4.0	4.0	4.0	47.1	38.2	12.4	2.4	7,284	107						
Manufacturing (excluding Publishing)	14.6	3.0	3.0	3.0	67.5	19.5	7.8	6.9	11,946	280						
Construction	5.6	3.0	3.0	3.0	75.9	13.5	5.0	5.9	20,518	334						
Wholesale & Retail	8.7	3.0	3.0	3.0	52.9	23.1	10.8	13.2	68,574	792						
Hotels & Restaurants	13.0	4.0	4.0	4.0	42.5	26.0	13.0	20.0	23,005	451						
Transport & Communications	15.9	3.0	3.0	3.0	66.1	22.0	7.1	4.8	12,261	283						
Banking & Finance	32.8	4.0	4.0	4.0	56.2	29.6	6.4	7.8	10,972	220						
Business & Professional Services	7.5	3.0	3.0	3.0	55.0	27.8	8.7	7.9	135,129	974						
Education, Health & Social Work	17.8	6.0	6.0	6.0	27.9	50.5	5.8	14.9	10,916	272						
Other Community Services	5.5	2.0	2.0	2.0	55.9	23.0	8.8	12.3	34,988	215						

Chapter 5

5.1 Workforce characteristics *continued*

	Mean		Median	Full-time male		Full-time female		Part-time male		Part-time female		Weighted population		Unweighted population	
	n		n	%		%		%		%		n		n	
LDA sector															
Environment	23.0		2.0	57.5		40.8		0.2		1.6		1,944		26	
Life Sciences	46.9		2.0	54.0		40.0		0.4		5.6		1,928		21	
ICT	5.9		3.0	64.2		11.4		17.9		6.4		19,035		190	
Tourism	15.4		7.0	43.2		29.5		11.7		17.4		18,110		428	
Production	14.4		3.0	59.7		26.5		9.5		5.2		19,230		387	
Creative	5.9		3.0	59.1		18.7		11.1		10.1		80,198		536	
LSC area															
London East	10.7		3.0	55.6		21.9		7.6		10.7		70,674		824	
London North	7.1		3.0	60.3		19.1		7.4		11.3		36,875		788	
London Central	10.1		3.0	53.5		31.0		10.0		7.8		118,895		752	
London South	9.2		3.0	51.8		25.8		9.0		15.0		51,401		789	
London West	9.4		3.0	56.3		24.7		7.1		9.0		58,262		783	
Country of ownership															
UK-owned	8.8		3.0	55.3		25.4		16.0		10.2		316,248		3,536	
Foreign-owned	23.7		4.0	49.9		35.6		16.2		6.8		16,570		328	
Joint UK-foreign	18.5		5.0	44.5		24.4		9.7		15.1		2,244		47	
DK/refused	17.1		6.0	36.5		31.6		8.4		15.8		1,043		25	

5.1 Workforce characteristics *continued*

	Mean		Median		Full-time male		Full-time female		Part-time male		Part-time female		Weighted population		Unweighted population	
	n		n		%		%		%		%		n		n	
Gender of owners																
Majority male	7.7		3.0		36.5		15.1		6.2		7.2		198,841		2,244	
50:50 male-female	5.6		3.0		68.2		31.5		11.1		13.6		56,223		606	
Majority female	3.8		2.0		45.4		56.3		8.0		13.8		55,767		370	
DK/refused	46.4		10.0		23.7		31.6		17.1		17.0		25,274		716	
Ethnicity of owners																
White	7.6		3.0		40.5		26.1		10.7		9.8		259,683		2,849	
Black	3.9		3.0		55.8		24.9		19.3		10.2		17,522		139	
Asian	5.4		3.0		47.7		20.6		14.9		9.9		29,578		282	
Mixed	5.0		3.0		59.5		24.7		9.6		20.2		859		11	
Other	8.8		4.0		35.9		21.1		9.0		7.8		7,227		105	
DK/refused	45.0		9.0		56.2		33.1		9.5		14.2		21,236		550	

Source: LABS 2005

Denotes significant difference from all businesses total at 95% significance level

Denotes significant difference from all businesses total at 90% significance level

Chapter 5

The proportion of women employed in businesses also varies by sector. The average percentage of female employees in businesses is 36 % but is significantly greater in Education, Health and Social Work (65.4 %), Hotels and Restaurants (46 %) and Publishing (40.6 %). The average percentage of female employees in businesses is significantly lower in construction (19.3 %), Manufacturing (excluding Publishing) (26.3 %) and Transport and Communications (26.8 %).

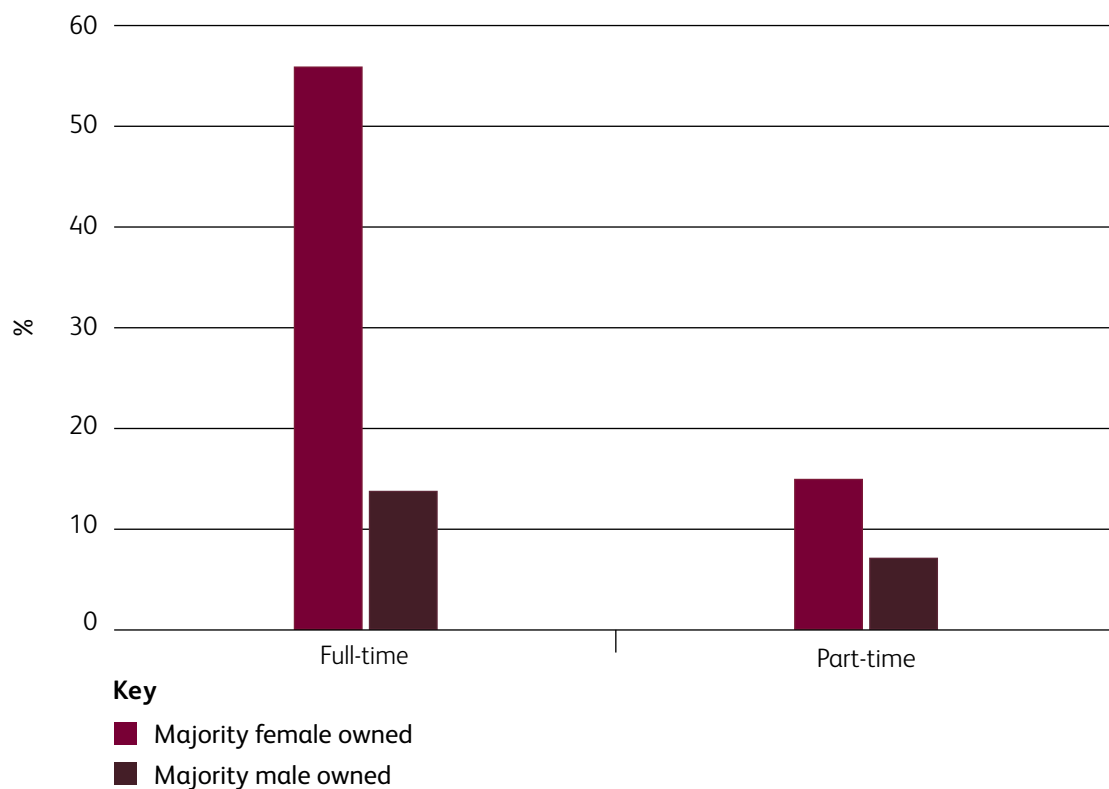
Three of the LDA sectors have higher than average proportions of women employed in businesses – Tourism (46.9 %), Life Sciences (45.6 %) and Environment (42.3 %). Women hold less than one in five jobs (17.9 %) in ICT businesses.

The share of female employment in businesses is above the London average in London South (40.8 %) and London Central (38.8 %). The share in London North (30.4 %) is significantly below average.

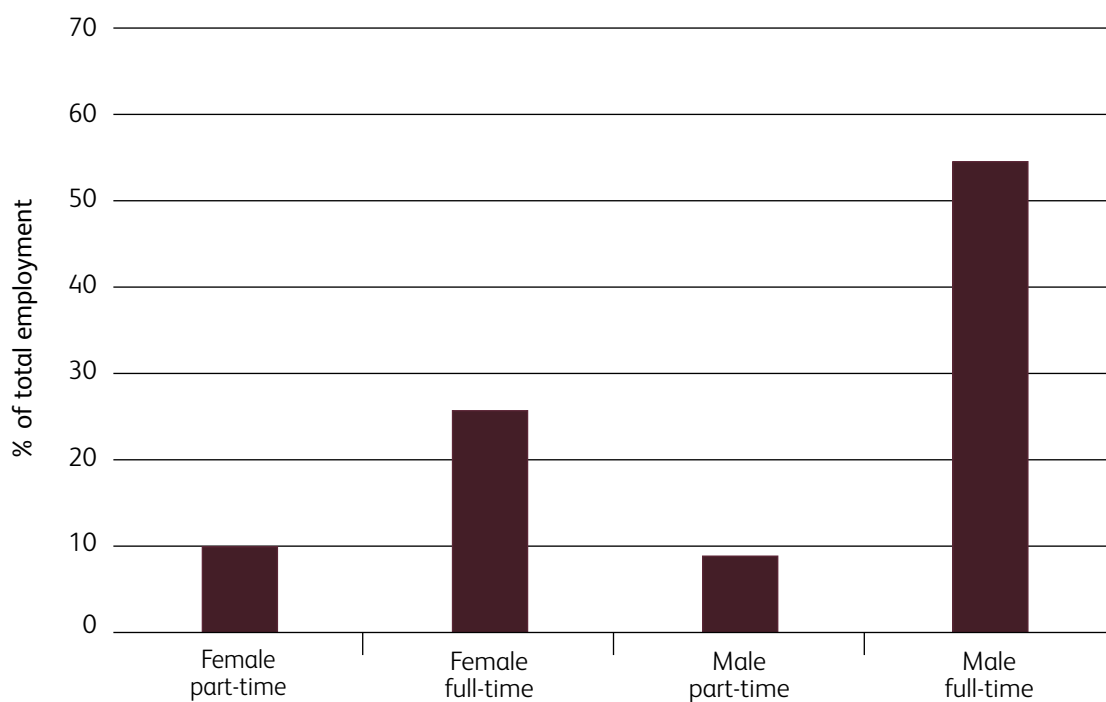
There are big differences in the proportion of women in the workforce between firms that are majority female-owned and those that are majority male-owned. Businesses controlled by females have markedly more women employees. In the case of majority female-owned firms, women make up 70 % of the workforce compared with only 22.2 % for majority male-owned firms. The higher percentage of women employees in female-owned businesses is also largely full-time employment. Where female owners or partners are in the majority, on average 56.3 % of the workforce are full-time female, compared with 15.1 % for male controlled businesses.

Asian-owned and other ethnic group-owned businesses tend to have low proportions of women in their workforces (31.5 % and 28.9 % respectively).

Graph 5.2: Female proportion of total employment by gender or owner



Graph 5.3: Mode of employment by gender



Source: LABS 2005

Chapter 5

5.3 Full-time/Part-time

On average just over four out of five jobs (80.8 %) in businesses (Table 5.2) are full-time (greater than 30 hours per week). Female workers on average make up around one quarter of this full-time workforce.

Part-time working is least common among firms with 50 to 99 employees, where on average 18.3 % of workforces are part-time, and most common among firms with five to nine (23.4 %) and with 10 to 49 employees (22.7 %). Except in the smallest firms (one to four employees) female part-time workers account for a bigger portion of workforces than male part-time employees.

Part-time working (Table 5.2) is most common in Hotels and Restaurants, where on average one third (33 %) of workforces are on a part-time basis, and Wholesale and Retail where on average just under one quarter (24 %) work less than full-time hours. While females on average account for a little over half of all part-time workers (52.8 %), this proportion rises to 71.8 % in Education, Health and Social Work, and 60.7 % in Hotels and Restaurants. Part-time working in publishing is however dominated by males, who account for on average 84.0 % of all part-time workers in the sector.

London South has the highest proportion of workforces (24 %) in part-time jobs. This is fully accounted for by the incidence of female part-time working, with on average nearly four out of 10 (36.8 %) of female jobs in London South being part-time.

The incidence of part-time working in majority male-owned businesses is significantly lower than average, with only 13.4 % of jobs being part-time. Both male and female part-time working is well below the average in these businesses.

Section 3

The operation of businesses in London

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Chapter 6

Summary

- According to London businesses, out of all the business environment factors listed, the most important to running a successful business is the availability of appropriately skilled labour. The second most important factor is the cost of labour, followed by the cost of premises.
- Transport within London is seen as the fourth most important factor whereas transport in and out of London is seen as only the seventh most important factor coming after proximity to customers or clients and size of current premises.
- Businesses were also asked about their level of problems associated with different factors. The highest levels of problems were associated with the availability of appropriately skilled labour and transport within London, followed by crime and the cost of labour.
- Construction businesses rate the availability of appropriately skilled labour more highly as a problem than other businesses. The cost of labour is also more of a problem for construction businesses.
- The availability of appropriately skilled labour and the issue of crime have been considered two of the most significant problems facing businesses in each of the last three years of the survey. However, the level of problems associated with the availability of appropriately skilled labour increased significantly in 2005 compared to earlier years.

Effects on business performance

- Businesses reporting problems with the cost of labour significantly underperformed in terms of all indicators, namely growth in employment, turnover, productivity and profits.
- Faster growing businesses perhaps not surprisingly reported greater problems with the availability of skilled labour and the size of premises.

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- 6.1 Introduction
 - 6.2 The importance of different factors to the running of businesses
 - 6.3 The level of problems associated with different factors
 - 6.4 The effect of the business environment on performance
-

6.1 Introduction

This chapter looks at the key external factors that are considered to be of importance to the successful running of businesses and to be a current problem. This chapter also looks at how these issues differ according to the characteristics of businesses. In deciding the most appropriate policies to support businesses in London it is of key importance to understand what are perceived as the greatest external barriers to growth.

6.2 The importance of different factors to the running of businesses

According to London businesses, out of all the business environment factors listed, the most important to running a successful business is the availability of appropriately skilled labour (mean score 3.9, on a scale of 1 = not at all important to 5 = very important), with nearly half of all businesses considering this very important. The second most important factor is the cost of labour (mean score 3.6), followed by the cost of premises (mean score 3.4). These are the same three most important factors as were identified in 2004.

LABS 2003 and 2004 asked about how transport generally affected the successful running of businesses. LABS 2005 asked separately about transport within London and transport in and out of London. Transport within London is seen as significantly more important to the successful running of businesses than transport in and out of London. Transport within London is seen as the fourth most important factor (mean score 3.3) whereas transport in and out of London is seen as only the seventh most important factor (mean score 3.1) coming after proximity to customers or clients and size of current premises.

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Table 6.1: Issues of importance to running a successful business

	Not at all important				Very important	Don't know	Mean score
	1	2	3	4	5		
	%	%	%	%	%	%	n
Availability of appropriately skilled employees	12.9	5.7	13.0	21.3	44.9	2.2	3.9
Cost of labour	15.0	8.9	19.4	23.1	31.5	2.1	3.6
Cost of current premises	18.3	9.1	18.1	21.0	32.0	1.6	3.4
Transport within London	20.6	12.5	16.3	16.4	33.1	1.1	3.3
Proximity to customers or clients	23.5	9.6	19.0	18.9	28.4	0.5	3.2
Size of current premises	21.4	12.9	24.5	16.6	23.2	1.4	3.2
Transport in and out of London	26.0	11.8	18.1	14.9	27.8	1.3	3.1
Access to finance	28.3	13.1	19.9	14.1	23.3	1.3	2.9
Availability of affordable housing	43.6	11.4	13.7	8.8	20.8	1.7	2.5
Proximity to suppliers	39.7	14.7	19.3	12.4	12.0	1.9	2.4
Proximity of other companies in the same sector	45.4	15.1	17.7	10.0	10.5	1.4	2.3
Weighted population							338,726
Unweighted population							4,002

Source: LABS 2005

Note: Mean scores exclude 'Don't know'

6.3 The level of problems associated with different factors

The two biggest problems that businesses currently face in London are the availability of appropriately skilled labour (mean score 2.8 on a scale of 1=not a problem at all to 5=very significant problem) and transport within London (mean score 2.6). Crime and the cost of labour are also considered serious current problems by over a quarter of all businesses.

Table 6.2: Current problems for business

	Not a problem at all 1	2	3	4	Very significant problem 5	Don't know	Mean score
	%	%	%	%	%	%	n
Availability of appropriately skilled employees	30.9	11.9	21.6	15.3	18.7	1.6	2.8
Transport within London	32.5	16.8	20.9	11.7	16.7	1.4	2.6
Crime	35.1	17.3	16.5	11.5	18.6	0.9	2.6
Cost of labour	30.2	16.5	25.7	14.1	11.7	1.8	2.6
Transport in and out London	37.0	17.9	18.9	9.4	15.2	1.7	2.5
Cost of current premises	39.4	15.0	18.9	10.9	13.5	2.3	2.3
Size of current premises	43.7	15.7	19.7	9.5	9.9	1.5	2.2
Proximity to customers or clients	45.2	17.5	17.9	9.2	8.6	1.6	2.2
Availability of affordable housing	50.3	13.1	13.6	8.8	12.0	2.1	2.2
Access to finance	46.9	15.4	16.8	7.1	11.2	2.7	2.2
Proximity to other companies in the same sector	56.5	16.9	15.0	4.9	5.7	1.0	1.9
Proximity to suppliers	58.9	15.6	14.4	4.9	4.0	2.1	1.8
Weighted population							338,726
Unweighted population							4,002

Source: LABS 2005

Note: Mean scores exclude 'Don't know'

Although proximity to customers is considered important to the running of a business, this along with proximity to suppliers and other companies in the same sector, is considered to be one of the least serious of the current problems facing businesses in London.

Chapter 6

Table 6.3: Mean scores for the current problems of London's businesses

	Availability of appropriately skilled employees	Transport within London	Crime	Cost of labour	Transport in and out of London	Cost of current premises	Size of current premises	Proximity to customers or clients	Availability of affordable housing	Access to finance	Proximity of other companies in the same sector	Proximity to suppliers
	%	%	%	%	%	%	%	%	%	%	%	%
All businesses	2.8	2.6	2.6	2.6	2.5	2.4	2.2	2.2	2.2	2.2	1.9	1.8
Size												
1-4	2.7	2.6	2.6	2.5	2.5	2.3	2.2	2.2	2.1	2.2	1.8	1.8
5-9	3.1	2.6	2.7	3.0	2.4	2.7	2.5	2.3	2.4	2.3	2.1	1.8
10-49	3.2	2.6	2.8	2.0	2.4	2.6	2.4	2.2	2.2	2.0	2.0	1.8
50-99	3.3	2.6	2.8	3.1	2.4	2.5	2.5	2.2	2.1	1.9	2.0	1.7
100-249	3.3	2.7	3.0	3.0	2.4	2.4	2.6	2.0	2.2	1.8	1.9	1.7
250+	3.4	2.5	2.5	3.0	2.4	2.3	2.3	1.8	2.1	1.8	1.8	1.5
Sector												
Primary & Utilities	3.7	2.8	2.8	3.0	2.4	1.4	2.2	2.4	2.4	2.0	1.3	1.6
Publishing	2.6	2.9	2.4	2.5	2.7	2.1	2.3	2.2	2.3	1.8	1.6	2.0
Manufacturing (excluding Publishing)	2.9	2.5	2.4	2.5	2.5	2.4	2.3	2.0	1.9	2.2	1.7	1.8
Construction	3.3	2.7	2.8	3.0	2.7	2.0	2.0	2.4	2.3	2.1	1.9	2.3
Wholesale & Retail	2.7	2.8	3.2	2.6	2.6	2.8	2.6	2.3	2.5	2.3	2.2	1.9
Hotels & Restaurants	3.0	2.6	3.2	3.2	2.2	2.9	2.6	2.5	2.3	2.2	2.4	2.0
Transport & Communications	3.0	2.6	2.3	2.7	2.5	2.4	2.0	2.0	2.2	2.2	1.8	1.8
Banking & Finance	2.5	2.1	2.4	2.2	2.0	2.0	2.0	1.8	1.8	1.8	1.6	1.5
Business & Professional Services	2.8	2.6	2.3	2.5	2.4	2.2	2.0	2.0	2.0	2.1	1.7	1.6
Education, Health & Social Work	2.8	2.4	2.1	2.6	2.3	2.4	2.4	2.2	2.3	2.2	1.9	1.6
Other Community Services	2.5	2.7	2.7	2.5	2.6	2.7	2.3	2.3	2.3	2.4	1.7	1.7

Table 6.3: Mean scores for the current problems of London's businesses *continued*

	Availability of appropriately skilled employees	Transport within London	Crime	Cost of labour	Transport in and out of London	Cost of current premises	Size of current premises	Proximity to customers or clients	Availability of affordable housing	Access to finance	Proximity of other companies in the same sector	Proximity to suppliers
LDA sector												
Environment	1.9	3.2	2.4	2.8	2.8	2.1	2.4	2.0	1.8	2.2	2.0	1.6
Life Sciences	1.9	3.3	2.1	2.8	2.9	2.0	2.4	2.2	1.7	2.2	2.1	1.8
ICT	3.0	2.3	2.2	2.6	2.2	2.2	2.0	2.1	1.8	2.6	1.8	1.8
Tourism	2.9	2.7	3.1	3.2	2.3	2.7	2.6	2.5	2.2	2.2	2.4	1.8
Production	2.8	2.6	2.4	2.5	2.5	2.3	2.3	2.1	2.1	2.1	1.7	1.9
Creative	2.7	2.7	2.6	2.6	2.6	2.4	2.2	2.0	2.2	2.3	1.7	1.8
LSC area												
London East	2.8	2.6	2.8	2.6	2.4	2.4	2.2	2.3	2.4	2.3	2.0	1.9
London North	2.6	2.5	2.7	2.5	2.3	2.2	2.3	2.2	2.1	2.2	1.8	1.8
London Central	2.8	2.8	2.5	2.7	2.6	2.7	2.3	2.2	2.1	2.1	1.7	1.7
London South	2.8	2.4	2.4	2.5	2.2	2.1	2.1	2.0	1.9	2.2	1.8	1.6
London West	2.8	2.5	2.7	2.6	2.5	2.3	2.2	2.2	2.3	2.2	1.9	1.8
Country of ownership												
UK-owned	2.8	2.6	2.6	2.5	2.5	2.4	2.2	2.2	2.2	2.2	1.8	1.8
Foreign-owned	3.0	2.4	2.4	2.7	2.3	2.4	2.3	1.9	2.3	2.0	2.1	1.6
Joint UK-foreign	2.6	2.6	2.1	3.0	2.4	2.5	2.6	2.4	2.7	2.2	1.9	1.9
DK/refused	3.1	2.7	3.0	2.1	2.6	1.1	2.4	2.8	2.8	2.8	2.5	2.2

Source: LABS 2005

Denotes significant difference from all businesses total at 95% significance level

Denotes significant difference from all businesses total at 90% significance level

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Table 6.3: Mean scores for the current problems of London's businesses *continued*

		Availability of appropriately skilled employees	Transport within London	Crime	Cost of labour	Transport in and out of London	Cost of current premises	Size of current premises	Proximity to customers or clients	Availability of affordable housing	Access to finance	Proximity of other companies in the same sector	Proximity to suppliers
Gender of owners													
Majority male		2.7	2.6	2.6	2.6	2.5	2.4	2.2	2.2	2.2	2.2	1.8	1.8
50:50 male-female		3.1	2.7	2.6	2.8	2.4	2.5	2.3	2.2	2.2	2.2	1.8	1.7
Majority female		2.5	2.6	2.6	2.4	2.4	2.5	2.2	2.0	2.1	2.1	1.8	1.7
DK/refused		3.0	2.5	2.9	2.7	2.3	2.3	2.4	2.3	2.3	1.7	2.1	1.6
Ethnicity of owners													
White		2.7	2.6	2.5	2.6	2.5	2.3	2.1	2.1	2.1	2.1	1.8	1.7
Black		2.9	2.7	2.7	2.7	2.7	2.9	2.6	2.2	2.7	3.4	2.1	1.9
Asian		3.0	2.7	3.1	2.8	2.4	2.8	2.7	2.3	2.5	2.6	2.2	2.1
Mixed		2.4	2.9	3.3	2.6	2.9	3.1	1.5	2.8	2.7	3.0	1.9	2.4
Other		2.8	2.8	2.4	2.8	2.5	2.7	2.8	2.5	2.8	2.7	2.2	2.0
DK/refused		3.1	2.6	2.8	2.6	2.3	2.3	2.5	2.2	2.4	1.7	2.2	1.6

Source: LABS 2005

Denotes significant difference from all businesses total at 95% significance level

Denotes significant difference from all businesses total at 90% significance level

Reflecting the current workload for the construction industry, this sector reported the highest mean score (3.3) for availability of appropriately skilled labour being a current problem and one of the higher mean scores (3.0) for the cost of labour being a problem. Cost of labour is also considered a concern for some of the typically lower paying sectors such as Hotels and Restaurants.

Crime is considered more of a problem for the Wholesale and Retail and Hotels and Restaurants sectors. Many of the issues seem to be less of a problem for micro businesses (one to four employees); they have lower mean scores for a number of the factors shown in table 6.3. Access to finance is currently significantly less of a problem for larger businesses. When differences by ethnicity of ownership are considered, Asian-owned businesses have a higher mean score for the availability of appropriately skilled labour being a current problem.

Table 6.4: Current problems for the business (2003–2005)

	Mean score 2003	Mean score 2004	Mean score 2005
	%	%	%
Availability of appropriately skilled employees	2.1	2.2	2.8
Transport within London	Not asked	Not asked	2.6
Crime	Not asked	2.3	2.6
Cost of labour	2.0	2.1	2.6
Transport	1.9	2.2	Not asked
Transport in and out London	Not asked	Not asked	2.5
Cost of current premises	2.1	2.0	2.3
Size of current premises	2.0	2.0	2.2
Proximity to customers or clients	1.8	1.8	2.2
Availability of affordable housing	1.9	1.9	2.2
Access to finance	Not asked	2.1	2.2
Proximity to other companies in the same sector	1.7	1.9	1.9
Proximity to suppliers	1.6	1.7	1.8
Weighted population	343,333	342,489	338,726
Unweighted population	4,073	4,008	4,002

Source: LABS 2005

Note: Mean scores exclude 'Don't know'

Chapter 6

In 2005 and the preceding two years, respondents were asked the same question about the current problems of their business. Table 6.4 presents the results. The availability of appropriately skilled labour and the issue of crime have been considered two of the most significant current problems facing businesses in each of the last three years of the survey. However, the mean score reported in 2005 for availability of appropriately skilled labour being a problem increased significantly in 2005 compared to earlier years.

6.4 The effect of the business environment on performance

The analysis indicates that businesses experiencing problems with external factors tended to under perform according to a number of indicators. Having controlled for all other business characteristics, the analysis showed that those businesses that reported facing problems with the cost of labour, significantly under-performed in terms of all indicators, namely; growth in employment, turnover, productivity and profits. Businesses that had a problem with crime significantly under-performed in terms of employment and productivity, whereas those reporting a problem with the cost of premises or availability of affordable housing significantly under-performed in terms of growth in turnover and profits respectively.

Businesses that reported experiencing problems with the availability of skilled labour and the size of premises were significantly more likely to have experienced growth in employment and turnover. This reflects the fact that fast growing companies are more likely to encounter these problems.

Table 6.5: The effect of the business environment on performance

	Odds ratio			
	Growth in employment	Growth in turnover	Growth in productivity	Growth in profits
Factors affecting growth				
Cost of premises a problem	0.86	0.82	0.89	0.88
Size of premises a problem	1.43	1.54	1.13	1.23
Labour costs a problem	0.72	0.67	0.74	0.68
Availability of appropriately skilled labour a problem	1.25	1.26	1.12	1.14
Transport within London a problem	0.91	0.94	1.04	0.90
Transport in and out of London a problem	0.99	0.84	0.98	0.88
Availability of affordable housing a problem	1.18	0.85	1.03	0.75
Proximity to customers or clients a problem	0.90	0.95	0.87	0.93
Proximity to suppliers a problem	0.84	1.15	1.31	1.14
Proximity to competitors a problem	0.77	0.60	0.85	0.83
Access to finance a problem	0.83	0.95	0.99	0.97
Crime a problem	0.80	0.89	0.77	0.87

Source: LABS 2005

 Likelihood that variable significantly affects growth at 90% significance level

 Likelihood that variable significantly detracts from growth at 90% significance level

Chapter 7

Summary

- Businesses in London state that the quality of the product or service, customer relations and the reliability of the product or service are their three most important priorities in determining their competitiveness. These three areas were also identified as the highest priorities in 2004.
- As was the case in 2004, low prices were considered least important, with only just over a fifth of companies stating that this was a very high priority for the competitiveness of their business.
- In terms of strategies actually undertaken, over 80% of businesses had enhanced relationships with customers in order to improve their competitiveness. This was also the most common strategy adopted in 2004. Launching new products or services, improving IT, and undertaking advertising/marketing were also common strategies adopted (by nearly half of all businesses).
- As was the case in 2004, a significant number of businesses had expanded into new UK (27.9%) or new overseas (18.1%) markets.

Effects on business performance

- Having controlled for all other business characteristics, those businesses that stated that having knowledgeable/experienced staff was a high priority, were significantly more likely to see growth in employment. Those businesses that stated that low prices were a high priority were significantly more likely to see lower growth in profits.

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- 7.1 Introduction
 - 7.2 Priorities of businesses
 - 7.3 Measures to improve competitiveness
 - 7.4 The effects of businesses' priorities on performance
-

7.1 Introduction

The focus of this chapter is to understand where the priorities for businesses in London lie in ensuring that their products and services are competitive in the market place and how these correspond to the strategies that they adopted.

7.2 Priorities of businesses

Businesses in London state that the quality of the product or service (mean score 4.7 on a scale of 1 = very low priority to 5 = very high priority), customer relations (mean score 4.7) and the reliability of the product or service (mean score 4.6) are their three most important priorities in determining their competitiveness. These three priorities were also identified as the highest priorities in 2004. Also considered to be very high priority by two thirds of businesses were having knowledgeable/experienced staff and an established reputation. As was the case in 2004, low prices were considered least important, with only just over a fifth of companies stating that this was a very high priority for the competitiveness of their business.

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Table 7.1: Business priorities

	Very low priority				Very high priority	Don't know	Mean score
	1	2	3	4	5		
	%	%	%	%	%	%	n
Quality of product or service	1.1	0.8	3.1	15.9	78.4	0.7	4.7
Customer relations	1.1	1.2	4.4	16.9	75.6	0.8	4.7
Reliability of product or service	1.5	1.2	4.7	16.6	75.0	1.0	4.6
Established reputation	1.3	1.6	6.7	19.2	70.5	0.7	4.6
Knowledgeable staff	2.1	2.8	6.8	19.9	66.7	1.7	4.5
Speed of delivery	7.0	4.4	16.6	23.6	44.8	3.5	4.0
Unique product or service	7.4	7.5	17.5	22.4	43.7	1.4	3.9
Product or service range	7.9	8.3	22.5	26.5	32.5	2.3	3.7
Design	9.6	8.9	22.3	24.6	31.8	2.8	3.6
Low cost base	8.8	9.7	29.0	21.0	28.9	0.0	3.5
Marketing	13.7	12.2	24.5	24.0	24.5	1.1	3.3
Low prices	13.7	15.2	30.6	18.1	20.5	1.9	3.2
Weighted population							338,726
Unweighted population							4,002

Source: LABS 2005

Note: Mean scores exclude 'Don't know'

7.3 Measures to improve competitiveness

This section investigates the strategies that have been adopted by businesses in London to raise competitiveness in 2005. More than eight out of 10 businesses had enhanced relationships with customers in order to improve competitiveness. This was also the most common strategy adopted in 2004. Launching new products or services, improving IT, and undertaking advertising/marketing were also common strategies adopted in 2005 (by nearly half of all businesses). As was the case in 2004, a significant number of businesses had expanded into new UK (27.9%) or new overseas (18.1%) markets.

The results show some significant differences depending on the size of the businesses, with larger firms (250+ employees) more likely to cut costs, acquire other companies, adopt IT or expand into overseas markets, as measures to improve competitiveness. The larger range of strategies undertaken by large businesses corresponds to the above average likelihood of large businesses to undertake process innovation.

Table 7.2: Measures to raise competitiveness by business size (employment)

	All	1–4	5–9	10–49	50–99	100–249	250+
Multiple response	%	%	%	%	%	%	%
Improved relationship with customers	83.8	82.3	87.3	89.5	88.7	92.6	82.4
Launched new products and services related to core business	45.4	42.1	53.2	57.0	63.0	61.3	55.6
Introduced new or improved hardware/software	44.1	41.5	45.4	56.0	61.1	62.3	73.1
Introduced a new or improved advertising or marketing strategy	42.7	39.2	52.0	53.9	63.1	56.7	62.0
Cut production costs	30.1	28.1	34.7	36.1	43.2	40.1	50.9
Diversified/launched new products and services in different sectors	29.0	27.6	31.9	33.5	40.4	34.3	31.4
Expanded into new markets in the UK	27.9	26.7	25.4	34.6	38.8	45.1	29.5
Expanded into overseas markets	18.1	17.2	16.7	23.4	27.4	23.9	41.6
Cut distribution costs	18.0	16.8	18.9	22.7	31.4	22.3	22.7
Acquired other companies	6.2	4.5	9.4	10.6	18.2	20.9	38.8
Weighted population	338,726						
Unweighted population	4,002						

Source: LABS 2005

Table 7.3 (see page 100) shows the top five measures taken to raise competitiveness by business characteristics. The table shows that a higher percentage of businesses in the Hotels and Restaurants and Other Community Services sectors had improved relationships with customers and introduced or improved advertising or marketing strategy. Conversely, a lower percentage of businesses in the Manufacturing sectors had undertaken either of these measures.

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Table 7.3: The top five most important measures taken to raise competitiveness

	Improved relationships with customers	Launched new products & services related to core business	Introduced new hardware/software	Introduced a new or improved advertising or market strategy	Cut production costs
	%	%	%	%	%
All businesses	83.8	45.4	44.1	42.7	30.1
Size					
1-4	82.3	42.1	41.5	39.2	28.1
5-9	87.3	53.2	45.4	52.0	34.7
10-49	89.5	57.0	56.0	53.9	36.1
50-99	88.7	63.0	61.1	63.1	43.2
100-249	92.6	61.3	62.3	56.7	40.1
250+	82.4	55.6	73.1	62.0	50.9
Sector					
Primary & Utilities	68.2	11.7	48.2	8.7	20.1
Publishing	44.3	31.2	58.0	33.6	24.6
Manufacturing (excluding Publishing)	75.2	49.6	32.8	33.3	39.1
Construction	71.7	24.2	24.6	43.5	21.6
Wholesale & Retail	86.4	56.1	39.5	42.0	34.5
Hotels & Restaurants	89.2	50.0	29.3	50.9	35.4
Transport & Communications	82.1	39.2	35.0	43.5	37.6
Banking & Finance	85.6	46.2	56.0	41.9	20.3
Business & Professional Services	84.8	44.1	55.5	42.2	30.8
Education, Health & Social Work	79.9	40.8	30.7	39.9	22.8
Other Community Services	90.8	44.3	34.6	46.7	21.3
LDA sector					
Environment	86.9	47.5	45.0	10.6	5.4
Life Sciences	86.0	47.5	49.8	9.4	12.1
ICT	92.3	68.8	62.7	53.3	23.8
Tourism	88.0	53.9	33.9	50.1	37.4
Production	63.6	42.6	42.3	33.4	33.6
Creative	82.3	46.4	55.5	44.6	27.6

LSC area					
London East	82.5	44.5	40.7	43.3	29.6
London North	78.6	43.7	45.4	39.9	28.1
London Central	86.3	46.0	47.7	42.4	28.8
London South	84.8	44.3	43.9	45.6	30.6
London West	82.8	47.5	40.4	42.0	34.2
Country of ownership					
UK-owned	83.3	44.7	43.7	42.2	29.8
Foreign-owned	91.3	54.9	50.1	47.1	34.2
Joint UK-foreign	92.0	68.7	65.1	79.6	51.2
DK/refused	90.1	60.7	26.5	65.1	22.0
Gender of owners					
Majority male	82.9	43.4	45.0	41.7	29.8
50:50 male-female	82.4	46.1	46.4	39.3	31.3
Majority female	83.4	44.4	36.7	43.2	27.9
DK/refused	94.3	61.5	49.0	57.0	34.4
Ethnicity of owners					
White	81.0	44.1	44.9	40.8	29.4
Black	97.9	42.1	40.7	49.2	30.8
Asian	91.4	46.4	33.9	46.0	30.6
Mixed	87.6	38.9	29.8	35.7	71.1
Other	95.6	56.9	42.6	47.2	29.3
DK/refused	90.9	59.5	52.5	55.2	36.3

Source: LABS 2005

Denotes significant difference from all businesses total at 95% significance level

Denotes significant difference from all businesses total at 90% significance level

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7.4 The effects of business priorities on performance

The analysis indicates that some of the stated priorities of businesses for ensuring their products or services are competitive, made a significant difference in terms of raising performance. Having controlled for all other business characteristics, businesses which stated that having knowledgeable/experienced staff was a high priority, were significantly more likely to see growth in employment. Those businesses that stated that low prices were a high priority were significantly more likely to see lower growth in profits. Businesses that stated that maintaining an established reputation was a priority to ensure that their products and services were competitive, were significantly more likely to see growth in profits but less likely to see growth in employment.

Table 7.4: The effects of strategies adopted by businesses on performance

	Odds ratio			
	Growth in employment	Growth in turnover	Growth in productivity	Growth in profits
Business priorities (past 12 months)				
Low Prices	1.01	0.89	0.88	0.83
Unique product or service	1.01	1.01	0.98	1.00
Quality of product or service	0.98	1.13	1.04	0.90
Improving innovation and the technical performance of products & services	0.99	0.95	1.06	1.08
Speed of delivery	0.95	1.07	1.17	0.95
Product or service range/portfolio	1.03	0.94	1.21	1.12
Marketing	1.09	1.03	1.03	0.97
Customer relations	1.03	1.15	1.07	1.34
Knowledgeable/experienced staff	1.36	1.25	0.94	1.18
Reliability of product or service	0.87	0.64	0.83	0.82
Established reputation	0.76	1.17	1.10	1.28
Low cost base	1.11	0.93	1.00	0.96

Source: LABS 2005

-  Likelihood that variable significantly affects growth at 90% significance level
-  Likelihood that variable significantly detracts from growth at 90% significance level

Chapter 8

Geographical markets

Summary

- On average, businesses across London generate nearly two thirds (62.9%) of their sales from within London and 23.3% from the rest of the UK, with the remainder coming from abroad.
- Just under half (42.6%) of all purchases by businesses located in London are made from within London. A further 36% are made from elsewhere in the UK, with the remainder being made from abroad.
- London businesses could be considered as net importers, with 21.4% of purchases coming from abroad, compared to 13.9% of sales being made abroad. This is in contrast to the 2004 results, when they were a marginal net importer from the rest of the world and 2003, when they were a marginal net exporter to the rest of the world.
- In 2005, London businesses were net importers from the rest of the UK, as was the case in 2004, but in contrast to 2003 when they were a net exporter to the rest of the UK.

Effects on business performance

- The analysis shows that when all other factors are controlled for, businesses that export were significantly more likely to have seen lower growth in turnover during 2005. Businesses that mainly export to the rest of Europe were more likely to have seen decreases than those that mainly export to the USA or the rest of the world.

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- 8.1 Introduction
 - 8.2 Sales
 - 8.3 Purchases
 - 8.4 Export-imports
 - 8.5 The effects of geographical markets on business performance
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8.1 Introduction

The focus of this chapter is to understand the geographical sales and purchasing patterns of businesses located in London and the rest of the world.

8.2 Sales

On average, businesses across London generate 62.9 % of their sales from within London and 33.7 % from within their own borough. 23.3 % of their sales are generated from the rest of the UK and 13.9 % from abroad.

This does vary across the capital with London West businesses generating significantly less (50.4 %) of their sales from within London. The dependence on London for sales is significantly lower for the largest businesses (250+ employees), with 47.9 % of their sales occurring within London. Foreign-owned businesses generate 35.1 % of their sales from abroad and 46.5 % from within London.

As would be expected, the Education, Health and Social Work sector (90.1 %) is the most reliant on the London market, followed by Hotels and Restaurants (78.1 %), Wholesale and Retail (73 %), Construction (71.8 %) and Other Community Services (71.1 %). The Manufacturing sector generates one of the lowest (30 %) proportion of their sales from within London.

In terms of the LDA sectors, businesses in the Tourism (72.3 %) and Creative Industries (49.1 %) sectors generate a higher percentage of sales in London than businesses on average.

As can be seen in table 8.1 the location of sales is different for each ethnic group. White-owned businesses have proportionally more international customers than all other groups, with the exception of those owned by 'other' ethnic groups who have the highest proportion of customers outside of Europe and the USA (33.4 %). Black-owned and mixed ethnicity-owned businesses make a higher proportion of sales in London and Asian-owned businesses make a higher proportion of sales outside London but elsewhere in the UK.

Table 8.1: Destination of sales by market area

Table 8.1: Destination of sales by market area										Scaled by turnover						
	Borough ¹		Elsewhere in London ²	London ³	Elsewhere in the South East	Elsewhere in the UK	SE + elsewhere in the UK	Elsewhere in the EU	Elsewhere in Europe	USA	RoW	Total overseas				
	%	%	%	%	%	%	%	%	%	%	%	%				
All businesses	33.7	29.2	62.9	11.0	12.3	23.3	6.5	1.2	2.1	4.0	13.9					
Size																
1-4	29.8	33.8	63.6	12.1	11.3	23.3	4.1	1.0	1.1	6.9	13.1					
5-9	42.2	24.4	66.7	10.5	8.9	19.3	9.5	0.5	1.0	3.0	14.0					
10-49	34.0	30.7	64.8	13.5	14.2	27.6	4.3	0.5	1.0	1.7	7.6					
50-99	51.4	19.4	70.8	8.0	10.3	18.2	5.0	0.5	0.7	4.8	11.0					
100-249	24.5	39.7	64.2	8.1	12.2	20.3	7.9	0.9	0.9	5.8	15.5					
250+	30.5	17.4	47.9	11.0	13.1	24.1	11.4	4.2	9.1	3.2	28.0					
Sector																
Primary & Utilities	14.7	8.3	23.0	0.0	7.0	7.1	16.7	2.3	22.8	28.1	69.9					
Publishing	12.0	21.4	33.4	7.8	43.9	51.6	3.1	0.5	3.8	7.6	15.0					
Other Manufacturing	10.5	18.4	28.9	18.3	34.7	53.0	12.6	0.9	1.1	3.5	18.1					
Construction	19.9	51.9	71.8	13.0	14.9	27.9	0.1	0.0	0.0	0.1	0.2					
Wholesale & Retail	52.2	20.8	73.0	7.3	9.3	16.6	4.3	0.4	0.6	5.1	10.4					
Hotels & Restaurants	56.8	21.3	78.1	8.1	6.0	14.1	4.9	0.6	1.3	1.0	7.8					
Transport & Communications	23.9	29.0	52.9	13.1	14.1	27.1	3.4	0.3	0.8	15.4	19.9					
Banking & Finance	48.2	16.5	64.7	13.3	8.6	21.9	8.0	0.2	0.7	4.5	13.4					
Business & Professional Services	22.2	36.4	58.7	12.1	11.3	23.4	8.8	2.5	4.1	2.5	17.9					
Education, Health & Social Work	51.0	39.1	90.1	3.8	3.0	6.8	0.7	0.1	0.3	2.0	3.1					
Other Community Services	43.0	28.1	71.1	8.4	6.3	14.7	5.1	1.8	2.1	5.1	14.1					

1+2 Addition of figures for Borough and Elsewhere in London give total figure for London (3)

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Table 8.1: Destination of sales by market area *continued*

	Borough ¹		Elsewhere in London ²		London ³	Elsewhere in the South East	Elsewhere in the UK	SE + elsewhere in the UK	Elsewhere in the EU	Elsewhere in Europe	USA	RoW	Total overseas
	%	%	%	%	%	%	%	%	%	%	%	%	%
LDA sector													
Environment	7.1	4.9	12.0	1.0	3.9	4.9	33.3	16.7	33.2	0.0			83.1
Life Sciences	2.2	3.6	5.8	3.7	13.5	17.2	35.1	13.4	26.1	2.3			77.0
ICT	13.3	26.1	39.4	14.5	29.7	44.2	9.3	0.4	2.9	3.8			16.4
Tourism	49.2	23.2	72.3	4.8	10.4	15.2	6.5	1.0	2.1	2.9			12.5
Production	10.9	19.4	30.3	14.9	37.7	52.6	9.5	0.8	2.0	4.8			17.1
Creative	16.0	33.0	49.1	11.3	23.8	35.1	6.8	1.3	2.6	5.2			15.9
LSC area													
London East	43.1	25.0	68.1	8.0	10.1	18.1	6.7	0.3	0.3	6.6			13.9
London North	35.9	35.9	71.7	10.9	9.7	20.7	4.8	1.6	0.2	1.0			7.6
London Central	28.1	36.0	64.1	10.1	9.0	19.1	7.4	1.2	2.2	6.0			16.8
London South	44.0	24.0	67.9	9.6	17.1	26.7	1.7	0.4	0.8	2.4			5.3
London West	25.8	24.6	50.4	15.8	16.7	32.5	8.5	2.4	5.3	0.9			17.0
Country of ownership													
UK-owned	34.8	32.7	67.5	11.1	13.5	24.6	4.0	0.8	1.1	2.1			7.9
Foreign-owned	28.9	17.7	46.5	10.8	7.6	18.4	15.5	2.8	5.8	11.0			35.1
Joint UK-foreign	39.8	16.0	55.8	10.2	21.3	31.5	3.5	0.7	3.1	5.5			12.8
DK/refused	84.0	7.0	91.0	5.7	2.0	7.8	1.3	0.0	0.0	0.0			1.3

1 + 2 Addition of figures for Borough and Elsewhere in London give total figure for London (3)

Table 8.1: Destination of sales by market area *continued*

Gender of owners											
Majority male	29.1	28.8	57.8	10.4	14.3	24.7	8.5	1.8	3.1	4.0	17.5
50:50 male-female	26.5	34.9	61.4	16.5	13.0	29.5	3.3	1.0	1.4	3.5	9.1
Majority female	36.0	34.2	70.2	10.3	9.8	20.1	4.8	1.8	1.3	1.8	9.7
DK/refused	41.8	27.7	69.6	10.6	9.5	20.1	4.5	0.4	1.0	4.5	10.3
Ethnicity of owners											
White	31.4	31.1	62.5	10.6	12.3	22.9	7.3	1.9	3.1	2.3	14.6
Black	42.5	36.6	79.1	15.6	4.1	19.6	1.0	0.0	0.1	0.1	1.2
Asian	24.4	19.3	43.7	14.2	30.8	45.0	7.5	0.5	1.3	2.1	11.3
Mixed	50.1	35.6	85.7	3.1	6.2	9.3	2.1	0.4	0.1	2.3	4.9
Other	17.7	13.4	31.1	7.3	8.3	15.6	18.9	0.6	0.4	33.4	53.4
DK/refused	41.0	28.4	69.4	11.3	9.6	20.9	3.8	0.2	0.8	5.0	9.7

Source: LABS 2005

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8.3 Purchases

Just under half (42.6 %) of all purchases by businesses located in London are made from within London, with only 13.2 % of purchases being made from within the same borough. 36 % are made from elsewhere in the UK and 21.4 % from abroad. The largest (over 250 employees) businesses tend to source the lowest proportion of purchases from within London (17.7 %), and the highest proportion from the rest of the UK (56.5 %). Foreign-owned companies are the least likely to source purchases from within London (21.2 %), and the most likely to purchase from abroad (56.6 %).

The Manufacturing (excluding Publishing), Wholesale and Retail and Banking and Finance sectors make a significantly lower percentage of purchases from within London. The Manufacturing sectors make the highest percentage of purchases from the rest of the UK, whilst the Banking and Finance (36.8 %) and Wholesale and Retail (34.6 %) sectors make the highest percentage of purchases from abroad (36.8 %).

When considering the ethnic group of owners some clear differences also emerge. Businesses owned by people of mixed ethnicity are the least likely to make purchases abroad, whilst black-owned and those owned by 'other' ethnic groups are the most likely to, and in particular from outside Europe.

Table 8.2: Geographical source of purchases

Table 8.2: Geographical source of purchases													
	Borough ¹			Elsewhere in London ²	London ³	Elsewhere in the South East	Elsewhere in the UK	SE + elsewhere in the UK	Elsewhere in the EU	Elsewhere in Europe	USA	RoW	Total overseas
	%	%	%	%	%	%	%	%	%	%	%	%	%
All businesses	13.2	29.4	42.6	13.4	22.6	36.0	8.1	1.2	2.3	9.8			21.4
Size													
1-4	19.8	33.9	53.8	15.2	15.0	30.2	9.6	1.0	2.2	3.2			16.0
5-9	20.7	22.5	43.2	16.6	26.2	42.8	8.8	0.7	1.6	2.9			14.0
10-49	11.6	27.4	39.1	14.6	19.2	33.8	5.1	1.0	0.8	20.3			27.1
50-99	18.5	29.7	48.2	18.2	24.8	43.0	3.2	0.2	1.1	4.3			8.8
100-249	9.3	46.8	56.1	11.7	10.9	22.7	12.7	0.2	2.2	6.0			21.2
250+	6.7	11.0	17.7	6.2	50.3	56.5	10.2	4.1	7.1	4.4			25.8
Sector													
Primary & Utilities	50.0	9.1	59.1	12.4	15.7	28.2	9.1	3.6	0.0	0.0			12.7
Publishing	11.0	22.1	33.1	8.9	56.1	65.1	0.1	0.0	0.9	0.7			1.8
Other Manufacturing	5.3	12.7	18.0	27.4	29.0	56.4	20.0	0.3	2.0	3.3			25.6
Construction	20.6	37.3	58.0	11.4	28.4	39.8	1.4	0.0	0.1	0.7			2.2
Wholesale & Retail	8.2	18.6	26.8	14.2	24.4	38.6	18.8	2.9	2.3	10.7			34.6
Hotels & Restaurants	13.6	38.9	52.5	12.2	24.6	36.9	9.5	0.5	0.1	0.5			10.7
Transport & Communications	19.6	18.0	37.6	11.3	22.6	33.9	20.7	0.7	0.5	6.6			28.5
Banking & Finance	9.3	10.7	20.0	9.9	33.2	43.2	1.4	0.0	0.0	35.4			36.8
Business & Professional Services	15.4	44.1	59.5	14.3	12.0	26.3	5.0	1.8	4.9	2.5			14.3
Education, Health & Social Work	24.8	52.3	77.1	9.8	11.0	20.8	2.0	0.1	0.0	0.0			2.1
Other Community Services	16.3	39.2	55.4	13.8	24.1	37.9	1.3	1.1	3.5	0.8			6.7

1+2 Addition of figures for Borough and Elsewhere in London give total figure for London (3)

Table 8.2: Geographical source of purchases *continued*

Borough ¹		Elsewhere in London ²	London ³	Elsewhere in the South East	Elsewhere in the UK	SE + elsewhere in the UK	Elsewhere in the EU	Elsewhere in Europe	USA	RoW	Total overseas
	%	%	%	%	%	%	%	%	%	%	%
LDA sector											
Environment	2.4	5.4	7.8	1.5	5.2	6.8	34.2	17.1	34.2	0.0	85.5
Life Sciences	0.7	1.6	2.3	0.8	8.4	9.2	48.6	13.1	26.2	0.7	88.5
ICT	13.1	22.2	35.4	10.5	28.3	38.8	3.3	0.3	4.2	18.1	25.9
Tourism	19.6	41.9	61.5	10.0	21.3	31.3	3.2	1.1	0.5	2.4	7.2
Production	7.2	15.8	22.9	21.4	37.7	59.1	13.6	0.2	1.7	2.4	17.9
Creative	10.6	30.9	41.5	14.4	28.5	42.9	4.6	2.6	2.8	5.5	15.6
LSC area											
London East	15.7	24.2	39.9	11.1	35.0	46.2	7.4	0.4	0.4	5.8	13.9
London North	22.3	32.7	55.0	13.1	19.3	32.4	4.8	0.3	5.5	2.0	12.6
London Central	11.7	37.1	48.8	11.2	12.8	24.0	6.6	0.5	1.1	18.9	27.2
London South	11.5	35.5	47.0	10.2	28.5	38.6	7.7	2.0	1.3	3.4	14.4
London West	11.0	17.6	28.6	21.5	23.2	44.7	12.7	3.1	5.8	5.1	26.7
Country of ownership											
UK-owned	15.1	34.2	49.2	13.6	26.4	40.0	5.3	0.4	1.3	3.8	10.8
Foreign-owned	7.1	14.1	21.2	12.4	9.7	22.1	17.4	3.8	5.7	29.8	56.6
Joint UK-foreign	14.1	24.4	38.5	19.2	28.9	48.0	8.9	0.6	1.3	2.7	13.5
DK/refused	7.3	22.4	29.7	14.3	31.2	45.6	3.4	1.9	0.0	19.4	24.7

1+2 Addition of figures for Borough and Elsewhere in London give total figure for London (3)

Table 8.2: Geographical source of purchases *continued*

Gender of owners		14.9	28.7	43.5	10.1	17.4	27.6	9.4	1.2	3.3	15.0	28.9
Majority male												
50:50 male-female		16.0	35.8	51.8	26.3	11.5	37.8	4.3	1.1	1.1	3.8	10.3
Majority female		28.0	34.8	62.8	7.8	14.0	21.8	5.4	1.8	2.7	5.6	15.4
DK/refused		7.5	28.3	35.7	16.5	35.5	52.0	7.2	1.2	0.9	3.0	12.2
Ethnicity of owners												
White		17.9	34.7	52.7	13.0	19.7	32.7	6.8	1.5	3.5	2.9	14.7
Black		5.2	8.6	13.7	1.0	2.3	3.2	0.6	0.0	0.2	82.3	83.1
Asian		11.2	19.4	30.7	21.7	15.2	36.9	16.6	0.6	0.2	15.0	32.4
Mixed		34.7	28.5	63.2	8.6	22.9	31.5	1.1	0.1	0.7	3.5	5.3
Other		14.7	19.5	34.2	5.9	6.6	12.5	28.7	1.4	6.1	17.1	53.3
DK/refused		6.2	27.7	33.9	16.6	36.9	53.5	8.5	1.2	0.5	2.5	12.7

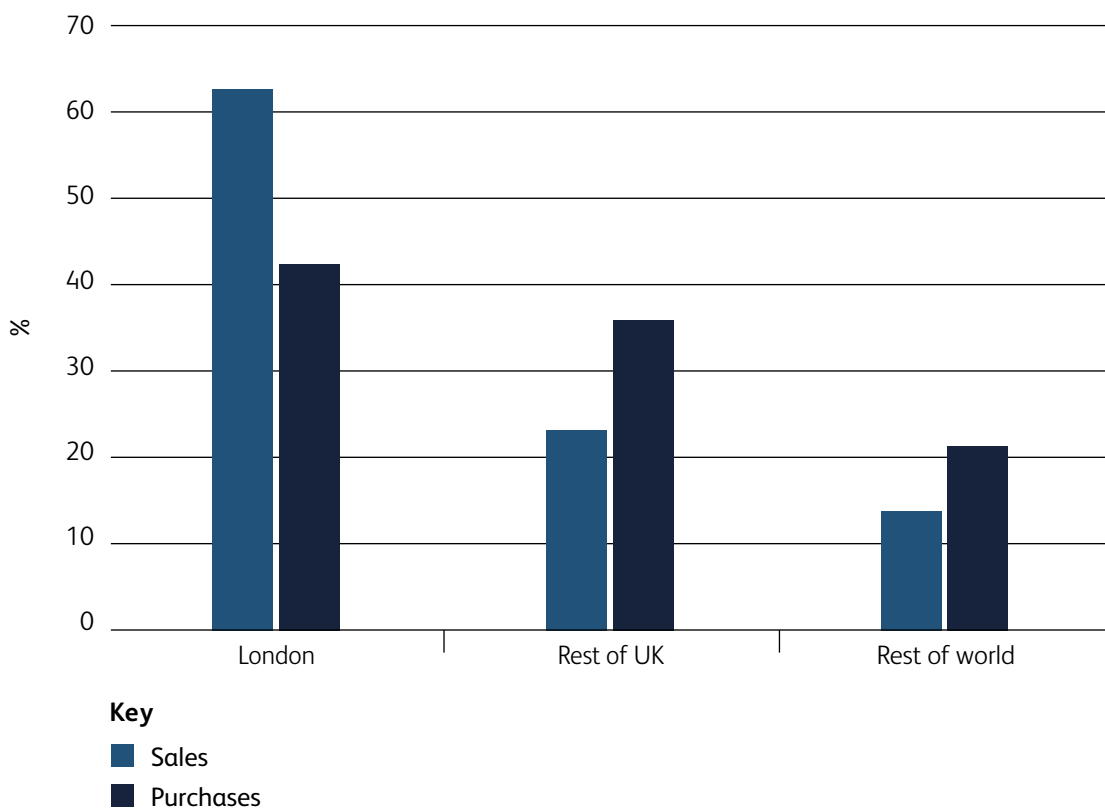
Source: LABS 2005

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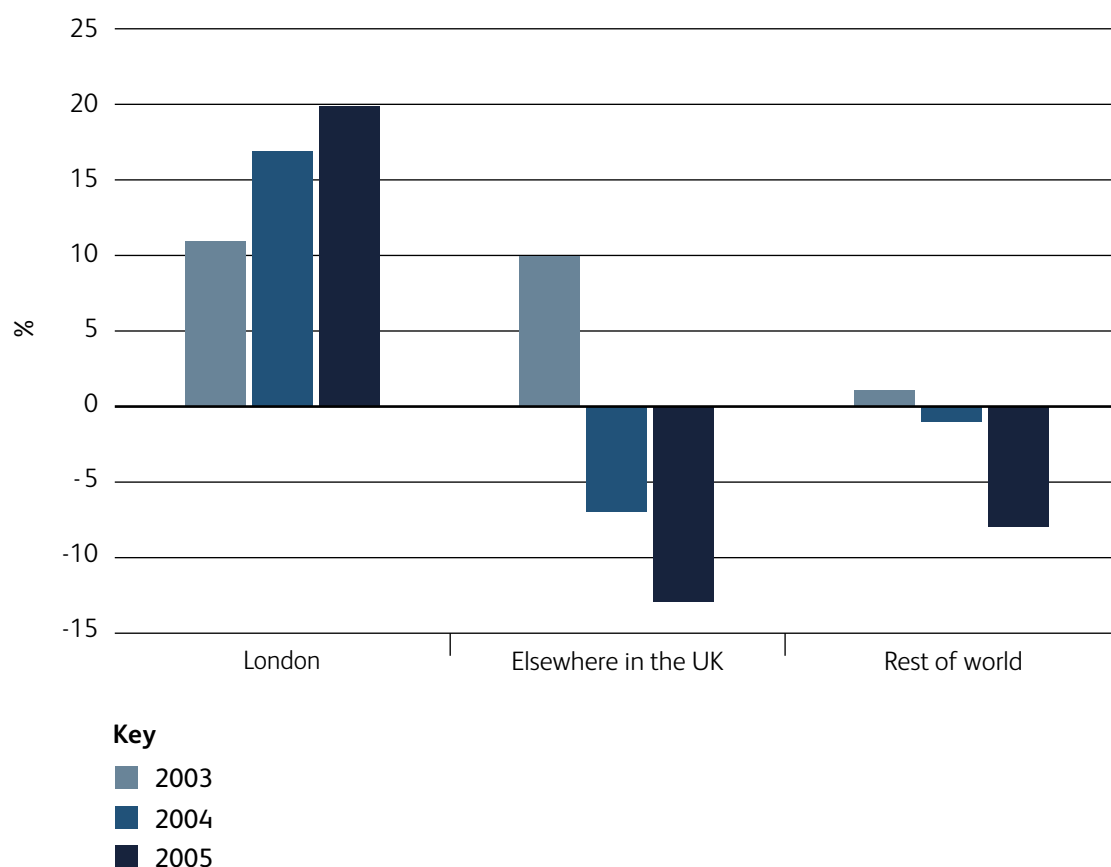
8.4 Export-imports

The geographical sales and purchasing patterns of businesses located in London can be used as a guide as to whether London businesses were net importers or exporters in 2005. As can be seen from graph 8.1, using this information London could be considered a net importer from the rest of the world with 21.4% of purchases coming from abroad compared to 13.9% of sales being made abroad. This is in contrast to the 2004 results, when London businesses were only marginal net importers from the rest of the world and 2003, when they were marginal net exporters to the rest of the world. In 2005, London businesses were net importers from the rest of the UK, as was the case in 2004, but in contrast to 2003 when they were net exporters to the rest of the UK (see graph 8.2).

Graph 8.1: Sales and purchases of the London economy



Source: LABS 2005

Graph 8.2: Percentage sales minus percentage purchases by geographical area

Source: LABS 2003/4/5

8.5 The effects of geographical markets on business performance

Businesses that export are generally more likely to have seen decreases in their turnover during 2005. Looking at how particular market orientations affected performance, businesses that mainly export to the rest of Europe were more likely to have seen decreases in their turnover during 2005 compared to those that mainly export to the USA or the rest of the World. There is also evidence that businesses that mainly sell in London or the rest of the South East were more likely to have seen decreases in their turnover during 2005 compared to those that mainly sell in the rest of the UK.

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Table 8.3: The effects of geographical markets on business performance

Structural variables	Odds ratio			
	Growth in employment	Growth in turnover	Growth in productivity	Growth in profits
Business exports	0.95	0.78	0.99	0.86
Market orientation (location of largest customer base)				
In this borough	1.06	0.46	0.97	0.47
Elsewhere in Greater London	1.23	0.57	0.96	0.50
Elsewhere in the South East	1.06	0.48	0.90	0.42
Elsewhere in the UK	0.94	0.68	0.77	0.57
Elsewhere in the EU	1.34	0.50	0.76	0.58
Elsewhere in Europe (outside the EU)	0.46	0.30	1.07	0.30
In the USA	1.58	0.64	0.74	0.64
Elsewhere in the world	0.71	0.60	0.67	0.32

Source: LABS 2005

 Likelihood that variable significantly affects growth at 90% significance level

 Likelihood that variable significantly detracts from growth at 90% significance level

Chapter 9

Investment and access to finance

Summary

- The majority of businesses reported that spending on most categories of expenditure had remained the same over the last 12 months.
- Over 40% of businesses reported increasing investment expenditure on IT during the last year, which corresponds closely to the results from the 2004 survey.
- Micro businesses were the least likely to have increased spending over the last year. For example, on balance, 31% of micro businesses had increased spending on IT compared to over 50% of businesses employing more than 100 people.
- Few businesses expect to increase expenditure over the next 12 months, with 37.3% reporting spending on IT will rise.
- The largest firms, those employing more than 100 people, on average invest around £3,300 in capital for every worker. In contrast micro businesses (one to four employees) on average invest just over £1,800 per worker.
- Over 40% of businesses stated that they had not been able to invest as much capital as they would have liked over the last 12 months. The most commonly stated problems were the same as those found in 2004 and were – market/demand conditions, problems accessing external finance and decreased profitability.
- A third of all businesses reported that they had approached external sources for funding in the last 12 months.
- Banks were by far the most popular source, with 59.2% of companies who sought external finance approaching them, followed, some way further back, by credit cards (4%).
- Just under 65% of all businesses were successful in their applications for finance from banks.
- Businesses that said problems with accessing external finance had prevented them investing as much as they wanted were also asked what specific problems they had experienced in accessing external finance. The three most common problems were the lender not understanding the applicants business needs (49.5%), not being able to obtain a large enough amount (48.9%) and lack of advice about options/sources available (48.1%).

Effects on business performance

- Those businesses which had successfully approached banks were significantly more likely to have seen growth in employment. Businesses investing in IT or spending on product/service development, training/retraining and average salary per worker were significantly more likely to have seen growth in performance.

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- 9.1 Introduction
 - 9.2 Investment spending
 - 9.3 Access to external finance
 - 9.4 The effects of investment and access to finance on business performance
-

9.1 Introduction

The focus of this chapter is to understand investment spending and other forms of expenditure undertaken by London businesses, in both the last 12 months and the expected amounts for 2006. The chapter also examines the sources of external finance that businesses in London seek and how successful they are in obtaining funds. It is important to understand the constraints on investment that businesses face and the problems that they have encountered in accessing finance, as business investment is a factor underpinning the future growth of the London economy.

9.2 Investment spending

Changes in investment spending and other spending during the previous 12 months

In the survey, businesses were asked about changes in expenditure over the last 12 months. The majority of businesses reported that spending had remained the same on most categories. However, over 40 % of businesses reported increasing spending on IT (Table 9.1). This corresponds very closely with the results from the 2004 survey. Over a third of businesses also reported increasing expenditure on product/service development (36.1 %), marketing (38 %) and salaries (39.1 %). These figures are again similar to the 2004 findings (see graph 9.1).

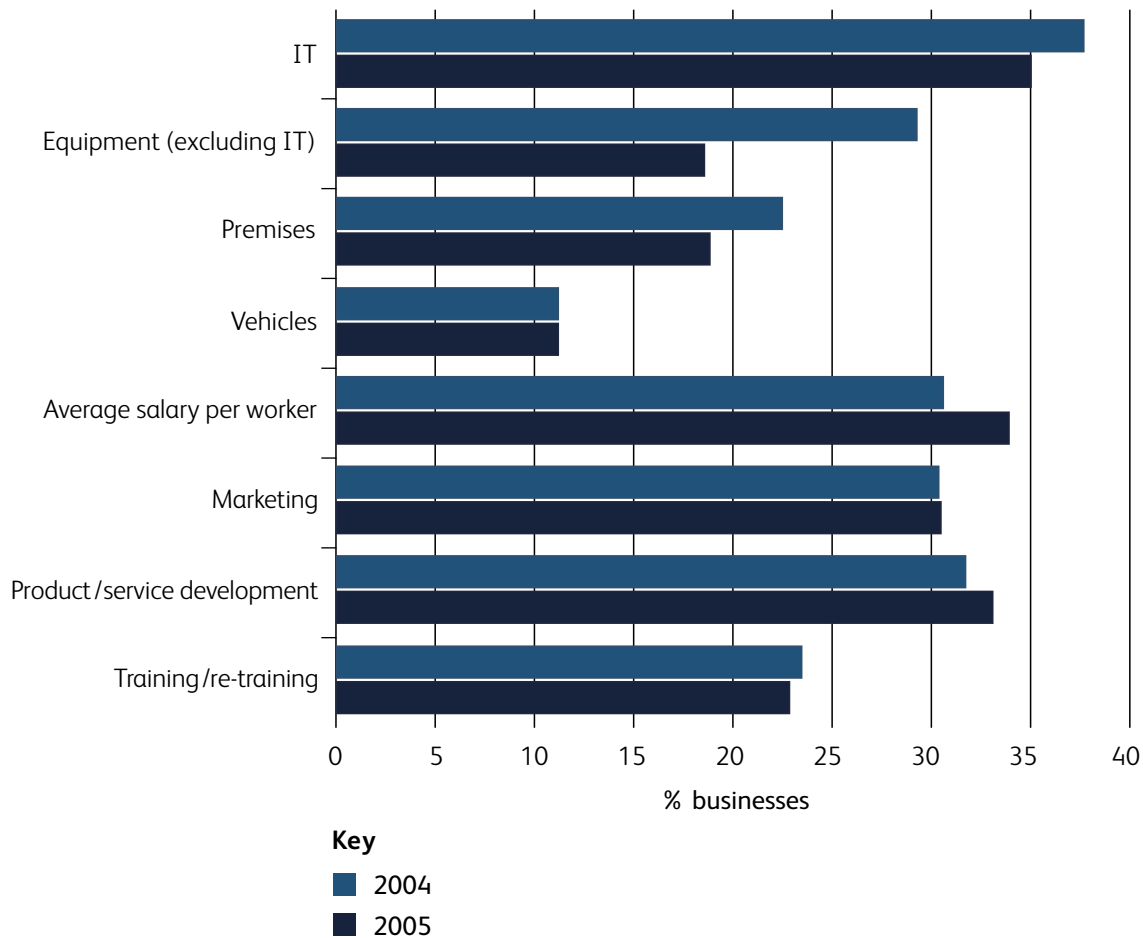
Table 9.1: Change in investment expenditure by category on-site during previous 12 months, ranked by percentage of businesses increasing expenditure

Expenditure category	Increased	Remained the same	Decreased	Don't know	Decisions made elsewhere	Balance of +ve over -ve
	%	%	%	%	%	%
Investment spending						
IT	41.5	47.3	6.7	3.7	0.7	34.8
Equipment (excl IT)	27.7	59.2	9.3	3.3	0.5	18.4
Premises	24.5	65.9	5.8	2.9	0.9	18.7
Vehicles	16.0	65.7	4.9	12.5	0.9	11.1
Other spending						
Average salary per worker	39.1	48.9	5.4	6.0	0.5	33.7
Marketing	38.0	48.6	7.8	4.5	1.1	30.3
Product/Service department	36.1	53.4	3.3	6.3	0.9	32.9
Training/re-training	25.4	65.5	2.7	5.2	1.2	22.7

Source: LABS 2005

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Graph 9.1: Balance percentage of businesses saying different categories of spending have increased over those saying they have decreased over past year (LABS 2005 and LABS 2004)



Source: LABS 2005/2004

Table 9.2 shows the changes in investment and other expenditure that London businesses undertook during the previous 12 months, split by business characteristics. Micro (one to four employees) businesses were the least likely to have increased spending over the last year. For example, on balance, 31 % of micro businesses had increased spending on IT, compared to over 50 % of businesses employing more than 100 people. It can also be seen that on balance just 17 % of micro businesses had increased spending on training/re-training, this compares to the corresponding figure of around 50 % for businesses employing more than 100 people.

Table 9.2: Balance percentage of businesses saying categories of investment spending have increased over those saying they have decreased over past year

Balance of +ve versus -ve	IT	Equipment (excluding IT)	Premises	Vehicles	Product/ service development	Training/ re-training	Marketing	Average salary per worker
All businesses	34.8	18.4	18.7	11.1	32.9	22.7	30.3	33.7
Size								
1-4	31.0	15.7	15.9	10.9	31.0	17.1	27.4	25.2
5-9	41.8	24.2	23.8	11.3	36.1	33.2	35.9	51.4
10-49	49.4	29.0	30.4	12.6	40.2	43.7	41.4	65.4
50-99	49.7	30.5	27.5	12.3	43.2	52.1	45.2	69.2
100-249	55.4	25.9	26.3	6.6	40.8	56.1	39.5	73.3
250+	52.1	24.6	32.8	1.5	33.4	48.7	46.7	75.1
Sector								
Primary & Utilities	51.1	60.0	5.2	24.9	10.4	33.2	8.7	73.4
Publishing	28.9	8.9	7.1	11.7	35.9	14.9	11.9	34.9
Manufacturing (excluding Publishing)	29.3	27.0	30.8	10.2	33.1	22.3	25.2	46.0
Construction	29.9	28.4	10.6	24.6	15.1	21.7	38.1	21.6
Wholesale & Retail	26.9	20.0	22.0	11.5	29.9	20.1	26.3	32.8
Hotels & Restaurants	24.2	24.8	29.4	10.0	34.7	31.2	35.0	52.3
Transport & Communications	28.1	25.8	10.2	20.7	37.2	22.9	38.4	25.6
Banking & Finance	47.0	14.5	22.2	1.8	36.1	32.2	31.1	44.1
Business & Professional Services	44.2	13.4	12.5	8.1	35.7	24.2	35.3	32.2
Education, Health & Social Work	28.2	27.8	35.4	8.5	30.4	36.4	21.0	57.1
Other Community Services	26.7	19.0	29.3	15.4	34.4	10.8	16.4	23.0

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Table 9.2: Balance percentage of businesses saying categories of investment spending have increased over those saying they have decreased over past year *continued*

Balance of +ve versus -ve	IT	Equipment (excluding IT)	Premises	Vehicles	Product/ service development	Training/ re-training	Marketing	Average salary per worker
LDA sector								
Environment	11.5	14.7	11.7	5.9	11.6	6.5	12.6	52.0
Life Sciences	13.4	17.4	8.4	1.4	18.7	11.8	12.1	62.2
ICT	55.5	18.1	14.1	15.0	53.1	32.1	48.1	29.4
Tourism	23.4	25.8	32.0	8.0	35.3	32.8	34.0	48.7
Production	29.1	20.2	21.9	10.8	34.2	19.5	20.2	41.8
Creative	37.4	13.2	14.4	14.8	41.2	17.1	32.7	26.6
LSC area								
London East	35.1	22.5	16.2	12.7	32.1	28.9	32.3	34.2
London North	37.0	17.4	20.4	9.6	28.2	15.5	29.8	29.4
London Central	35.7	17.2	21.5	8.6	33.7	20.7	29.4	39.2
London South	29.0	14.8	18.4	13.7	29.9	23.5	30.7	32.7
London West	36.2	19.7	15.3	12.9	37.5	23.0	29.4	25.4
Country of ownership								
UK-owned	34.1	18.5	18.7	11.4	32.4	21.8	29.8	32.1
Foreign-owned	45.4	20.9	18.0	5.7	37.7	38.0	34.0	57.6
Joint UK-foreign	62.0	-16.4	28.7	15.0	67.5	31.9	75.5	68.2
DK/refused	13.3	18.5	7.5	-0.8	15.6	22.7	27.8	38.4

Gender of owners		34.9	20.1	18.6	12.7	31.5	21.6	30.8	31.8
Majority male									
50:50 male-female		35.6	14.9	18.6	9.3	34.0	17.4	31.9	31.7
Majority female		31.0	16.0	18.7	12.2	32.6	19.9	21.9	26.2
DK/refused		40.1	18.9	19.8	0.7	41.1	48.7	40.5	68.3
Ethnicity of owners									
White		34.4	16.3	17.5	10.9	30.8	20.5	27.4	33.1
Black		44.2	35.8	29.5	19.4	49.0	29.1	54.1	18.0
Asian		29.8	23.9	18.8	11.2	39.1	22.0	33.2	23.3
Mixed		28.2	29.5	24.3	24.0	14.5	-16.1	33.6	27.4
Other		25.0	29.3	28.6	27.9	34.0	28.0	44.0	56.6
DK/refused		42.3	18.5	20.1	0.6	36.7	44.1	36.2	60.0

Source: LABS 2005

 Denotes significant difference from all businesses total at 95 % significance level

 Denotes significant difference from all businesses total at 90 % significance level

Chapter 9

Anticipated changes in investment and other spending over the next 12 months

Businesses were asked about anticipated changes in investment and other expenditure over the next year. Few businesses expect to decrease expenditure over the next 12 months. Around four out of 10 businesses expect to increase spending in non-investment categories, for example, Average salary (50.9 %), Marketing (43 %), Product/service development (39 %) and Training/re-training (34 %). In terms of the investment spending categories, IT (37 %) is the area that more businesses anticipate increasing their spending on over the next year.

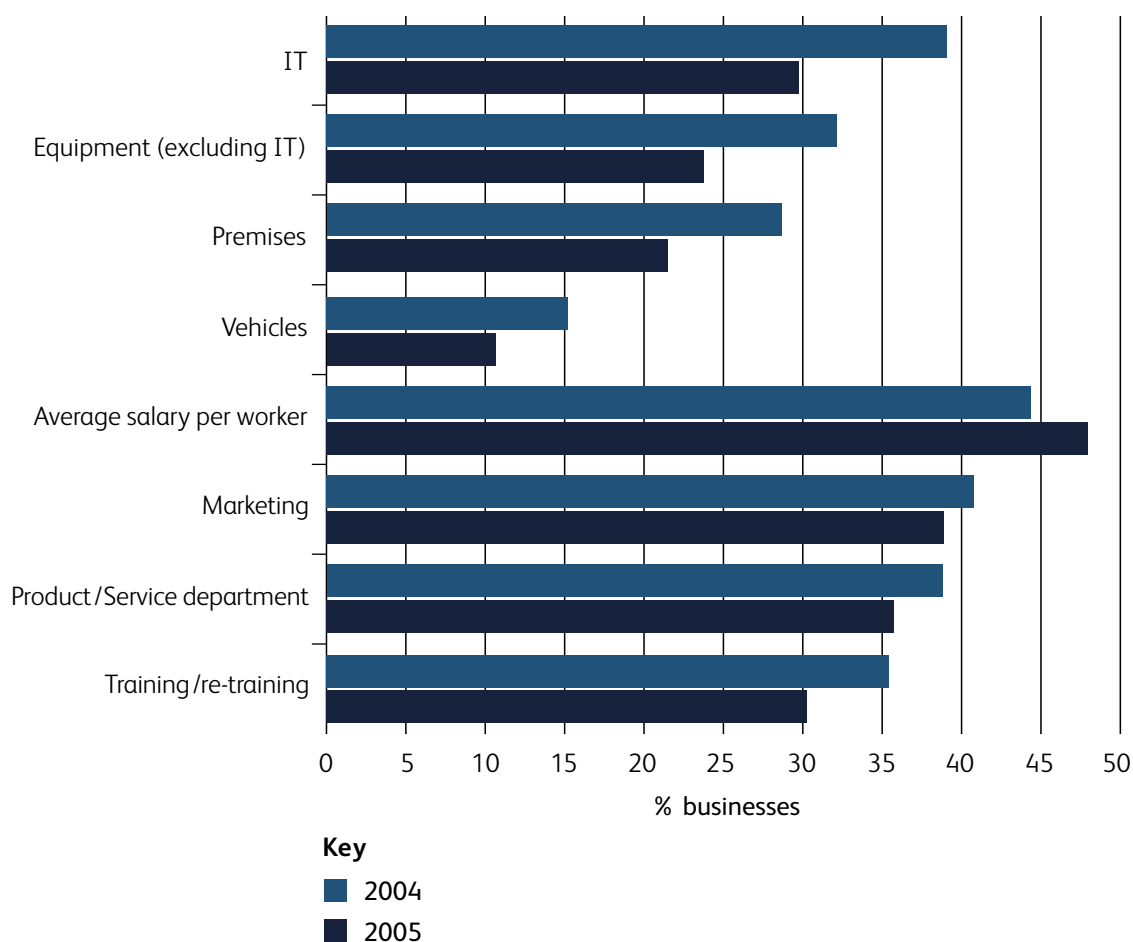
Table 9.3: Percentage of businesses saying different spending categories will increase/remain the same/decrease during next 12 months

Expenditure category	Increased	Remained same	Decreased	Don't know	Balance of +ve over -ve
	%	%	%	%	%
Investment spending					
IT	37.3	52.0	7.4	3.3	29.9
Equipment (excluding IT)	31.5	58.4	7.5	2.6	23.9
Premises	25.6	67.2	4.0	3.2	21.6
Vehicles	14.6	71.3	3.9	10.2	10.7
Other spending					
Average salary per worker	50.9	40.1	2.7	6.3	48.2
Marketing	43.0	49.5	3.9	3.7	39.1
Product/service development	38.7	53.9	2.8	4.6	35.9
Training/re-training	33.5	58.9	3.1	4.5	30.4

Source: LABS 2005

Notes: Weighted population is 338,726. Unweighted sample is 4,002.

Graph 9.2: Balance percentage of businesses saying different categories of spending will increase over those saying that it will decrease over the next year (LABS 2005 and LABS 2004)



Source: LABS 2005/2004

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Table 9.4: Balance percentage of businesses saying categories of spending will increase over those saying they will decrease over the next year

Balance of +ve versus -ve	IT	Equipment (excluding IT)	Premises	Vehicles	Product/ service development	Training/ re-training	Marketing	Average salary per worker
All businesses	29.9	23.9	21.6	10.7	35.9	30.4	39.1	48.2
Size								
1-4	29.1	23.0	20.5	11.0	34.3	26.1	37.6	43.3
5-9	34.9	27.7	25.8	10.7	40.7	41.2	44.7	57.6
10-49	29.2	25.3	24.1	9.8	40.6	45.0	43.4	67.0
50-99	37.1	32.5	26.7	7.9	44.0	52.8	47.5	69.2
100-249	43.2	37.8	27.1	9.7	46.1	50.3	34.3	72.7
250+	37.0	19.8	22.5	-1.3	35.9	31.4	35.2	71.8
Sector								
Primary & Utilities	51.1	61.8	26.7	40.2	21.5	68.2	38.3	73.4
Publishing	36.3	26.7	5.5	14.0	27.3	8.8	35.5	41.2
Manufacturing (excluding Publishing)	19.4	21.9	24.8	10.0	30.9	19.7	35.4	48.8
Construction	17.5	27.4	14.8	21.9	29.8	32.1	25.0	54.7
Wholesale & Retail	23.5	21.6	24.6	10.2	32.1	23.9	31.5	44.5
Hotels & Restaurants	12.9	28.5	30.3	4.8	37.4	30.9	44.0	44.3
Transport & Communications	37.7	23.3	22.9	21.8	32.7	28.5	40.4	44.0
Banking & Finance	29.9	19.4	15.2	5.7	30.2	38.2	34.0	61.0
Business & Professional Services	36.6	22.8	19.2	9.8	39.9	33.1	43.2	47.3
Education, Health & Social Work	28.5	38.9	21.6	9.0	41.9	44.3	40.3	63.3
Other Community Services	34.9	24.4	27.5	10.1	35.3	32.3	45.9	51.2

Table 9.4: Balance percentage of businesses saying categories of spending will increase over those saying they will decrease over the next year *continued*

LDA sector									
Environment	43.6	38.5	13.4	2.8	9.3	4.7	11.8	22.1	
Life Sciences	38.0	55.1	24.1	0.8	27.4	9.8	11.3	28.9	
ICT	43.2	32.6	29.0	15.8	61.9	53.9	63.0	53.8	
Tourism	11.6	24.4	26.6	6.5	32.7	30.9	43.0	41.0	
Production	25.8	23.7	17.5	11.5	29.5	15.6	35.4	45.9	
Creative	39.9	25.8	19.2	11.4	40.1	27.5	47.7	44.9	
LSC area									
London East	27.3	28.5	18.5	15.8	39.4	37.8	44.2	54.4	
London North	29.3	25.9	24.4	12.6	35.4	29.8	38.5	50.3	
London Central	32.8	21.7	25.0	6.1	35.9	29.3	42.0	46.3	
London South	21.4	17.0	21.5	10.1	26.2	22.2	27.6	45.2	
London West	35.1	27.8	17.0	13.4	40.5	31.0	37.4	45.9	
Country of ownership									
UK-owned	29.5	24.2	22.1	11.0	35.8	29.7	38.7	47.2	
Foreign-owned	34.2	20.4	13.2	5.7	34.0	42.7	42.8	63.0	
Joint UK-foreign	64.6	14.5	21.1	16.0	71.6	40.6	78.9	81.6	
DK/refused	12.4	19.1	13.3	0.9	26.1	12.0	18.5	29.3	

Table 9.4: Balance percentage of businesses saying categories of spending will increase over those saying they will decrease over the next year *continued*

Balance of +ve versus -ve	IT	Equipment (excluding IT)	Premises	Vehicles	Product/ service development	Training/ re-training	Marketing	Average salary per worker
Gender of owners								
Majority male	31.2	25.8	21.6	11.5	36.4	29.3	38.0	47.7
50:50 male-female	28.1	20.0	26.4	12.1	31.4	31.3	39.6	53.2
Majority female	29.2	21.3	17.9	8.6	37.6	28.5	41.1	38.4
DK/refused	25.8	24.1	19.5	6.6	38.9	40.7	41.7	62.8
Ethnicity of owners								
White	27.9	22.3	20.1	10.3	33.4	27.5	37.4	47.8
Black	55.0	35.6	40.4	24.1	67.9	59.7	62.9	47.7
Asian	34.4	24.3	23.4	8.8	35.9	26.7	38.5	42.2
Mixed	48.2	48.2	43.6	-0.8	56.5	36.3	77.0	58.9
Other	36.4	45.8	27.6	18.0	47.0	44.5	47.4	62.2
DK/refused	25.4	25.3	20.0	5.5	35.9	40.7	36.3	56.6

Source: LABS 2005

Denotes significant difference from all businesses total at 95 % significance level

Denotes significant difference from all businesses total at 90 % significance level

Table 9.4 shows the anticipated changes in spending by category over the next twelve months. Medium and large firms (those employing more than 50 people) are the most positive about increasing spending on IT over the next 12 months. Black-owned businesses and mixed ethnicity-owned businesses are more optimistic than businesses owned by other ethnic groups about increasing IT spending over the next 12 months.

Level of capital expenditure in 2005

Table 9.5 shows the capital investment per worker by business characteristics. Although the absolute level of investment is positively related to firm size (larger businesses invest more in absolute terms), when we look at the 'per worker' figures a negative relationship emerges. The largest firms, those employing more than 100 people, invest in capital on average around £3,300 per worker. In contrast, micro businesses (one to four employees) invest in capital on average just under £1,800 per worker. Majority male-owned businesses spend on average £13,400 per worker, compared to £7,900 for majority female-owned businesses.

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Table 9.5: Capital investment on site per worker in previous 12 months by business characteristics


	Average investment per employee	Median investment per employee	Weighted population	Unweighted sample
	£	£	n	n
All businesses	10,658	1,250	215,685	2,295
Size				
1-4	11,751	1,250	170,786	695
5-9	7,382	1,250	20,309	475
10-49	6,154	941	20,175	857
50-99	4,713	714	2,391	144
100-249	2,693	727	1,311	87
250+	4,295	1,667	712	37
Sector				
Primary & Utilities	4,495	6,250	207	5
Publishing	2,408	100	5,258	67
Manufacturing (excluding Publishing)	13,273	1,500	7,870	191
Construction	5,771	0	15,019	229
Wholesale & Retail	10,692	1,000	41,469	406
Hotels & Restaurants	4,775	1,429	12,292	232
Transport & Communications	22,251	500	8,362	176
Banking & Finance	4,120	0	7,526	135
Business & Professional Services	13,571	1,667	87,583	578
Education, Health & Social Work	5,033	167	5,986	138
Other Community Services	6,476	1,000	24,112	138
LDA sector				
Environment	16,614	1,500	1,827	18
Life Sciences	2,061	0	1,744	14
ICT	5,981	1,875	12,114	106
Tourism	7,783	1,875	10,258	230
Production	8,922	1,250	13,128	258
Creative	7,758	2,000	49,140	304
LSC area				
London East	24,031	1,667	47,608	493
London North	8,330	1,000	24,609	473
London Central	7,033	2,000	74,938	427
London South	4,242	0	31,809	460
London West	7,837	500	36,721	442

**Table 9.5: Capital investment on site per worker in previous 12 months
by business characteristics** *continued*

	Average investment per employee	Median investment per employee	Weighted population	Unweighted sample
	£	£	n	n
Foreign-owned	3,917	0	7,951	155
Joint UK-foreign	17,817	10,000	1,717	24
DK/refused	290	0	215	6
Gender of owners				
Majority male	13,444	1,500	130,637	1,364
50:50 male-female	5,471	833	34,517	382
Majority female	7,939	1,667	40,414	250
DK/refused	3,238	0	10,117	299
Ethnicity of owners				
White	11,187	1,000	168,579	1,722
Black	8,896	3,750	12,118	99
Asian	8,413	1,333	20,696	184
Mixed	18,656	12,500	633	6
Other	14,666	3,500	5,261	64
DK/refused	5,004	0	8,398	220

Source: LABS 2005

 Denotes significant difference from all businesses total at 95 % significance level

 Denotes significant difference from all businesses total at 90 % significance level

Constraints on investment spending

Businesses were asked if they had been able to invest as much capital as they would have liked over the last 12 months. Over 40 % of businesses stated that they had not. When the results are disaggregated based on ethnicity of ownership, nearly 70 % of black-owned businesses and over 50 % of Asian-owned businesses had not been able to invest as much as they would have liked. There was also a noticeable relationship with the size of the business, with smaller businesses more likely not to have been able to invest as much as they would like (43.8 % of micro businesses), compared to only 25.9 % of businesses employing more than 250 people.

Businesses who stated that they would have liked to invest more were also asked what, if anything, had prevented them from doing so. The most commonly stated problems were the same as those found in 2004 and were: market/demand conditions, problems accessing external finance and decreased profitability.

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Table 9.6: Constraints on investment by type of business

	Problems accessing external finance	Decrease in profitability	Shortage of skilled labour	Decisions are made by others/ another site	Market conditions/ demand	Inability to source appropriate equipment
	%	%	%	%	%	%
All businesses	34.0	32.6	9.9	8.1	43.8	7.3
Size						
1-4	35.5	32.1	9.6	4.9	44.5	7.8
5-9	33.2	37.1	14.4	13.9	42.5	5.9
10-49	26.1	33.7	9.1	23.5	38.4	4.6
50-99	14.3	30.9	4.8	42.9	49.6	3.8
100-249	17.7	26.0	5.7	35.7	43.0	4.9
250+	0.9	21.4	7.4	42.3	27.5	0.0
Sector						
Primary & Utilities	50.1	100.0	0.0	0.0	49.9	0.0
Publishing	38.0	47.1	22.8	14.9	49.7	19.6
Other Manufacturing	41.1	22.2	9.9	5.0	42.7	5.3
Construction	23.2	26.5	6.3	1.1	46.6	7.9
Wholesale & Retail	26.2	45.4	8.3	12.0	46.1	9.2
Hotels & Restaurants	37.8	33.8	8.4	20.0	42.4	8.0
Transport & Communications	44.3	22.5	5.4	18.2	38.7	12.4
Banking & Finance	40.1	27.3	6.5	8.5	34.5	4.1
Business & Professional Services	35.0	27.3	11.9	5.5	43.1	4.9
Education, Health & Social Work	32.3	49.5	23.1	11.4	37.3	8.4
Other Community Services	41.7	30.6	8.6	1.6	44.8	8.7
LDA sector						
Environment	7.7	1.9	0.0	0.8	60.5	0.0
Life Sciences	0.7	0.9	0.0	0.9	49.6	0.0
ICT	51.4	24.6	9.2	0.0	41.9	5.6
Tourism	42.5	36.3	11.4	21.0	46.3	11.2
Production	40.4	27.5	12.6	7.1	44.2	8.4
Creative	39.1	34.3	5.1	4.2	45.0	7.0
LSC area						
London East	36.1	41.1	14.4	7.6	38.0	7.4
London North	33.1	35.2	7.3	6.1	38.1	7.6
London Central	38.1	28.5	9.5	7.1	50.6	5.7
London South	34.3	26.9	6.6	8.0	39.9	3.5
London West	24.6	32.4	9.3	11.7	44.6	12.5

Limited cash funds	Government legislation	Space/site restrictions	No time/too busy	Closing/moving/end of contract	Other	Weighted population	Unweighted population
%	%	%	%	%	%	n	n
6.1	2.0	1.8	6.3	2.9	7.2	140,910	1,466
6.5	2.1	1.6	6.6	2.8	7.7	112,735	446
4.5	1.0	2.1	5.2	3.0	3.9	12,738	300
4.8	1.6	3.0	5.3	2.7	5.7	12,585	549
5.7	2.2	1.4	6.7	4.9	5.6	1,588	93
5.4	4.6	1.6	5.4	9.9	4.2	876	55
0.0	0.0	2.1	0.0	0.0	13.4	389	23
0.0	0.0	0.0	0.0	0.0	49.9	56	2
4.6	1.1	1.1	4.6	1.1	0.6	1,401	38
9.3	2.2	0.4	11.8	3.2	3.4	5,149	121
5.7	2.1	1.8	5.7	2.1	7.8	8,961	143
2.7	4.6	1.6	3.0	5.6	6.1	31,753	289
8.3	0.0	0.4	8.4	0.7	2.3	11,617	185
4.2	2.4	0.0	4.2	3.0	4.9	4,800	104
2.7	3.1	6.7	2.7	3.1	3.2	3,194	70
9.7	1.3	2.5	9.8	2.6	8.9	52,756	328
6.1	0.3	8.1	6.1	2.0	10.6	2,933	92
0.9	0.6	0.0	0.9	1.1	8.9	18,290	94
39.2	0.0	0.0	39.2	0.0	0.0	1,598	8
48.6	0.0	0.0	48.6	0.0	0.0	1,272	5
3.9	0.0	1.7	3.9	0.4	2.5	11,099	74
6.6	0.0	0.6	6.8	1.0	2.7	8,299	164
8.3	1.9	0.5	10.3	2.8	2.8	6,550	159
4.7	0.4	1.4	4.9	2.6	7.6	36,145	190
8.0	1.6	1.1	8.4	2.4	5.3	32,025	330
5.9	0.7	2.5	6.0	1.4	8.1	15,533	293
5.6	3.2	0.6	5.6	4.6	7.9	47,204	250
3.9	1.6	4.1	4.4	1.9	3.8	19,427	290
6.5	1.3	2.6	6.7	2.2	9.9	26,720	303

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Table 9.7: Constraints on investment by type of business *continued*

	Problems accessing external finance	Decrease in profitability	Shortage of skilled labour	Decisions are made by others/ another site	Market conditions/ demand	Inability to source appropriate equipment
	%	%	%	%	%	%
Country of ownership						
UK-owned	34.1	33.1	10.1	6.7	43.5	7.0
Foreign-owned	31.6	22.8	7.8	39.4	50.2	16.6
Joint UK-foreign	27.7	11.2	0.0	35.4	50.1	0.0
DK/refused	33.1	50.8	0.0	84.2	44.1	0.0
Gender of owners						
Majority male	35.2	32.0	8.4	6.8	45.4	7.2
50:50 male-female	33.0	36.2	7.8	4.2	43.9	6.8
Majority female	33.0	34.0	15.8	4.3	41.5	9.1
DK/refused	26.9	21.2	14.8	52.5	31.7	3.0
Ethnicity of owners						
White	33.4	32.9	8.1	6.6	44.1	5.6
Black	48.1	34.2	15.9	0.8	37.4	18.8
Asian	26.0	38.9	12.9	6.3	55.8	10.3
Mixed	59.8	57.8	0.0	20.2	37.7	2.6
Other	44.5	23.8	7.7	16.3	29.5	1.6
DK/refused	27.5	14.8	22.3	41.2	32.8	9.0

Source: LABS 2005

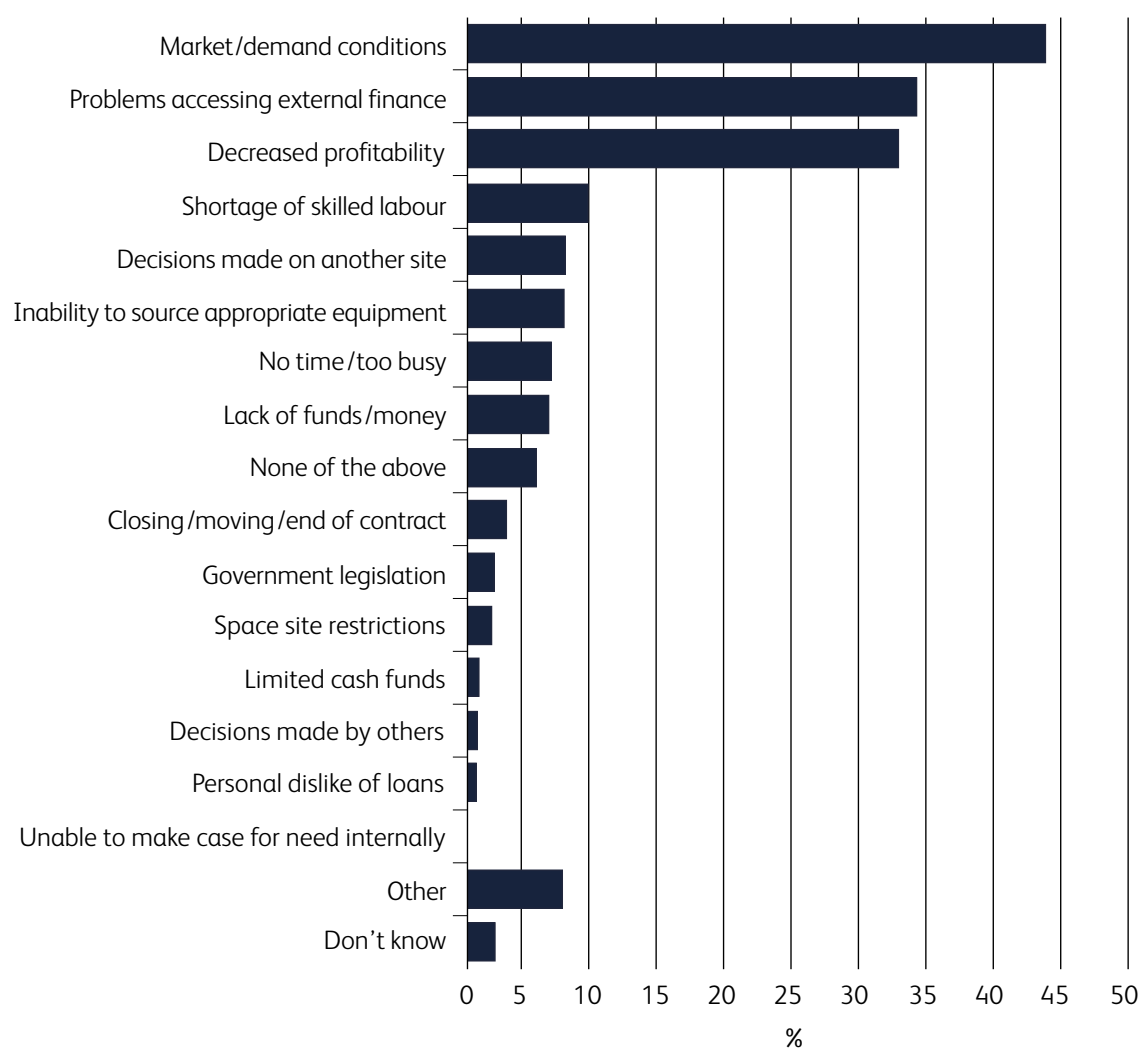
Denotes significant difference from all businesses total at 95% significance level

Denotes significant difference from all businesses total at 90% significance level

Limited cash funds	Government legislation	Space/site restrictions	No time/too busy	Closing/moving/end of contract	Other	Weighted population	Unweighted population
%	%	%	%	%	%	n	n
6.3	2.1	1.8	6.5	3.0	7.3	135,057	1,341
1.8	0.5	1.2	1.8	0.7	2.0	4,945	97
4.7	0.0	1.8	4.7	0.0	19.5	721	21
0.0	0.0	0.0	0.0	0.0	4.5	186	7
5.2	1.4	2.1	5.5	1.8	7.4	83,418	839
6.7	2.0	2.2	6.7	4.9	1.8	25,977	251
9.4	4.4	0.6	9.5	4.4	13.0	24,798	155
2.7	0.5	0.5	3.0	3.7	3.8	6,717	221
7.2	2.1	2.3	7.4	2.9	7.2	103,222	1,025
5.0	0.0	0.0	5.0	0.0	10.5	11,893	83
0.7	3.4	0.7	1.1	4.9	7.5	14,667	122
0.0	0.0	0.0	0.0	0.0	0.0	457	4
1.2	0.0	0.0	1.2	0.0	1.5	3,954	49
6.2	2.2	0.5	6.6	5.1	3.8	6,717	183

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Graph 9.3: Constraints on investment



Source: LABS 2005

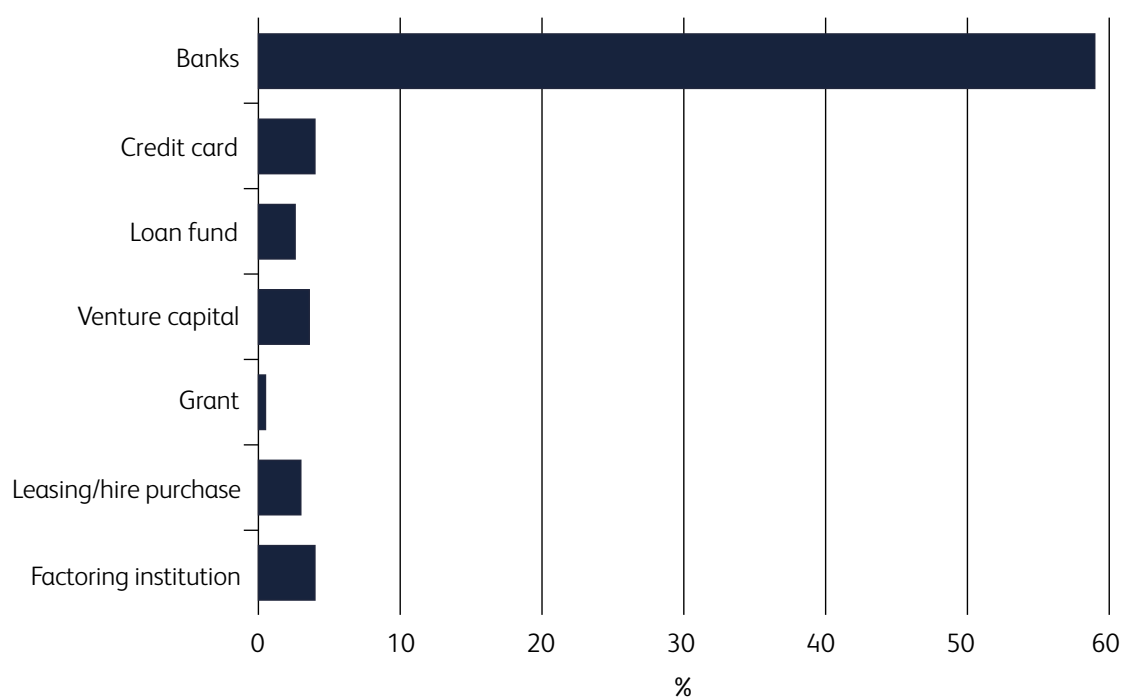
9.3 Access to external finance

Sources of external finance approached

All businesses were asked about their use of and sources of external finance. A third of all businesses reported that they had approached external sources for funding in the last 12 months. There was a positive relationship with business size, with 34 % of micro businesses compared to 41 % of large (more than 250 employees) businesses approaching external sources of finance.

Graph 9.4 details the sources of external finance approached. As can be seen, banks were by far the most popular source, with 59.2 % of companies who sought external finance approaching them.

Graph 9.4: Proportion of establishments approaching sources of finance by source in the previous 12 months



Source: LABS 2005

Table 9.8: Sources of external finance approached by businesses by type of business in the previous 12 months

	Banks	Leasing or hire purchase company	Equity partner/ venture capitalist	Grant	Factoring institution	Credit card company
	%	%	%	%	%	%
All businesses	59.2	2.4	3.0	2.6	0.5	4.0
Size						
1-4	60.7	1.8	2.7	2.6	0.2	4.6
5-9	58.3	3.9	5.3	3.6	0.9	3.7
10-49	52.1	4.7	3.2	2.2	2.0	1.3
50-99	38.0	7.8	2.2	0.7	1.6	1.2
100-249	56.1	0.0	0.0	0.6	4.1	0.0
250+	59.8	4.7	2.8	0.0	0.0	0.0
Sector						
Primary & Utilities	100.0	0.0	0.0	0.0	0.0	0.0
Publishing	51.8	2.1	0.0	4.7	2.7	0.0
Other Manufacturing	60.7	3.4	7.5	2.0	1.0	2.3
Construction	64.2	5.4	0.1	4.0	2.9	4.6
Wholesale & Retail	56.7	3.0	0.5	4.4	0.3	3.3
Hotels & Restaurants	63.7	0.2	0.3	0.0	0.0	3.8
Transport & Communications	62.4	2.3	0.2	0.2	0.3	0.3
Banking & Finance	70.9	2.5	2.9	0.3	0.0	0.0
Business & Professional Services	57.9	2.6	3.6	1.8	0.4	3.8
Education, Health & Social Work	53.8	2.7	1.1	7.0	0.7	9.3
Other Community Services	60.8	0.6	8.2	3.5	0.0	7.8

**Table 9.6: Sources of external finance approached by businesses
by type of business in the previous 12 months** *continued*

LDA sector									
Environment	52.3	0.5	39.1	0.0	0.0	0.0	0.0	0.0	0.0
Life Sciences	47.5	0.0	45.9	0.0	0.0	0.0	0.0	0.0	0.0
ICT	63.3	7.5	7.1	1.2	0.0	0.0	10.3		
Tourism	58.7	0.2	0.2	0.1	0.0	0.0	4.4		
Production	58.3	3.0	5.4	2.8	1.5	1.5	1.7		
Creative	48.2	2.4	1.4	4.1	0.3	0.3	3.4		
LSC area									
London East	57.9	0.6	0.7	2.4	0.6	0.6	3.5		
London North	57.4	4.1	1.3	2.0	0.0	0.0	2.3		
London Central	59.4	2.8	6.4	4.3	0.2	0.2	2.6		
London South	56.1	2.3	2.3	1.6	1.8	1.8	5.5		
London West	64.5	3.2	0.9	0.6	0.3	0.3	8.1		
Country of ownership									
UK-owned	60.0	2.5	3.1	2.7	0.5	0.5	4.0		
Foreign-owned	30.4	1.0	1.1	0.0	0.0	0.0	7.2		
Joint UK-foreign	63.8	0.0	0.0	0.0	0.0	0.0	0.0		
DK/refused	100.0	0.0	0.0	0.0	0.0	0.0	0.0		

Table 9.6: Sources of external finance approached by businesses by business characteristic in the previous 12 months *continued*

	Banks	Leasing or hire purchase company	Equity partner/ venture capitalist	Grant	Factoring institution	Credit card company
	%	%	%	%	%	%
Gender of owners						
Majority male	58.6	3.2	3.5	2.3	0.7	4.1
50:50 male-female	64.8	1.6	0.5	0.2	0.4	4.5
Majority female	59.6	0.9	3.8	6.4	0.0	4.3
DK/refused	35.8	0.6	2.8	1.7	0.0	0.0
Ethnicity of owners						
White	58.5	2.7	2.7	2.6	0.6	3.3
Black	75.5	0.1	8.9	7.5	0.3	8.8
Asian	51.7	3.0	0.9	0.1	0.5	5.8
Mixed	100.0	0.0	0.0	0.0	0.0	0.0
Other	72.2	0.0	6.2	0.0	0.0	0.0
DK/refused	44.0	1.8	1.4	3.2	0.0	9.0

Source: LABS 2005

Denotes significant difference from all businesses total at 95% significance level

Denotes significant difference from all businesses total at 90% significance level

When looking at differences according to ethnicity of ownership, it can be seen that black-owned businesses were more likely than other groups to approach banks, venture capital or credit card companies as a source of external finance. Asian-owned businesses were the group least likely to approach banks.

Levels of success in obtaining external finance

65 % of all businesses were successful in their applications for finance from banks. There are some noticeable differences when these results are compared across ethnicity. Nearly seven out of 10 white-owned businesses were successful in obtaining bank finance. This compares to just over four out of 10 black-owned companies and around six out of 10 Asian-owned businesses.

Table 9.8: Applications for bank finance in previous 12 months and success rates by ethnic group

	Approaching bank	Weighted population	Unweighted sample	Successful	Weighted population	Unweighted sample
Source	%	n	n	%	n	n
All businesses	59.2	112,455	1,290	64.8	66,568	730
Ethnic groups						
White	58.5	84,875	971	68.8	49,613	559
Black	75.5	8,847	70	44.2	6,683	50
Asian	51.7	11,972	118	57.4	6,186	72
Mixed	100.0	491	4	–	491	4
Other	72.2	2,961	33	–	2,138	26
Don't know	44.0	3,309	94	47.6	1,457	19

Source: LABS 2005

Problems in accessing external finance

Businesses that said problems with accessing external finance had prevented them investing as much as they wanted were also asked what specific problems they had experienced in accessing external finance. The three most common problems were the lender not understanding the applicants business needs (49.5 %), not being able to obtain a large enough amount (48.9 %) and lack of advice about options/sources available (48.1 %). Table 9.9 shows the breakdown of these figures for different types of businesses, although care needs to be taken with the interpretation of this table due to small sample sizes.

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Table 9.9: Problems in accessing external finance

	Cannot meet cost of repayment	Cannot obtain large enough amount	Lack of collateral to loan	Lack of advice about options/sources available	Lender does not understand applicants' business needs	Decisions are made at head office/another site	Dislike loans/banks	Other	Weighted population	Unweighted sample
	%	%	%	%	%	%	%	%	n	n
All businesses	24.3	48.9	45.1	48.1	49.5	9.9	1.3	1.3	47,909	402
Size										
1-4	24.7	48.4	44.1	50.4	49.1	8.2	1.5	3.6	40,010	149
5-9	20.1	59.3	56.8	41.6	58.6	13.8	0.0	6.8	4,223	91
10-49	27.1	45.7	46.8	30.0	44.1	21.5	0.2	5.4	3,291	135
50-99	8.1	27.1	10.4	34.2	48.4	49.0	3.2	2.6	228	15
100-249	6.0	6.0	6.0	25.0	12.2	37.7	0.0	10.6	155	11
250+	100.0	0.0	0.0	0.0	0.0	100.0	0.0	0.0	3	1
Sector										
Primary & Utilities	0.0	0.0	0.0	100.0	0.0	0.0	0.0	100.0	28	1
Publishing	1.7	28.9	38.7	36.9	36.9	2.6	0.0	31.5	533	7
Other Manufacturing	33.8	41.4	35.1	39.7	75.0	16.1	0.0	0.0	2,116	34
Construction	4.7	45.2	31.3	22.7	58.7	6.1	0.7	0.6	2,075	36
Wholesale & Retail	26.8	55.2	56.1	50.1	56.5	15.9	0.0	7.4	8,304	63
Hotels & Restaurants	16.9	34.2	30.2	49.7	34.4	13.1	0.0	0.4	4,387	43
Transport & Communications	27.7	45.0	36.1	40.4	34.5	25.0	0.0	0.6	2,127	37
Banking & Finance	1.6	75.6	53.7	14.4	37.7	17.7	0.0	14.3	1,280	21
Business & Professional Services	23.8	41.4	49.5	55.5	48.1	7.4	3.3	4.7	18,481	100
Education, Health & Social Work	11.0	35.2	43.7	37.0	40.9	17.4	0.0	2.5	949	27
Other Community Services	36.0	71.6	39.3	46.2	52.7	0.8	0.0	0.2	7,630	33

Table 9.9: Problems in accessing external finance *continued*

LDA sector											
Environment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2
Life Sciences	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1
ICT	15.4	46.1	53.1	57.9	47.2	1.7	0.0	8.4	5,706	34	
Tourism	15.4	47.9	38.1	38.8	41.7	19.8	0.0	0.5	3,523	43	
Production	27.4	38.9	35.9	39.1	67.4	13.4	0.0	6.3	2,649	41	
Creative	33.9	45.8	41.9	60.6	53.0	1.3	0.0	3.6	14,133	59	
LSC area											
London East	30.9	64.3	36.0	34.5	36.7	8.0	0.0	6.4	11,556	97	
London North	14.8	29.6	40.6	35.0	69.1	14.1	0.0	3.9	5,145	72	
London Central	18.7	51.6	48.3	70.3	62.3	7.6	3.4	3.0	17,977	70	
London South	38.5	36.3	55.6	36.2	33.2	12.6	0.2	5.2	6,667	89	
London West	21.1	42.4	45.2	33.5	38.2	13.4	0.0	1.7	6,565	74	
Country of ownership											
UK-owned	24.2	49.2	45.7	48.6	50.9	9.4	1.4	4.2	46,087	378	
Foreign-owned	27.9	33.3	30.2	40.8	1.3	21.5	0.0	0.0	1,561	19	
Joint UK-foreign	0.0	88.7	0.0	0.0	82.5	0.0	0.0	0.0	200	4	
DK/refused	100.0	100.0	100.0	0.0	100.0	100.0	0.0	0.0	62	1	

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Table 9.9: Problems in accessing external finance *continued*

Gender of owners										
Majority male	18.1	49.3	44.1	49.0	47.2	6.6	0.0	3.8	29,348	236
50:50 male-female	32.6	40.8	46.8	34.8	46.7	7.5	0.0	1.4	8,564	79
Majority female	34.4	53.4	46.3	58.0	60.1	8.9	7.6	6.3	8,187	46
DK/refused	40.3	60.5	48.3	50.4	52.8	78.5	0.0	9.8	1,810	41
Ethnicity of owners										
White	27.0	46.4	48.9	46.6	44.4	8.0	1.8	4.7	34,502	276
Black	7.9	48.7	35.6	51.9	63.4	3.2	0.0	1.2	5,716	39
Asian	24.4	67.7	35.0	52.2	65.4	12.4	0.0	1.6	3,813	39
Mixed	100.0	100.0	100.0	66.2	100.0	0.0	0.0	0.0	273	2
Other	0.7	45.4	20.9	58.4	61.7	11.3	0.0	9.6	1,758	12
DK/refused	35.5	54.0	39.7	43.6	49.2	60.0	0.0	0.9	1,848	34

Source: LABS 2005

Denotes significant difference from all businesses total at 95 % significance level

Denotes significant difference from all businesses total at 90 % significance level

9.4 The effects of investment and access to finance on business performance


Having controlled for all other business characteristics, the analysis showed that those businesses which had successfully approached banks were significantly more likely to have experienced growth in employment. This result is expected given the likelihood that the finance would have been used to expand the business. It is, however, interesting that a significant relationship with growth in profitability and productivity was not found, which could in part be due to time lags between investment and observing returns. All businesses investing in IT or spending on Product/service development, Training/re-training and average salary per worker were significantly more likely to see growth in performance.

Table 9.10: The effects of investment and access to finance on business performance

Structural variables	Odds ratio			
	Growth in employment	Growth in turnover	Growth in productivity	Growth in profits
Investment (past 12 months)				
Equipment excluding IT	1.71	1.32	1.36	0.98
IT	1.59	1.40	1.24	1.28
Premises	1.22	1.11	0.96	1.14
Product/service development	1.51	1.36	1.45	1.21
Vehicles	1.56	1.31	0.92	1.17
Training/re-training	1.49	1.21	1.45	1.31
Marketing	1.17	1.20	1.23	1.23
Average salary per worker	1.27	1.79	1.42	1.62
Finance (approached and successful)				
Banks	1.29	1.14	1.11	0.92
Leasing or hire purchase company	0.90	2.84	0.80	1.18
Equity partner/venture capital	1.90	0.83	0.21	0.97
Loan fund	0.70	0.72	0.79	0.59
Grant	2.51	1.48	4.43	1.65
Factoring institution	0.81	0.45	1.03	0.54
Credit card	1.02	1.35	1.10	0.90

Source: LABS 2005

 Likelihood that variable significantly affects growth at 90% significance level

 Likelihood that variable significantly detracts from growth at 90% significance level

Chapter 10

Summary

- Nearly a third (31.4%) of all businesses reported that R&D activity had been undertaken during the previous year, this compares to around a quarter in the 2004 survey.
- The average (mean) spending figure on R&D is just over £4,600 per employee.
- Although larger businesses have a higher propensity to engage in R&D, on average (mean) they spend less on R&D per employee.
- 49.5% of businesses undertaking R&D did this in some form of collaboration, with larger businesses being more likely to engage in collaboration.
- 35% of businesses sought advice on technical, innovation and R&D activity internally or from the head office, with the next most popular source being other firms, such as suppliers or other companies in the group.
- Half (50.1%) of all businesses engaged in some form of innovation and there is a positive relationship between innovation and business size.
- Around 85% of all businesses had at least one member of staff who used a computer on a daily basis.
- Broadband technology is now widely used by businesses in London (84.1% using computers on daily basis do so). This has risen from around six out of 10 businesses in 2004 and four out of 10 in 2003.
- Over 50% of businesses using computers on a daily basis made online purchases but online sales are less common.

Effects on business performance

- Businesses that had introduced major changes to working methods or to the workforce organisation were significantly more likely to have seen growth in both productivity and employment.
- Firms which had introduced major products/services or major equipment were significantly more likely to have seen growth in profits.

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-

10.1 Introduction

The focus of this chapter is to understand how different characteristics of businesses in London influence their application of R&D and innovative practices and their use of IT. This analysis will then be brought together to give an insight into how R&D, innovation and IT have influenced business performance in London over the last year. This is important because the UK lags behind on international comparisons of R&D spending and this investment is a key determinant of improving productivity.

10.2 Research & Development

Involvement in Research & Development

There are signs that the climate for R&D in the capital is improving. As Table 10.1 indicates, just under a third of businesses reported that some R&D had been undertaken in the last 12 months. This figure is higher than the corresponding figure, of just under a quarter, from the 2004 survey.

Involvement in R&D varies significantly across business size with, perhaps not surprisingly, those employing more people being far more likely to engage in R&D. R&D activity in the last 12 months also varies considerably across sector groups. Businesses operating in Publishing and Business and Professional Services are significantly more likely to undertake R&D, whereas it is significantly less likely that those operating in Construction, Hotels and Restaurants, Wholesale and Retail and Transport and Communications will do so. In terms of LDA sectors, the Creative and ICT industries are significantly more likely to undertake R&D and the Tourism sector is significantly less likely to do so. Businesses in London West are more likely to undertake R&D than average and Asian-owned businesses are less likely to undertake R&D than average.

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Table 10.1: Businesses undertaking R&D in previous 12 months

	Yes	No	Don't know	Weighted population	Unweighted sample
	%	%	%	n	n
All businesses	31.5	66.8	1.7	338,726	4,002
Size					
1-4	30.2	68.8	1.0	257,323	1,035
5-9	31.1	66.2	2.8	33,483	781
10-49	36.6	59.1	4.3	38,734	1,640
50-99	48.0	48.4	3.6	4,854	285
100-249	48.5	46.4	5.1	2,830	181
250+	55.8	33.6	10.6	1,501	80
Sector					
Primary & Utilities	29.6	70.4	0.0	541	9
Publishing	49.8	48.8	1.4	7,284	107
Manufacturing (excluding Publishing)	34.9	63.5	1.6	12,077	285
Construction	15.9	83.2	0.9	20,530	335
Wholesale & Retail	22.0	75.4	2.6	69,001	811
Hotels & Restaurants	19.3	75.6	5.1	23,072	456
Transport & Communications	25.8	73.2	1.0	12,307	285
Banking & Finance	32.2	65.9	1.9	11,092	223
Business & Professional Services	38.4	60.4	1.1	136,762	994
Education, Health & Social Work	32.6	64.6	2.8	11,004	276
Other Community Services	37.0	62.7	0.2	35,056	221
LDA sector					
Environment	17.5	82.5	0.0	400	27
Life Sciences	53.8	46.2	0.0	1,433	23
ICT	39.9	59.6	0.5	6,449	190
Tourism	20.4	77.4	2.3	18,197	434
Production	34.4	64.6	1.1	14,456	392
Creative	44.4	55.0	0.6	80,845	544
LSC area					
London East	31.6	67.0	1.4	71,433	837
London North	29.4	69.3	1.3	37,217	799
London Central	32.2	66.2	1.7	119,327	772
London South	27.1	70.3	2.6	51,580	799
London West	35.4	63.1	1.5	59,169	795

Table 10.1: Businesses undertaking R&D in previous 12 months *continued*

Country of ownership					
UK-owned	31.4	67.2	1.4	318,582	3,591
Foreign-owned	34.3	60.7	5.0	16,826	337
Joint UK-foreign	29.8	66.5	3.7	2,245	47
DK/refused	26.2	52.7	21.1	1,073	27
Gender of owners					
Majority male	31.6	67.2	1.2	199,395	2,266
50:50 male-female	31.1	67.9	1.0	56,763	612
Majority female	30.7	68.5	0.8	56,583	376
DK/refused	34.0	57.4	8.6	25,985	748
Ethnicity of ownership					
White	32.1	67.0	0.9	261,191	2,882
Black	31.0	65.8	3.3	17,534	140
Asian	25.4	74.2	0.4	30,110	287
Mixed	19.5	80.5	0.0	859	11
Other	39.4	52.5	8.1	7,258	106
DK/refused	31.9	58.5	9.6	21,775	576

Source: LABS 2005

Denotes significant difference from all businesses total at 95 % significance level

Denotes significant difference from all businesses total at 90 % significance level

Expenditure on Research & Development

Table 10.2 shows the results of the survey question which asked businesses about the amount of money they had spent on R&D in the last 12 months. The mean spending figure for R&D per employee is around £4,600 (median £1,100). The overall mean spending figure is around £55,000, in contrast to the median figure of only £10,000. This indicates that a small number of businesses spend large amounts on R&D.

Although larger businesses have a higher propensity to engage in R&D, as Table 10.2 shows, they on average (mean) spend less on R&D per employee. Foreign-owned businesses spent more than the average on R&D per employee in the last 12 months.

R&D expenditure over the last 12 months varies considerably by sector. Businesses involved in Manufacturing (excluding Publishing), Banking and Finance and the LDA sector of Creative industries spent significantly more on R&D per employee than average. Mean R&D spending per employee in the Wholesale and Retail sector is above average, but the median level of spending per employee is below average, indicating that there are a small number of businesses in this sector that spend large amounts on R&D.

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Table 10.2: Spending per employee on Research & Development by businesses undertaking R&D in the previous 12 months

	Average spending per employee on research & development	Median spending per employee on Research & Development	Weighted population	Unweighted sample
	£	£	n	n
All businesses	4,639	1,000	70,061	766
Size				
1-4	4,865	1,000	54,326	204
5-9	4,011	625	6,326	139
10-49	4,217	500	7,395	312
50-99	2,565	333	1,055	58
100-249	1,456	333	615	38
250+	1,543	294	343	15
Sector				
Primary & Utilities	–	–	0	0
Publishing	2,261	1,000	2,517	33
Manufacturing (excluding Publishing)	8,738	1,333	2,911	83
Construction	3,963	833	2,334	41
Wholesale & Retail	5,918	667	8,087	81
Hotels & Restaurants	3,390	250	2,456	54
Transport & Communications	2,232	833	1,625	47
Banking & Finance	41,015	1,667	1,889	46
Business & Professional Services	3,529	1,000	36,862	262
Education, Health & Social Work	645	333	1,939	60
Other Community Services	1,691	1,000	9,442	59
LDA sector				
Environment	48,993	50,000	877	9
Life Sciences	38,361	50,000	854	11
ICT	3,374	1,250	7,548	80
Tourism	4,132	250	2,004	59
Production	5,734	1,000	5,428	116
Creative	2,338	1,000	23,080	151
LSC area				
London East	8,632	1,000	15,123	158
London North	3,021	1,000	8,648	145
London Central	3,448	889	24,064	161
London South	1,118	333	9,186	148
London West	5,757	1,333	13,041	154

Table 10.2: Spending per employee on Research & Development by businesses undertaking R&D in previous 12 months *continued*

Country of ownership				
UK-owned	4,362	1,000	67,037	700
Foreign-owned	12,472	462	2,517	54
Joint UK-foreign	2,495	2,000	414	11
DK/refused	1,667	1,667	92	1
Gender of owners				
Majority male	5,690	1,000	42,584	483
50:50 male-female	2,608	625	10,749	120
Majority female	2,146	1,000	14,072	86
DK/refused	9,211	200	2,656	77
Ethnicity of owners				
White	4,583	1,000	54,475	587
Black	1,560	400	4,941	36
Asian	4,695	1,250	5,839	51
Mixed	886	20	99	2
Other	1,994	2,000	2,068	22
DK/refused	13,640	500	2,639	68

Source: LABS 2005

■ Denotes significant difference from all businesses total at 95 % significance level

■ Denotes significant difference from all businesses total at 90 % significance level

Collaboration on Research & Development

Those businesses that reported undertaking R&D in the previous 12 months were asked if any of this R&D had been undertaken in collaboration with an external organisation. Table 10.3 shows that 49.5 % of these businesses collaborated on R&D. This compares with a figure of 41.3 % from the 2004 survey.

Larger businesses are more likely to collaborate on R&D, and there is also considerable variation across sectors. Businesses involved in Banking and Finance and Other Community Services are significantly more likely to collaborate. Those involved in Hotels and Restaurants and Publishing in particular, are less likely to do so.

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Table 10.3: Businesses undertaking external collaboration for R&D

	Yes	No	Don't know	Weighted population	Unweighted sample
	%	%	%	n	n
All businesses	49.5	48.7	1.8	106,796	1,357
Size					
1-4	48.7	50.3	1.1	77,679	293
5-9	45.6	51.5	2.9	10,396	224
10-49	52.9	42.3	4.9	14,180	585
50-99	53.6	43.6	2.8	2,331	129
100-249	64.2	31.8	4.0	1,371	89
250+	83.8	11.0	5.3	838	37
Sector					
Primary & Utilities	27.5	72.5	0.0	160	3
Publishing	21.3	78.2	0.5	3,625	48
Manufacturing (excl. Publishing)	41.9	57.8	0.3	4,216	114
Construction	43.0	52.6	4.4	3,258	60
Wholesale & Retail	50.6	42.2	7.3	15,191	210
Hotels & Restaurants	28.8	65.0	6.3	4,452	130
Transport & Communications	48.0	52.0	0.0	3,181	81
Banking & Finance	63.3	30.0	6.7	3,567	81
Business & Professional Services	50.5	49.3	0.2	52,570	416
Education, Health & Social Work	47.0	52.1	0.9	3,591	115
Other Community Services	61.0	38.8	0.2	12,985	99
LDA sector					
Environment	87.0	13.0	0.0	980	15
Life Sciences	81.8	18.2	0.0	901	13
ICT	39.1	60.9	0.0	11,196	125
Tourism	35.9	60.7	3.4	3,704	129
Production	32.4	67.2	0.4	7,841	162
Creative	53.7	44.3	2.0	35,893	249
LSC area					
London East	52.0	45.1	2.9	22,587	290
London North	46.2	52.3	1.5	10,944	236
London Central	51.0	47.1	2.0	38,374	297
London South	54.1	44.2	1.8	13,955	244
London West	42.8	56.5	0.7	20,936	290

Table 10.3: Businesses undertaking external collaboration for R&D *continued*

Country of ownership					
UK-owned	48.9	49.8	1.3	100,075	1,193
Foreign-owned	60.9	29.7	9.3	5,771	135
Joint UK-foreign	51.5	46.1	2.4	670	22
DK/refused	28.3	38.9	32.8	281	7
Gender of owners					
Majority male	51.4	47.6	1.0	62,949	760
50:50 male-female	35.6	64.3	0.1	17,669	185
Majority female	50.7	48.6	0.7	17,353	126
DK/refused	61.4	25.0	13.5	8,824	286
Ethnicity of owners					
White	53.0	45.9	1.1	83,748	987
Black	23.3	76.7	0.0	5,434	47
Asian	27.5	72.1	0.4	7,653	76
Mixed	83.1	16.9	0.0	167	5
Other	27.8	67.4	4.7	2,856	38
DK/refused	60.5	26.6	13.0	6,937	204

Source: LABS 2005

Denotes significant difference from all businesses total at 95 % significance level

Denotes significant difference from all businesses total at 90 % significance level

Advice on Research & Development

All businesses were asked about their normal source of advice on technical, innovation and R&D activity. The results for those businesses that did seek advice are shown in Table 10.4. 35 % of businesses sought advice internally or from the head office, with the next most popular source being other firms, such as suppliers or other companies in the group. Interestingly, very few businesses sought advice from private research institutes or the technical/trade press. In contrast, nearly 10 % of businesses used the internet as their normal source of advice, approximately the same percentage that reported using consultants.

Table 10.4: Sources of advice on technical, innovation and Research & Development activity

	% businesses seeking advice
Multiple response	
Internally/Head office	34.6
Suppliers	17.9
Other companies in the group	10.3
Internet	9.4
Consultants	9.2
Trade associations	5.6
Family/friends	5.0
Technical/trade press	4.6
Clients/customers	4.1
Competitors	3.8
Private research institutes	2.0
Professional conferences, fairs and exhibitions	1.8
Industry-operated or commercial laboratories/R&D enterprises	1.6
Business Link for London (BL4L)	1.5
Universities/higher education	1.2
Government research labs	1.2
Banks/accountants/financial companies	1.0
Professional bodies	0.5
Technical standards and regulations	0.5
Joint ventures	0.2
Local/Central Government	0.2
Environmental standards and regulations	0.1
Chamber of Commerce	0.0
Other	1.6
None	22.6
Don't know	6.5

Source: LABS 2005

10.3 Innovation

Half of London's firms introduced some form of innovation last year. This involved introducing or modifying a product or service, making major changes to the equipment used, or changing working methods. In terms of product innovations, 30% of businesses had introduced new products and services and 24% of businesses had modified products or services. In terms of process innovations, 18% of businesses had made major changes to equipment and 23% had made major changes to working practices.

There is a positive relationship between firm size and innovation, with larger firms being more likely to undertake innovation. This is particularly evident when looking at major changes to working practices, with firms with less than 10 members of staff being significantly less likely to have done this. Very large firms were also significantly more likely to have implemented modifications to products and services than average.

The tendency to innovate varies across sectors. Publishing and Construction have a lower propensity to be involved in any type of innovative activity. Some of the more customer focused industries such as Wholesale and Retail and Banking and Finance are more likely to have introduced a new product or service. In terms of the LDA sectors, the ICT industry has a higher propensity to innovate. Foreign-owned and joint UK/Foreign-owned businesses are also more likely to have introduced new products or services.

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Table 10.5: Innovation in London's businesses

	New products or services	Existing products or services	Major new equipment	Major changes in working practices	Weighted population	Unweighted sample
	%	%	%	%	n	n
All businesses	29.6	23.7	17.8	22.9	338,726	4,002
Size						
1-4	27.0	22.0	15.5	20.8	257,323	1,035
5-9	33.9	24.9	21.2	26.0	33,483	781
10-49	40.4	31.0	26.7	31.6	38,734	1,640
50-99	41.6	34.4	30.9	31.8	4,854	285
100-249	42.2	39.0	31.0	34.5	2,830	181
250+	49.1	48.8	26.6	31.6	1,501	80
Sector						
Primary & Utilities	16.8	5.2	33.1	24.4	541	9
Publishing	16.7	16.2	10.8	14.6	7,284	107
Manufacturing (excluding Publishing)	32.2	23.1	15.2	24.0	12,077	285
Construction	14.4	9.6	11.1	19.9	20,530	335
Wholesale & Retail	37.8	23.4	16.3	22.2	69,001	811
Hotels & Restaurants	27.9	20.4	18.7	25.2	23,072	456
Transport & Communications	27.3	22.4	23.7	23.7	12,307	285
Banking & Finance	36.6	18.8	18.1	24.1	11,092	223
Business & Professional Services	29.1	26.2	16.9	24.4	136,762	994
Education, Health & Social Work	26.3	22.8	13.3	20.9	11,004	276
Other Community Services	27.3	30.0	28.7	19.8	35,056	221
LDA sector						
Environment	3.7	43.5	2.5	17.2	1,962	27
Life Sciences	12.0	39.1	11.6	12.1	1,965	23
ICT	50.2	40.0	20.8	40.8	19,035	190
Tourism	31.9	26.0	19.4	27.4	18,207	434
Production	26.4	20.5	13.5	20.5	19,361	392
Creative	36.4	32.1	21.8	25.4	80,845	544

Table 10.5: Innovation in London's businesses *continued*

LSC area						
London East	30.8	24.1	14.7	20.6	71,433	837
London North	29.5	23.6	21.9	21.0	37,217	799
London Central	26.6	24.9	18.6	25.4	119,327	772
London South	30.1	17.5	17.3	19.7	51,580	799
London West	33.9	26.7	17.6	24.7	59,169	795
Country of ownership						
UK-owned	28.7	23.2	17.5	22.9	318,582	3,591
Foreign-owned	41.8	31.4	22.3	21.5	16,826	337
Joint UK-foreign	61.4	43.5	13.9	28.4	2,245	47
DK/refused	53.0	27.0	18.3	19.6	1,073	27
Gender of owners						
Majority male	28.4	22.5	19.1	23.9	199,395	2,266
50:50 male-female	23.8	17.6	14.9	18.0	56,763	612
Majority female	30.8	28.3	12.9	19.4	56,583	376
DK/refused	49.1	36.7	24.3	33.7	25,985	748
Ethnicity of owners						
White	26.8	22.1	17.1	21.1	261,191	2,882
Black	36.8	28.3	19.9	34.5	17,534	140
Asian	30.1	26.1	17.4	24.5	30,110	287
Mixed	14.8	28.1	4.1	23.0	859	11
Other	51.2	28.1	20.6	19.4	7,258	106
DK/refused	50.3	34.4	23.9	33.5	21,775	576

Source: LABS 2005

Denotes significant difference from all businesses total at 95 % significance level

Denotes significant difference from all businesses total at 90 % significance level

10.4 Information Technology

Respondents were asked about whether their employees used computers on a daily basis for their job. Around 85 % of all businesses had at least one member of staff that used a computer on a daily basis, and in three quarters of firms, over 50 % of staff used a computer on a daily basis.

Nearly 85% of businesses using computers on a daily basis used broadband, compared to just over 60% in the 2004 survey and 40% in the 2003 survey. Very large (over 250 employees) businesses and not surprisingly those involved in the LDA sector ICT were significantly more likely to use broadband technology. Businesses located in London North and London South were significantly more likely to use a dial up internet connection.

Over 50 % of businesses made online purchases, compared to a figure of around 30 % from the 2004 survey. Businesses involved in Business and Professional Services are significantly more likely to make online purchases.

Online sales are less common, with around a quarter of all firms using computers on daily basis also making online sales. Larger firms (those with over 100 employees) are more likely to make online sales, as are businesses that operate in the Publishing, and Transport and Communications sectors. For businesses in London that did make online sales, around a quarter of turnover is generated by these online sales.

Table 10.6: Use of ICT by London's businesses

	Dialup	Broad band	Online purchases	Online sales	None	Total none	Unweighted sample
	%	%	%	%	%	n	n
All businesses all except those where staff do not use PCs	8.0	84.1	54.9	27.4	6.5	286,778	3,533
Size							
1-4	8.5	85.1	55.5	26.6	5.6	214,903	1,035
5-9	7.2	82.2	56.1	31.7	8.3	27,602	781
10-49	6.8	79.7	50.7	28.1	10.5	35,248	1,640
50-99	4.9	81.0	54.4	28.1	9.2	4,763	285
100-249	7.1	79.2	49.8	36.2	9.1	2,762	181
250+	2.4	86.8	52.3	36.7	5.9	1,501	80
Sector							
Primary & Utilities	17.3	82.7	69.5	42.2	0.0	425	9
Publishing	2.7	96.8	55.2	36.4	0.4	7,284	107
Manufacturing (excluding Publishing)	12.8	79.0	44.6	23.2	7.3	10,092	285
Construction	10.6	82.6	43.6	20.2	6.8	15,331	335
Wholesale & Retail	13.2	67.9	40.2	30.1	16.7	49,971	811
Hotels & Restaurants	10.9	67.6	34.3	22.1	14.8	12,583	456
Transport & Communications	10.8	79.1	44.9	34.0	7.3	11,680	285
Banking & Finance	5.2	86.8	54.1	29.5	6.5	10,900	223
Business & Professional Services	4.9	91.5	64.4	27.7	2.8	130,858	994
Education, Health & Social Work	11.0	77.2	54.9	22.0	9.1	8,941	276
Other Community Services	9.4	88.1	59.8	25.2	2.4	28,715	221
LDA sector							
Environment	6.0	89.7	13.1	10.4	2.2	400	27
Life Sciences	0.0	100.0	95.3	46.6	0.0	1,433	23
ICT	1.2	98.0	74.9	48.2	0.8	6,137	190
Tourism	11.9	71.4	42.1	28.7	9.9	12,186	434
Production	10.3	83.8	49.1	23.6	5.2	12,559	392
Creative	5.6	89.9	63.5	31.8	4.1	74,416	544

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Table 10.6: Use of ICT by London's businesses *continued*

LSC area							
London East	7.7	81.8	54.8	28.4	9.3	57,404	837
London North	11.1	81.0	53.8	28.0	5.6	31,121	799
London Central	5.5	88.7	57.1	31.3	4.5	106,184	772
London South	11.4	78.1	53.2	20.7	9.4	43,820	799
London West	8.8	84.2	52.2	23.5	5.6	48,249	795
Country of ownership							
UK-owned	8.2	84.3	54.7	27.0	6.2	269,616	3,591
Foreign-owned	5.4	80.5	56.3	33.8	11.4	14,452	337
Joint UK-foreign	12.6	80.0	72.6	40.1	6.2	2,118	47
DK/refused	0.0	79.4	33.3	42.4	14.8	591	27
Gender of owners							
Majority male	6.5	86.7	56.5	25.7	5.8	168,924	2,266
50:50 male-female	10.8	82.9	58.2	34.0	5.7	48,855	612
Majority female	10.3	83.6	53.0	25.6	5.6	46,012	376
DK/refused	8.8	68.0	39.3	29.6	15.4	22,987	748
Ethnicity of owners							
White	7.5	86.0	58.1	26.8	5.8	225,132	2,882
Black	14.8	81.2	31.9	32.0	3.2	13,188	140
Asian	4.7	82.7	49.1	27.8	9.9	23,615	287
Mixed	20.0	56.0	56.0	36.4	24.0	859	11
Other	12.7	84.0	44.6	22.4	2.8	5,262	106
DK/refused	11.5	66.4	42.3	32.4	14.2	18,722	576

Source: LABS 2005

Denotes significant difference from all businesses total at 95% significance level

Denotes significant difference from all businesses total at 90% significance level

10.5 The effects of R&D on business performance

Controlling for all other factors, those firms that had introduced major new products/ services or major new equipment were significantly more likely to have seen growth in profits. Businesses that had introduced major changes to working methods or to the workforce organisation were significantly more likely to have seen growth in both productivity and employment.

Table 10.7: The effects of R&D on business performance

Structural variables	Odds ratio			
	Growth in employment	Growth in turnover	Growth in productivity	Growth in profits
Research & development (last 12 months)				
R&D undertaken	0.94	0.99	0.94	0.89
Introduced major products/services	1.09	1.16	1.12	1.45
Introduced modified existing products/services	0.90	0.90	0.88	0.95
Introduced major equipment	0.94	1.30	0.81	1.42
Introduced major changes to working methods or workforce organisation	1.29	0.93	1.21	0.97
None of the above	0.97	1.17	0.83	1.36

Source: LABS 2005

 Likelihood that variable significantly affects growth at 90% significance level

 Likelihood that variable significantly detracts from growth at 90% significance level

Chapter 11

Summary

- On average businesses employed 0.6 managers per employee or 0.2 per employee, excluding the large number of micro businesses with less than five employees. The number of managers per employee does decrease significantly in larger businesses.
- Around a third of managers had some form of formal qualification.
- 61% of businesses had management accounts, 43% had a sales and marketing plan, 52% had a business plan and 39% had a training plan. These percentages roughly correspond to the results from 2004. Around a fifth (21.8%) of businesses did not have any of the four planning tools.
- The most common source of advice used by businesses is accountants, with over 18% of firms using them for advice. This was also the case in 2004. Other common sources used are bank managers (6.8%), solicitors (6.1%) and Business Link services (5%).
- Over eight out of 10 businesses paid for the advice they received from accountants and solicitors, whereas three quarters of businesses that received advice from bank managers did not pay for this advice.
- For London businesses, managing finance (38.2%), business planning (33.9%) and coping with government regulations (29.4%) were the three main types of advice received.
- Around a third of businesses in London reported that the external advice they had received had contributed to improved business performance. In particular 30.9% stated that sales had increased, 38% that profitability had increased and 36.1% stated that productivity had increased.
- 27% of businesses had collaborated in some way with an external organisation in the last 12 months.
- Businesses were most likely to have collaborated over the development of new products, services or business processes.
- Suppliers were the most likely collaboration partners, and in general, businesses tended to work with other firms, rather than academia or other specialist research organisations.

Effects on business performance

- Taking into account all other factors, the analysis showed that businesses that had a business plan were significantly more likely to show growth in turnover and productivity. Those businesses that had sought advice from a bank manager or another business owner were significantly more likely to have seen growth in turnover.

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- 11.1 Introduction
 - 11.2 Management
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11.1 Introduction

This chapter looks at the management and business planning tools used by businesses in London. Further to this, it considers the nature of business support used. This includes the sources used, the main reasons for seeking it and the effect it has had on business performance.

11.2 Management

The structure and experience of management

Businesses were asked about the number of managers that they employed. On average each business had two managers, with larger businesses inevitably employing more. On average businesses employed 0.6 managers per employee or 0.2 per employee excluding the large number of micro businesses with less than five employees. The number of managers per employee does decrease significantly in larger businesses (Table 11.1).

Nearly a third of all managers had some form of formal management qualification (Table 11.2). Just over a third of managers had undertaken a management training course, over half had received on the job/informal training and nearly six out of 10 had gained management experience at another company. In general, the larger the business, the higher the percentage of managers that had some form of qualification, had undertaken a management training course and had received some form of on the job training. Smaller businesses are more likely to have managers that have only gained management experience at another company and not received any other form of management training.

Chapter 11

Table 11.1: Size of management team per employee by type of business

	Average number of managers per employee	Weighted population	Unweighted sample
	%	n	n
All businesses	0.60	255,693	4,002
Size			
1-4	0.71	255,693	1,035
5-9	0.33	33,299	781
10-49	0.20	38,491	1,640
50-99	0.10	4,814	285
100-249	0.08	2,791	181
250+	0.07	1,481	80
Sector			
Primary & Utilities	0.48	541	9
Publishing	0.59	7,264	107
Manufacturing (excluding Publishing)	0.57	12,007	285
Construction	0.66	20,273	335
Wholesale & Retail	0.55	68,485	811
Hotels & Restaurants	0.38	22,859	456
Transport & Communications	0.54	12,263	285
Banking & Finance	0.54	11,043	223
Business & Professional Services	0.66	135,988	994
Education, Health & Social Work	0.50	10,877	276
Other Community Services	0.70	34,970	221
LDA sector			
Environment	0.80	1,962	27
Life Sciences	0.77	1,965	23
ICT	0.62	19,035	190
Tourism	0.37	18,026	434
Production	0.58	19,271	392
Creative	0.68	80,709	544
LSC area			
London East	0.60	71,339	837
London North	0.63	36,961	799
London Central	0.59	118,404	772
London South	0.61	51,152	799
London West	0.59	58,712	795

Table 11.1: Size of management team per employee by type of business *continued*

Country of ownership			
UK-owned	0.62	316,549	3,591
Foreign-owned	0.37	16,702	337
Joint UK-foreign	0.39	2,245	47
DK/refused	0.26	1,073	27
Gender of owners			
Majority male	0.61	197,703	2,266
50:50 male-female	0.62	56,557	612
Majority female	0.70	56,501	376
DK/refused	0.27	25,809	748
Ethnicity of owners			
White	0.63	259,592	2,882
Black	0.61	17,334	140
Asian	0.61	30,110	287
Mixed	0.57	859	11
Other	0.49	7,258	106
DK/refused	0.31	21,416	576

Source: LABS 2005

Denotes significant difference from all businesses total at 95 % significance level

Denotes significant difference from all businesses total at 90 % significance level

Chapter 11

Table 11.2: Management team qualifications by type of business

	Some form of management qualification	Undertaken a management training course	Received on-the-job/informal management training	Has gained management experience in another company	Weighted population	Unweighted sample
	%	%	%	%	n	n
All businesses	31.6	35.3	52.5	59.4	338,726	4,002
Size						
1-4	29.7	31.9	47.0	60.6	257,323	1,035
5-9	37.4	42.4	64.2	58.4	33,483	781
10-49	36.9	45.9	72.2	52.7	38,734	1,640
50-99	42.4	59.3	83.1	58.6	4,854	285
100-249	38.9	58.7	81.4	58.0	2,830	181
250+	45.6	74.3	83.1	49.8	1,501	80
Sector						
Primary & Utilities	21.5	23.0	41.8	28.6	541	9
Publishing	24.4	49.1	55.9	75.6	7,284	107
Manufacturing (excluding Publishing)	24.8	29.7	45.5	51.3	12,077	285
Construction	24.4	25.5	39.4	48.6	20,530	335
Wholesale & Retail	28.6	33.3	51.6	53.4	69,001	811
Hotels & Restaurants	48.3	51.1	68.6	62.2	23,072	456
Transport & Communications	41.3	40.5	59.6	56.8	12,307	285
Banking & Finance	31.7	37.3	56.7	63.5	11,092	223
Business & Professional Services	33.4	37.4	54.4	67.3	136,762	994
Education, Health & Social Work	33.0	43.1	52.1	41.4	11,004	276
Other Community Services	24.1	21.0	42.3	50.0	35,056	221
LDA sector						
Environment	60.7	82.4	93.0	77.2	1,962	27
Life Sciences	55.3	73.8	89.5	79.5	1,965	23
ICT	30.4	41.3	49.6	61.1	19,035	190
Tourism	42.4	43.8	64.6	57.8	18,207	434
Production	24.6	37.0	49.4	60.5	19,361	392
Creative	26.4	29.8	51.1	60.5	80,845	544

Table 11.2: Management team qualifications by type of business *continued*

LSC area						
London East	28.0	33.1	52.2	54.9	71,433	837
London North	32.3	34.0	46.9	57.0	37,217	799
London Central	30.8	33.5	52.7	60.5	119,327	772
London South	32.1	39.1	53.8	63.3	51,580	799
London West	36.9	39.2	55.1	60.7	59,169	795
Country of ownership						
UK-owned	30.5	33.8	51.4	59.6	318,582	3,591
Foreign-owned	46.6	56.4	68.0	59.4	16,826	337
Joint UK-foreign	66.5	68.6	82.4	53.0	2,245	47
DK/refused	64.4	92.7	96.6	26.5	1,073	27
Gender of owners						
Majority male	29.3	32.6	50.3	60.9	199,395	2,266
50:50 male-female	28.7	31.0	54.6	58.4	56,763	612
Majority female	36.5	37.4	43.3	59.1	56,583	376
DK/refused	45.0	60.9	85.8	50.8	25,985	748
Ethnicity of owners						
White	28.9	32.5	50.9	61.5	261,191	2,882
Black	42.6	48.7	51.4	47.3	17,534	140
Asian	41.8	33.5	48.0	52.7	30,110	287
Mixed	14.3	13.3	46.3	69.9	859	11
Other	30.8	42.7	49.7	56.1	7,258	106
DK/refused	42.4	59.0	80.7	53.6	21,775	576

Source: LABS 2005

Denotes significant difference from all businesses total at 95 % significance level

Denotes significant difference from all businesses total at 90 % significance level

Chapter 11

The use of management planning tools

As can be seen in Table 11.3, 61 % of businesses had management accounts, 43 % had a sales and marketing plan, 52 % had a business plan and 39 % had a training plan. These percentages roughly correspond to the results from 2004. The existence of all these planning tools is clearly related to the size of the business, with all of them being more likely to exist in larger businesses.

Around a fifth (21.2 %) of businesses did not have any of the four planning tools asked about. Over a fifth of companies employing less than 10 people have none of the mentioned planning tools, compared to just over 2 % of those employing more than 100.

Table 11.3: Existence of strategic planning tools

	Management accounts	Sales & marketing plan	Business plan	Training plan	None	Weighted population n	Unweighted sample n
	%	%	%	%	%		
All businesses	60.5	43.2	52.1	38.6	21.1	338,726	4,002
Size							
1-4	55.9	37.4	46.3	28.4	25.5	257,323	1,035
5-9	71.1	57.1	66.0	59.5	10.0	33,483	781
10-49	75.6	61.9	71.2	76.5	5.7	38,734	1,640
50-99	85.6	78.5	86.1	86.1	1.8	4,854	285
100-249	89.1	75.4	84.1	87.7	3.3	2,830	181
250+	91.9	75.5	92.4	93.4	0.0	1,501	80
Sector							
Primary & Utilities	73.4	5.2	68.2	46.8	26.6	541	9
Publishing	63.8	39.4	39.0	32.9	30.2	7,284	107
Manufacturing (excluding Publishing)	54.4	39.0	47.0	36.3		12,077	285
Construction	46.8	27.4	33.6	30.8	35.3	20,530	335
Wholesale & Retail	53.9	42.2	49.6	40.9	25.9	69,001	811
Hotels & Restaurants	64.9	48.4	63.0	69.2	13.3	23,072	456
Transport & Communications	57.9	45.8	50.4	43.9	24.6	12,307	285
Banking & Finance	66.7	59.7	61.5	51.9	13.8	11,092	223
Business & Professional Services	66.0	45.6	55.4	33.7	15.3	136,762	994
Education, Health & Social Work	57.6	49.3	64.1	60.8	16.0	11,004	276
Other Community Services	58.3	36.4	46.4	26.0	26.6	35,056	221
LDA sector							
Environment	85.9	12.0	83.4	48.8	13.1	1,962	27
Life Sciences	92.9	27.2	78.7	60.9	5.7	1,965	23
ICT	62.0	57.3	63.3	39.0	10.1	19,035	190
Tourism	64.0	49.7	65.2	68.8	12.2	18,207	434
Production	57.9	39.2	44.0	35.0	33.1	19,361	392
Creative	57.5	44.1	51.0	29.5	23.1	80,845	544

Source: LABS 2005

Denotes significant difference from all businesses total at 95% significance level

Denotes significant difference from all businesses total at 90% significance level

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Table 11.3: Existence of strategic planning tools *continued*

	Management accounts	Sales & marketing plan	Business plan	Training plan	None	Weighted population	Unweighted sample
	%	%	%	%	%	n	n
LSC area							
London East	57.5	38.9	51.1	41.9	21.8	71,433	837
London North	64.3	43.4	49.9	34.6	22.2	37,217	799
London Central	58.6	45.1	51.7	33.7	21.6	119,327	772
London South	64.2	43.6	53.4	41.2	19.9	51,580	799
London West	62.3	44.2	54.6	44.6	19.5	59,169	795
Country of ownership							
UK-owned	59.9	42.2	51.2	36.8	21.9	318,582	3,591
Foreign-owned	67.9	57.2	68.9	67.8	8.5	16,826	337
Joint UK-foreign	84.1	75.4	53.9	48.9	9.7	2,245	47
DK/refused	59.9	43.2	79.1	96.6	3.4	1,073	27
Gender of owners							
Majority male	59.3	41.2	50.4	34.9	23.3	199,395	2,266
50:50 male-female	64.9	45.7	51.9	38.1	15.9	56,763	612
Majority female	58.1	39.6	49.9	32.4	24.9	56,583	376
DK/refused	65.4	61.3	71.1	81.1	6.6	25,985	748
Ethnicity of owners							
White	61.1	41.3	48.9	34.5	22.4	261,191	2,882
Black	55.9	45.7	65.0	43.3	16.0	17,534	140
Asian	54.5	43.5	56.1	37.4	21.5	30,110	287
Mixed	42.2	31.5	41.9	20.3	56.5	859	11
Other	55.2	52.5	64.0	52.1	17.7	7,258	106
DK/refused	68.0	61.4	71.9	81.4	8.7	21,775	576

Source: LABS 2005

Denotes significant difference from all businesses total at 95% significance level

Denotes significant difference from all businesses total at 90% significance level

11.3 Business support

Sources of business advice

LABS asks businesses about business advice sought over and above that normally required for running for a business (e.g. preparing annual accounts, routine banking etc).

Businesses in London used a wide range of sources for this sort of advice over the last 12 months. The most commonly used source of advice was accountants, with over 18 % of all firms using them for advice. This was also the case in 2004. Other common sources of advice used were bank managers (6.8 %), solicitors (6.1 %) and Business Link services (5 %). Informal sources of advice were also used such as another business owner (5 %) and friends/relatives (4.9 %).

There are some noticeable differences between larger and smaller companies. Larger businesses, in particular those employing more than 100 people, are far more likely to use a solicitor or a management consultant as a source of advice, and are less likely to use an accountant or Business Link. This latter point is partly explained by the fact that Business Link only advises businesses with less than 250 employees.


Over eight out of 10 businesses paid for the advice they received from accountants and solicitors whereas three quarters of businesses that received advice from bank managers did not pay for this advice.


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Table 11.4: All sources of business advice used in the past 12 months by type of business

		All businesses	1-4	5-9	10-49	50-99	100-249	250+
Accountant	%	18.4	19.3	18.8	13.7	10.9	10.2	10.9
Bank manager	%	6.8	6.7	9.1	5.7	5.5	5.2	8.3
Solicitor	%	6.1	6.0	5.2	7.0	8.6	11.6	13.6
Business Link	%	5.1	5.2	4.6	4.8	4.7	2.3	1.9
Other	%	8.9	8.5	7.9	10.9	12.4	13.4	14.2
None	%	53.4	54.4	48.7	50.6	53.8	47.8	49.9
Don't know	%	7.7	5.8	12.4	13.9	15.9	15.4	14.7
Weighted population	n	338,726	257,323	33,483	38,734	4,854	2,830	1,501
Unweighted population	n	4,002	1,035	781	1,640	285	181	80

Source: LABS 2005

 Denotes significant difference from all businesses total at 95% significance level

 Denotes significant difference from all businesses total at 90% significance level

Levels of satisfaction with businesses advice received

Table 11.5 looks at all the sources of advice used by each business and details the level of satisfaction that businesses had with the advice they received. The small number of businesses in the survey receiving advice from certain sources does however mean these results should be treated with caution.

Table 11.5: Satisfaction with advice

Multiple choice	Very dissatisfied	Fairly dissatisfied	Neither satisfied nor dissatisfied	Fairly satisfied	Very satisfied	Don't know	Mean score	Weighted population	Unweighted sample
	%	%	%	%	%	%		n	n
Trade association	3.6	0.0	1.9	10.4	84.2	0.0	4.3	4,356	26
Customer/supplier	11.6	0.7	3.4	30.5	53.7	0.0	4.2	3,909	18
Solicitor	13.6	3.3	1.1	35.2	46.3	0.5	4.2	4,793	38
Accountant	5.9	9.3	4.4	32.4	47.9	0.2	4.1	47,024	187
Chamber of commerce	2.4	0.0	1.7	65.4	30.5	0.0	4.0	1,216	4
Other	9.3	11.3	2.2	28.9	46.8	1.5	4.0	22,983	153
Inland Revenue/HMRC	0.0	0.0	59.4	5.2	35.4	0.0	4.0	1,926	2
Friends/relatives	16.4	1.2	0.3	32.1	50.0	0.0	4.0	7,959	29
Bank manager	17.4	19.2	3.8	30.9	28.6	0.0	3.8	6,824	30
Business Link	9.0	5.9	6.1	39.5	39.0	0.5	3.7	8,831	47
Other Government department	9.2	22.2	2.3	9.8	56.6	0.0	3.7	3,603	31
Another business owner	20.1	5.9	0.7	36.3	30.6	6.4	3.7	9,666	28
Enterprise agency	32.6	3.7	7.9	17.8	38.1	0.0	3.7	1,898	4
A regulatory body (e.g. HSE/ Environment Agency)	38.5	6.1	0.7	31.8	17.8	5.1	3.3	1,098	7
Management consultants	14.7	24.7	22.2	27.5	10.9	0.0	3.1	2,154	12

Source: LABS 2005

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Reasons for seeking advice

For London businesses, managing finance (38.2 %), business planning (33.9 %) and coping with government regulations (29.4 %) are the three main types of advice received. Interestingly very few businesses received external advice on product design/development or technical advice.

Firms with over 250 employees were most likely to receive advice on IT/computing, premises and workforce training.

Table 11.6: Types of advice received from sources of business advice

		All businesses	1-4	5-9	10-49	50-99	100-249	250+
Managing finance	%	38.2	38.9	39.2	34.9	29.5	18.8	28.8
Business planning	%	33.9	35.1	33.2	27.8	22.6	27.8	39.9
Coping with government regulations	%	29.4	29.6	26.6	29.7	23.8	40.3	35.0
Sales and marketing	%	26.1	27.4	22.4	20.7	20.9	15.2	32.2
Obtaining finance	%	21.1	22.0	18.2	18.6	18.9	11.0	24.6
IT/computing	%	16.3	16.8	11.1	17.8	11.6	11.8	30.9
Premises	%	14.2	14.7	10.1	14.2	10.7	14.4	33.9
Advice about workforce training	%	13.2	11.9	15.5	19.2	18.1	21.6	26.0
Management training	%	11.4	9.7	16.6	17.1	13.8	21.3	36.4
Exporting	%	4.4	4.9	1.8	3.0	2.9	7.4	4.7
General business advice	%	3.9	4.1	1.9	4.0	2.5	2.4	0.0
Legal advice	%	3.3	3.1	3.2	4.7	4.4	10.6	0.0
Technical advice	%	0.8	0.7	1.0	1.1	0.0	0.0	0.0
Product design/development	%	0.6	0.4	1.9	0.9	1.2	1.4	0.0
Weighted population	n	132,018	102,221	13,013	13,739	1,472	1,041	531
Unweighted population	n	4,002	1,035	781	1,640	285	181	80

Source: LABS 2005

■ Denotes significant difference from all businesses total at 95 % significance level

■ Denotes significant difference from all businesses total at 90 % significance level

Perceived effectiveness of business advice

Businesses that had received advice were asked for their perceptions of the effectiveness of it. Around a third of businesses in London reported that external advice that they had received had contributed to improved business performance. In particular, 30.9 % stated that sales had increased, 38 % that profitability had increased and 36.1 % stated that productivity had increased.

Looking across the different sectors, it can be seen that external advice appears to be particularly important for improving performance in the Transport and Communications sector and least important in the Manufacturing sectors. External advice also appears to lead to an above average improvement in performance for black-owned businesses.

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Table 11.7: Whether assistance contributed to increased business performance

	Increased Sales	Increased Profitability	Increased productivity	Weighted population	Unweighted sample
	%	%	%	n	n
All businesses	30.9	38.1	36.1	47,657	4,002
Sector					
Primary & Utilities	0.0	0.0	0.0	0	9
Publishing	16.1	22.1	22.1	224	107
Manufacturing (excluding Publishing)		32.8		1,263	285
Construction	23.2	38.5	38.5	1,798	335
Wholesale & Retail	34.5	32.0	32.0	8,031	811
Hotels & Restaurants	35.3	39.7	39.7	3,554	456
Transport & Communications	43.7	54.4	54.4	2,025	285
Banking & Finance	32.0	38.2	38.2	1,521	223
Business & Professional Services	32.8	40.0	40.0	23,326	994
Education, Health & Social Work	34.6	42.9	42.9	1,552	276
Other Community Services	23.9	37.0	37.0	4,362	221
Country of ownership					
UK-owned	30.5	37.3	35.6	45,327	3,591
Foreign-owned	43.1	59.2	49.0	2,007	337
Joint UK-foreign	53.7	64.5	61.1	306	47
DK/refused	36.6	36.6	36.6	17	27
Gender of owners					
Majority male	26.4	33.3	31.1	23,848	2,266
50:50 male-female	43.9	49.1	43.5	9,226	612
Majority female	31.8	41.8	41.3	11,833	376
DK/refused	39.6	42.2	49.3	2,750	748
Ethnicity of owners					
White	27.3	36.0	33.1	35,136	2,882
Black	54.4	59.6	61.9	6,855	140
Asian	42.1	31.1	37.2	2,797	287
Mixed	0.0	38.1	26.6	92	11
Other	25.4	28.0	24.7	404	102
DK/refused	43.0	47.5	44.5	2,372	580

Source: LABS 2005

Denotes significant difference from all businesses total at 95% significance level

Denotes significant difference from all businesses total at 90% significance level

11.4 Collaboration

Table 11.8 shows the percentage (27 %) of businesses that had collaborated with an external organisation in any way over the last 12 months. Larger businesses (those employing more than 10 people) were significantly more likely to have collaborated. Looking at the pattern across sectors it can be seen that those businesses operating in the Banking and Finance and Business and Professional Services sectors were significantly more likely to have collaborated.

Businesses were most likely to have collaborated with other businesses and in particular suppliers or other enterprises within their group.

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Table 11.8: Collaboration in the past 12 months by type of business

	Yes	No	Don't know	Weighted population	Unweighted sample
	%	%	%	n	n
All businesses	27.3	70.9	1.7	338,726	4,002
Size					
1-4	25.7	73.4	0.9	257,323	1,035
5-9	29.3	68.5	2.3	33,483	781
10-49	33.3	57.0	5.8	38,734	1,640
50-99	36.9	57.0	6.0	4,854	285
100-249	44.6	50.5	4.9	2,830	181
98145.451	55.0	32.3	12.7	1,501	80
Sector					
Primary & Utilities	8.1	91.9	0.0	541	9
Publishing	31.2	65.3	3.5	7,284	107
Manufacturing (excluding Publishing)	23.0	75.6	1.4	12,077	285
Construction	7.4	90.8	1.8	20,530	335
Wholesale & Retail	20.4	75.6	4.1	69,001	811
Hotels & Restaurants	17.7	79.3	3.0	23,072	456
Transport & Communications	15.7	81.9	2.4	12,307	285
Banking & Finance	35.6	61.8	2.6	11,092	223
Business & Professional Services	36.2	63.4	0.4	136,762	994
Education, Health & Social Work	28.3	68.6	3.2	11,004	276
Other Community Services	26.8	72.9	0.3	35,056	221

Source: LABS 2005

Denotes significant difference from all businesses total at 95% significance level

Denotes significant difference from all businesses total at 90% significance level

Table 11.9: Areas of collaboration by type of business

		All businesses
Development of new products, services or business processes	%	46.1
Developing joint ventures or initiatives	%	22.6
Sharing good business practice	%	17.6
Extending your network of contacts	%	16.8
Accessing new UK markets	%	14.3
Other	%	13.1
Sharing workload or customers	%	12.4
Sharing the costs of new equipment	%	6.2
Outsourcing/sub-contracting	%	7.4
Accessing overseas markets	%	7.1
Marketing/PR	%	4.8
IT/computer systems	%	3.2
Research	%	2.7
Conferences/fairs/exhibitions	%	2.6
Training	%	1.6
Legislation/regulations	%	0.7
Charitable work/fund-raising	%	0.3
Don't know	%	4.3
Refused	%	0.1
Weighted population	n	92,619
Unweighted population	n	4,002

Source: LABS 2005

Chapter 11

Table 11.10: Organisations collaborated with by business type

		All businesses
Other companies (suppliers)	%	36.0
Other enterprises within your group	%	19.3
Other companies (customers)	%	16.7
Competitors	%	13.2
Trade or industry bodies	%	7.7
Business consultancies	%	7.1
Other	%	5.6
Local/Central Government organisations	%	5.6
Accountants /banks	%	5.2
Higher education institutions	%	4.6
Business support organisations	%	3.9
Private research institutes	%	2.8
Commercial laboratories /R&D enterprises	%	0.5
Charitable organisations	%	0.4
Don't know	%	1.4
Refused	%	0.1

Source: LABS 2005

11.5 The effect of management and business support on business performance

Taking into account all other factors the analysis shows that businesses that have a business plan are significantly more likely to show growth in turnover and productivity. The analysis also shows that those businesses that had sought advice from a bank manager had significantly higher growth in turnover and productivity and those businesses that had sought advice from another business owner were also significantly more likely to have seen growth in turnover.

Table 11.11: The effect of management systems and advice on business performance

Structural variables	Odds ratio			
	Growth in employment	Growth in turnover	Growth in productivity	Growth in profits
Management systems/advice				
Business plan in place	0.99	1.19	1.37	1.18
Staff training plan	1.00	0.96	0.89	0.79
Management accounts	1.09	0.89	1.11	1.00
No management systems in place	1.04	0.92	1.13	0.89
Manager's have some form of management qualification	1.11	1.08	1.03	0.99
Manager's have taken management training course	0.95	1.04	1.07	1.09
Manager's have received on-the-job/ informal management training	0.94	0.96	1.09	1.18
Manager's gained experience at another business	1.01	0.90	1.08	0.90
Business has non-executive directors	1.20	1.33	1.18	1.09
Business has collaborated with other organisations	1.13	1.11	1.09	
Business has regular external advisors	0.88	1.03	0.88	0.94
No business advice sought in the last 12 months	0.96	1.04	1.02	1.09
Advice sought from business link	1.20	0.89	0.91	0.86
Advice sought from another business owner	1.00	1.57	1.26	1.12
Advice sought from a friend	0.87	0.75	1.02	1.33
Advice sought from a solicitor	1.25	1.15	0.87	0.91
Advice sought from an accountant	0.83	0.87	0.85	1.10
Advice sought from a bank manager	1.20	1.48	1.52	1.21
Advice sought from a solicitor	1.20	0.89	0.91	0.86
Advice sought from other source	0.98	1.03	1.24	1.24

Source: LABS 2005

 Likelihood that variable significantly affects growth at 90% significance level

 Likelihood that variable significantly detracts from growth at 90% significance level

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আপনি যদি আপনার ভাষায় এই দলিলের প্রতিলিপি
(কপি) চান, তা হলে নীচের ফোন নম্বরে
বা ঠিকানায় অনুগ্রহ করে যোগাযোগ করুন।

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σας, παρακαλώ να τηλεφωνήσετε
στον αριθμό ή να επικοινωνήσετε
στην παρακάτω διεύθυνση.

Gujarati

જો તમને આ દસ્તાવેજની નકલ તમારી ભાષામાં
જોઈતી હોય તો, કૃપા કરી આપેલ નંબર ઉપર
ફોન કરો અથવા નીચેના સરનામે સંપર્ક સાધો.

Hindi

यदि आप इस दस्तावेज़ की प्रति अपनी भाषा में चाहते हैं,
तो कृपया निम्नलिखित नम्बर पर फोन करें अथवा दिये
गये पता पर सम्पर्क करें।

Punjabi

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telefon edin ya da adrese başvurun.

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ہیں، تو براہ کرم نیچے دیئے گئے نمبر پر فون کریں
یا دیئے گئے پتہ پر رابطہ قائم کریں۔

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