Government advice networks for SMEs: an assessment of the influence of local context on Business Link use, impact and satisfaction

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Abstract

Business Link in Britain is one of the main recent government initiatives to support SMEs in the EU. The paper uses a 1997 survey of SMEs to determine how Business Link use, impact and satisfaction are influenced by firm characteristics, local partnership characteristics, local geographical context, service intensity and other explanatory variables. The paper presents econometric estimates based on logit and ordered logit models. A key finding of the paper is that local context is not very significant to service use, impact or satisfaction, but local Business Link management and adviser performance are important influences on the impact and satisfaction. Major differences in the way SMEs use government-backed services are also found. These are high volumes of use of 'gateway' information services producing only low impact, and low volumes, but high impacts and satisfaction with intensive advice services governed by contracts between the clients and the advisor. Implications for the Small Business Service, launched in April 2000, are drawn.

JEL Codes: M13, L80, L50
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1. INTRODUCTION

Support for small and medium sized enterprises (SMEs) is a major plank of government policy throughout the EU. Much support has focused on providing advice and guidance at the startup and early stages of growth. However, increasing attention is also being given to trying to help businesses which are established but are encountering growth barriers of various kinds. This often involves more intensive advice, frequently of a more specialist kind, or working between government and private sectors of expertise. Many countries have developed advice, information and grants systems to help SMEs. The European SMEs Observatory (1993, 1996), for example, records a wide range of similar initiatives in the EU countries. The Danish small business advice centre network, and the British Business Link have been particularly important examples (see e.g. OECD, 1995). The US Small Business Administration is a similar but much more highly resourced approach.

One of the main recent initiatives to develop an advice system for established SMEs with the potential to grow has been Business Link (BL). This has been developed since 1992 to provide a network of local business advice centres for Small and Medium Sized Enterprises (SMEs) in England. It seeks to provide a local information, advice and consultancy service to SMEs. This can range from responding to simple enquiries over the telephone to a specialist consultancy (on fields of advice such as exports, marketing, innovation and technology, or product design) or intensive generalconsultancy based on personal advisors, and provision of grants. The BL system has been reformed during 2000-2001 by the British Government to be part of the Small Business Service. This is an attempt to replicate the US

Small Business Administration. Chiefly this involves adding to the advice function a new role as a 'voice for SMEs'.

In previous evaluations, BL has been shown to have achieved high use levels, as high as any previous government intervention in Britain in the last 20 years. However, client assessments of impact and satisfaction have been more disappointing. In addition, the range of variability of impact and satisfaction has been found to be high, sometimes with almost equal numbers of highly dissatisfied and highly satisfied clients. Thus, whilst the service has the capacity to be excellent, it also can be extremely poor (HoC, 1996; Bennett and Robson, 1999b).

In previous analyses the high level of variability of impact and satisfaction has been interpreted as the result either of the management variations between individual BL offices, or of the quality of individual advisors. There has been little influence found of differences for the type of SME client firm by size, sector, or growth record (Bennett and Robson, 1999a). However, Keeble (1998) has suggested that there may be some influence of where firms are located, particularly their degree of urban or rural location, which influences the level of use of BL and its clients' evaluation of impact and satisfaction.

This paper assesses the role of local BL characteristics and geographical location, whilst controlling for other variables such as firm type and the structure of local partner competition on support with BL. The most important contribution is the assessment of the relative importance of different local BL structures. To achieve this has required very extensive analysis, including geo-coding of a large scale survey to postcode district level, collecting data on the characteristics of BLs and other local suppliers, and the geography of each respondent's location. The paper assesses the influence of BL characteristics, geography and other factors using logit and ordered

logit regression models. The results have important implications for SME consultancy and advice in general, as well as for public policy.

The paper has four sections. Section 2 provides an overview of the background to the establishment of BL and its re-design as a Small Business Service. Section 3 presents new survey evidence, examining the relationship between the use, impact and client satisfaction of a range of BL services. Section 4 of the paper brings together the main research findings and assesses their implications for SME support and public policy. These implications are particularly important in the context of the relaunch of BL within the new Small Business Service over 2000-2001.

2. BUSINESS LINK: ITS ESTABLISHMENT AND THE SMALL BUSINESS SERVICE

There are three key elements of the design of BL which are each likely to affect its peformance. First, BL has a locally variable management structure. It is structured around 89 "hubs" which are almost all coterminous with the areas covered by Training and Enterprise Councils (TECs) and Chambers of Commerce Training and Enterprise (CCTEs). The TECs are contracted to Government Regional offices on behalf of the Government, but the delivery is by a partnership of local supply bodies: TECs themselves, chambers of commerce, local authorities, enterprise agencies, and other local organizations. The partnership structure has led to the use of over 200 outlets or "satellites" within the hub areas. The result is that the structure varies considerably locally. In 1997, 48% of BLs were independent operations, 22% were subsidiaries of, and 18% were divisions of TECs or CCTEs, (DTI, 1997a). CCTEs (Chambers of Commerce Training and Enterprise) were themselves the result of the recognised need for integration of local support, resulting in the merger of some chambers of commerce andTECs.

A second important aspect of BL has been its early targeting to give mainly support to established growth companies of 10-200 employees. Startups and micro businesses were generally redirected and referred elsewhere. Since 1996 flexibility has increased and the BL remit allowed them to work in detail with business of all sizes including startups, although still focusing on growth companies of 10-200 employees.

A third key aspect of BL is its core focus not just on providing information, but also a broad range of more intensive advice, counselling and consultancy services. This approach has been underpinned by the concept of an "account manager". These are personal business advisors (PBAs) who, as well as answering general enquiries, have to maintain intensive regular contact with a portfolio of companies, advising them and constructing integrated packages to meet their needs. A key aspect of the account management concept, and indeed of the whole initiative, is to provide a one-stop-shop. This is based on the perceived need to remove confusion from the delivery of local business support services. A number of academic and policy critiques had suggested the need to integrate locally fragmented government supports (e.g. Cromie and Birley, 1994; HoC, 1996; IOD, 1996). This has been one of the primary motives behind the partnership structure developed in each area.

The BL has been redesigned within the Small Business Service (SBS). Since April 2000 Business Link has been developed as a 'brand name' for a similar information and advisory service to SMEs. But three important changes to BL are being developed for SBS (DTI, 1999). First, the contracting structure for the service has been simplified. Instead of contracts of BL hubs in each area with their local TEC, TECs are being removed altogether, with BL contracted directly to the new governmental body of the SBS. This is likely to produce a more centralised and uniform system with less scope for local variability. To simplify local structures and reduce variability further, the number of BL hubs has been reduced to 45 from 89.

Second, the targeting of the service has been widened to be open to all SMEs, thus diffusing support more widely, with less potential to concentrate on intensive advice services. However, intensive advice will remain part of the portfolio of services, but as only one element which will be chosen by clients and advisors after a potential check has first been involved in a 'Gateway'.

A third development has been a renewed drive to increase quality, including giving greater emphasis to advisor training and accreditation.

These changes could be of crucial importance to improving the quality of BL. For whilst a number of previous studies have shown that the level of use of BL has been quite large, the assessments of its quality have been more mixed. For example, user statistics show 112,000 business users per quarter, representing 5% of firms of 1-9 employees, 19% of 10-49 employee firms, 43% of 50-199 employee firms, and 9% overall (DTI, 1998). However, impact studies have shown that although BL has comparable impact levels to those of other public sector suppliers, it is significantly behind private sector suppliers (Bennett and Robson, 1999a, Table 6), and client satisfaction targets for BL have not generally been met. The satisfaction targets defined by DTI (1996, p. 52; 1997) set satisfaction criteria at 80% or higher; e.g. services delivered within agreed deadlines; clients contacted within promised time after receipt of service; enquiries receiving an accurate response; services provided being appropriate to client needs; diagnoses of client need being correct; clients returning for future services as a first choice. DTI evaluations showed only 75% general satisfaction in a 1997 wave of analysis (MORI, 1997), whilst other early assessments have found client satisfaction with BL to range from only 59% to 73%, depending on the service used (Bennett and Robson, 1996b). Similarly, Priest (1998) found strong variations between different BL services, with important differences between users of services chiefly by firm size,

to a lesser extent by sector, but mainly as a result of the firm's expectations and experience of particular advisors.

These studies of BL suggest the importance of quality variations and the need to examine more systematically the causes of quality variation, whilst controlling for the influence of firm type, service type and other factors that may influence impact or satisfaction. This is the subject of the empirical developments below.

3. EXPLAINING THE EFFECTS OF BL

The main objective of this paper is to explain the factors that influence variation in use, impact and satisfaction by clients of BL. The targeting and marketing of BL tends to focus on specific business sizes. The services provided will tend to attract some types of businesses more than others. And the local structures of partnership provision, its accessibility and previous patterns of supply may also influence how advice is used and is evaluated by clients. A key contribution of this paper is to assess how far these differences in client types, service types and advisor management characteristics affect client assessments. The analysis uses five groups of explanatory variables: (i) characteristics of the client SME (its number of employees, whether it is an exporter or non-exporter, its sector, whether it is a novel process innovator or not, its profitability per employee, and its employment growth); (ii) characteristics of the local partnership (its age, fee income levels, the number of local outlets or 'satellites', the size of its advisor staff, and whether a written brief/contract exists between the user and the BL); (iii) local geographical context, such as whether or not the respondent is in a European Union assisted area, whether the respondent is in an urban or rural location, and the distance of the respondent from the nearest business centre; (iv) the characteristics of the local partner/competitor support organizations; and (v) the different models of service delivery used, measured by the service field and intensity of the service

delivered. Each of these groups of variables is discussed further below.

Client type

Since business size (measured by employee numbers) is a key targeting characteristic of most government supports to SMEs, and is a major aspect of BL, it can be expected to have a major impact on the extent of use of the services, although its expected effect on impact and satisfaction is less clear. It is likely, however, that since targeting of BL is focused on 10-200 employee firms, impact and satisfaction will also be greater for this size group, as the managers are incentivised to stimulate repeat business in this category. From other analyses, however, it is known that use of all external advice tends to increase with size, particularly from micro to medium sized businesses, up to about 50 employees. After that size the extent of use of external advisors tends often to reach a fairly uniform level for medium and larger businesses (Bennett and Robson, 1999a). Therefore, although service use can generally be expected to increase with SME size, a log transformation of employee numbers is used below to capture the levelling off to a "plateau" effect for medium sized firms.

Other client-type variables can also be expected to affect the take-up and use of BL. The firm's capacity to finance external advice can be very important. The survey includes the profit of firms. Users that have high levels of profitability may be more easily able to finance external advice, or need greater inputs of advice in order to continue to develop. However, firms that are making losses may also need more help. There may be either a positive or negative relation of advice to profitability. However, BL targets potential growth firms, so it should be expected that use of BL will generally increase with profitability.

The skill level of respondents' organisations may also be important. Skill is a complex influence. It can affect the range and type of tasks that managers and workers can perform, together with the intensity with which their actions are sustained. Skill is a measure of capability and realisable potential, and requires experience on-the-job in combination with formal education of varying degrees of intensity. In order to capture the skill composition of the respondents' organisations a skill variable is incorporated into our analysis. This is defined as the percentage of the workforce who are employed in the following capacity: managers, technologists, scientists and higher professionals, technicians and lower professionals. The case can be argued for either a positive or a negative relationship between skill level and use of external advice. The higher the skill composition of a workforce the greater their capacity to identify needs which require the services of external assistance. On the other hand, low skilled firms may by definition lack important knowledge or expertise, and may require a greater level of external advice help which encourages higher use and impact.

Actual or potential growth is a further targeting criterion for BL, and should be included to control for this effect. In the analysis here the percentage rate of employment growth is used. Although it is a targeting objective, employment growth can potentially have a positive or negative relation to the extent of use and impact of external advice. Those firms which are experiencing reduced levels of employment may by definition lack particular knowledge and skills and need to buy-in this assistance. But again this feeds into other firm characteristics such as profitability. A firm with reduced levels of employees can operate at higher levels of profits than were achieved prior to rationalisation, and may have greater capacity to finance external advice. Whilst employment growth may be desirable from a political point of view, declining employee numbers per se does not necessarily impede a firm's capacity to seek external advice, and may encourage it through a desire for greater outsourcing.

Other firm characteristics which are included in our analysis are sector (manufacturing/services), exporting/non-exporting, and innovator/non-innovator. There are no prior expectations to suggest that manufacturing firms will use more external advice than service sector firms. But regarding exporting firms, an important aspect of the BL service is export advice, so that it is expected that there will be greater frequency and intensity of take-up as a result of marketing and the availability of advice from exporting firms. The definition of firm-level innovation is taken from a definition developed in Cosh and Hughes (1998). Innovation is interpreted as a discriminating variable to indicate those firms that have introduced a process innovation which was not only new to the firm, but also new to the firm's industry, and therefore may need external advice from BL to help implement change. As with the discussion of skill, being a novel process innovator can potentially have a positive or a negative relationship with the level of use of government supports. Other analyses demonstrate that the three most important objectives of innovation activities are to gain new markets or market share (74.6% of respondents report this as a very significant or crucial factor), improving product quality (68.8%), and extending product range (63.9%) (Cosh and Hughes, 1998, Table 4.2). In order to meet these objectives, innovative firms may need a high level of external support. However, higher level of use may be found for non-innovating firms because they may lack cutting edge technology, skills, and expertise, and need greater amounts of external advice in order to catch-up with other firms which are more active in their development of innovations.

Type of local organization

A central focus of the analysis is to determine if different types of local partnership structures influence levels of client use, impact and satisfaction. Previous evaluations have demonstrated that the early years of BL show rapidly rising awareness levels, and hence take-up, levelling off after 18 months or 2 years (MORI, 1997). Since local

partnerships were phased in their development between 1993 and 1996, the age of development is expected to be an important source of variation for a survey undertaken in 1997. It is expected that use levels will be lower in the early years than later.

The size of the local partnership is also a potentially important influence on the use and impact of advice. A larger unit should be able to offer a greater range of advisors, a higher degree ofspecialism between advisors, and to operate to a greater extent as a one-stop-shop, responding to a higher proportion of inquiries in-house, with a lower level of referral and a greater potential to achieve high impact. Size can be measured in a variety of ways. The analysis here focuses on the front-line advisor staff of personal business advisors. Their numbers are included through several measures: as absolute numbers; as numbers of advisors relative to the size of the local business population, to control for the different scales of coverage of different BLs; or as a size measure that recognises that economies of scale and scope of provision of advice can occur only after a certain size threshold or critical mass has been achieved.

Considerable policy debate has focused on whether BLs are locally part of an independent partnership with a degree of managerial autonomy, or have services combined with one or more partners by being a subsidiary or division of one of the key partners (TECs and chambers of commerce). As a one-stop-shop, being an independent BL may be an advantage to its use and impact levels. However, a small independent BL that seeks to act as a one-stop-shop may not fully meet customer needs. Being part of the local TEC or chamber of commerce may be a better way to increase resources and thus improve use and impact. The status of the BL as an independent body or as a subsidiary or division of a TEC or chamber is measured as a (0,1) dummy variable in our analysis.

A larger number of outlets (or “satellites”) that a BL operates locally may encourage higher use and impact by increasing awareness and

accessibility. Alternatively increasing the number of outlets may fragment resources, confuse delivery and undermine the quality of services. These possible effects are also tested in the analysis.

It is important to assess how business-focused the delivery of services is. As a public sector scheme, with strong performance targets designed by the DTI rather than clients, there is a danger that the whole initiative becomes supply rather than demand-driven. To assess this possible effect two variables are included in the analysis: the fee income of the BL, and the number of visits made by advisors to local firms. Other things being equal a stronger fee income or a higher intensity of visits should bring advisors, and hence the whole system, closer to clients, hence increasing use, impact and satisfaction, but the relations are likely to be complex.

Local geographical context

Local characteristics may not just vary with the specific organization and management structures which we have outlined above. They may also derive from the local geographical conditions. A number of alternative measures are used of the different local contexts.

A possible key aspect is whether the area is eligible to receive state aids through EU Structural Funds or DTI regional policy assistance. Previous analyses have suggested that there is generally a higher take-up of government support schemes in such areas. This may be a specific outcome of the availability of grants (see e.g.Smallbone et al. 1993; SBRC, 1992; Keeble et al., 1992; Birley and Westhead, 1992). The analysis includes EU Structural Fund eligibility as a (0,1) dummy variable.

A further range of geographical context variables relate to specific locational characteristics of the area. Whether a location is urban, rural, medium-sized town or conurbation, has been argued in previous studies to be important to the level of use of external advice services

in general, and public sector advice in particular (Keeble et al., 1992; Keeble, 1998; SBRC, 1992). The four locational categories used have been developed by Keeble (1998; see also SBRC, 1992). They are: (i) conurbations (Clydeside, Greater London, Manchester, Sheffield, Tyneside, West Midlands, and West Yorkshire), (ii) large towns (150,000 or more in population), (iii) small towns (populations of between 10,000 and 149,999), and (iv) rural areas (less than 10,000 population). This categorization is tested, as well as a classification of TEC/BL areas developed by TECs (so-called TEC cluster types).

Also tested in our estimates is the distance of the firm relative to local business centres. Bennett et al. (1999) have demonstrated that businesses in Britain are heavily clustered into concentrated centres, and are more clustered the larger the centre. This suggests that location relative to a centre may influence the ease with which advice can be gained either formally or informally. The role of BL has been targeted to fill gaps, and it is expected that BL use and impact will increase with distance from business centres.

Local partners/competitors

The BL initiative sought to coordinate and integrate local business supports. To achieve this existing suppliers, chiefly the TECs, enterprise agencies and local authorities, together with chambers of commerce, form the lead partners in each BL area. These partners have acted both cooperatively and competitively with BL, the outcome varying between areas. In some cases partners have pooled resources and co-located. In other cases, minimal cooperation has existed. These differences are likely to influence both level of BL use and the impact of/satisfaction with the service received. The influence of these factors is tested by assessing the influence, positive or negative, of different partner resources (measured by staff size) and types of services from the two chief local partners, the chambers of commerce and TECs.

Service type and intensity

The type of service on offer is likely to influence its attraction and hence use levels. Different types of service have different potentials to generate impact and client satisfaction. Service intensity is assessed depending upon whether a client has a written contract or not for the service received. Previous analysis of the role of written contracts has demonstrated its high level of significance in influencing the level of impact of external advisors and satisfaction with their services (Bennett and Robson, 1999c). Hence, it is expected that contracts will be an important influence on BL impact and satisfaction. It is also possible to break down the level of satisfaction by the type of BL service used. This allows assessment of other features of service intensity and the way in which services are delivered.

4. ASSESSING THE EFFECTS OF BL

The empirical analysis is based on a large scale survey of SMEs conducted by the ESRC Cambridge Centre for Business Research in 1997 (see Cosh and Hughes, 1998). This survey is drawn from the sampling frame of Dunn and Bradstreet, which derives from credit ratings of firms. It is recognised to under-represent sole proprietors, the self-employed, partnerships and micro businesses, but for the main area of concern with BL, it is a high quality data base, kept up-to-date continuously, with the firm's address, SIC (based on main activity), and other important information. The randomly selected survey firms were contacted by mail, with telephone follow-up. There were 2474 responses randomly spread across Britain as a whole: of these 577 (26%) of English respondents were users of BL services. The overall response rate was 25%. Tests of non-response bias show this to be a valid data base for the whole sample (Cosh and Hughes, 1998). However, there are some concerns of non-response for our specific questions in the case of satisfaction assessments. These sometimes show relatively high non-response rates, particularly for the smallest category of firms and service sector businesses. The possible

significance of this non-response, where relevant, is assessed in the text below. The sample drawn is stratified to include SMEs of up to 500 employees, approximately equally from two broad industrial sectors: all manufacturing and business services. The survey sample is stratified towards medium and larger sized SMEs in order to obtain usable numbers in each size group. The final sampling proportions are 44% 1-9 employees, 52% 10-199 employees, and 4% 200-499 employees, respectively. Because of these unequal sampling proportions, results cannot be aggregated to the whole population of SMEs, but can be treated as representative within each size group. The size of firms in the sample goes beyond the strict boundaries of early Business Link targeting. However, because of the recent broadening of targets, in this analysis BL use and impact is assessed both within and outside its targets.

The CBR survey allows the scale of use and satisfaction with business advice from BL to be assessed on the basis of a large sample. The respondents to the survey assess the use and impact received from a full range of other providers of external advice, as well as BL, including the private sector and various government-backed agencies and schemes. They made this assessment in response to a question of which external advisors had they used in the last 3 years to help them meet their business objectives, and which level of impact each provider had in meeting their objectives.

The assessment below first analyses the extent of use of BL, then impact, and finally satisfaction levels. In each case assessments are made using logit and ordered logit regression models because the nature of the responses are nominal (use/non-use) or ordered variables (both impact and satisfaction are measured on an ordered scale).

Use of BL

The influences on BL use are shown in Table 1. Three of the seven firm characteristic variables are statistically significant at the 99%

level. Larger firms, manufacturing firms and exporting firms are more likely to use the BL scheme. This is broadly in line with expectations.

Profitability has a negative relationship with the use of BL, and this is statistically significant at the 90% level. This is an interesting and important but controversial finding. It indicates that, in line with our expectations, the more profitable a firm the more it is likely to seek commercial sources of advice, whilst firms which are experiencing financial losses are more likely to use BL. In this sense BL is filling a potentially important gap in accessibility to services.

In the cases of the employment growth and the level ofskills variables the regression model coefficients have a positive sign, but the magnitude of both coefficients is very small, and neither is statistically significant. This is particularly surprising given the targeting of BL on growth firms. Novel process innovators are less likely to use the BL scheme, but this relationship is again not statistically significant.

The characteristics of BLs in the respondents' areas have some significant influences on use. Most notable is the influence of BL age. The older the BL the more likely that firms will use the scheme, and this result is statistically significant at the 99% level. This highly statistically significant relationship is also found when BL age is split into two variables for independent and non-independent BLs (not reported in Table 1). These results are as expected, and indicate that the older the BL the greater the amount of time that it has had to develop the BL brand name, which increases awareness and attracts customers. Whether or not a BL is independent or a subsidiary/division of a TEC or chamber of commerce was tested as a (0,1) dummy variable. In this simple form there was no significant difference between BL types (not reported in Table 1). However, when independence or non-independence interacts with other variables it does increase the influence of independent BLs. For example, the fee income of the BL is statistically significant for both

independent and non-independent BLs, but at different significance levels 99% and 90%, respectively, with the relationship stronger for independent BLs. This result is in line with expectations that the more active a BL is in responding to businesses, the greater should be its use levels. Also, the independent BLs have generally been more active in developing services, which is measured by independent fee income as a surrogate, and this is related to higher use.

There is no relationship between the number of advisors and the use of BL. In the reported regression model results, the number of advisors (PBAs) is measured as a dummy variable, taking a value of 1 if there are 10 or more advisors in the area, and 0 otherwise. Re-estimating the model with the number of advisors as a continuous variable, there is no relationship between this and the use levels. Similarly, further exploratory regression analysis, which measured the number of advisors as a proportion of the business population in their area, also found no evidence of a statistically significant relationship between advisors and use. The scale of the local BL in terms of number of advisors thus appears to offer no economies of scale in terms of use levels. But the number of outlets has a statistically significant influence for the non-independent BLs, although it does not for the independent BLs. This indicates that for use it is not scale as much as localness that may be important, but this localness is important only when combined with other partner activities in non-independent BLs.

Interestingly, the more visits to firms which advisors undertake, the less likely are respondents to use services, although this relationship is not statistically significant. On balance however the evidence suggests that the number of visits is not a strong marketing tool.

Turning to local competitors, the greater the number of services provided by chambers of commerce or by CCTEs, and the larger the staff of TECs, the less likely respondents are to use the BL. This suggests some influence of partner competition, but there is no

evidence to suggest that this relationship is statistically significant.

The role of geographical context in our reported models is covered by two geographical variables: firstly, whether the respondent is or is not in a European Union assisted area, and secondly distance from the nearest local business centre. There is no evidence that being in an EU assisted area influences the likelihood of a firm using BL. Nor does distance from a local business centre have the expected statistically significant positive relationship with the level of use of BL.

Because of the surprising absence of significant influence for geographical context, the model reported in Table 1 was re-estimated dropping the EU and distance variables, and replacing these with Keeble's (1998) dummy variables to capture rural/urban characteristics of the respondents location: (i) conurbation, (ii) large town, and (iii) small town. The excluded variable for comparative purposes is rural locations. None of the rural/urban dummy variables are statistically significant. Similarly, re-estimating the model with TEC cluster types as spatial dummy variables also has no significant effect on BL use.

These results suggest that whilst the rural/urban dummy variables represent only relatively crude categories, there is no indication that a respondent's location in an urban or rural location, EU-assisted status, large or small town, or distance from a business centre have any statistically significant relationships. Location, therefore, appears to have no influence on the take-up and use of BL once other variables are controlled for. This strong contrast with Keeble's (1998) results for the same survey data confirms the importance of multivariate analysis. It is believed that the firm type variables (especially firm size, sector and exporting), as well as the local BL characteristics, explain the differences between geographical areas observed by Keeble, not locational differences per se.

Impact of BL

In the survey respondents rate the importance of each source that they have used on a 5 point scale from 1 (no impact) to 5 (crucial impact). Given that this is an ordering relationship, an ordered logit model is used to assess the influences on the impact of BL. Before examining the model estimates, it is important to understand that they are somewhat constrained by sample sizes which are influenced by the different levels of use of each service. As shown in Table 2, for general business information (59.7%), grants (50.4%) and training/IiP (40.5%) there are high use levels and hence large sample sizes (where the percentages in parentheses refer to respondents' use levels). The use of the other 8 BL services ranges from 6.8% for product and service design to about 30% of the respondents who use sales and marketing advice, and personal advisors.

The same set of variables which is reported for the use of BL is included in our model to assess the impact of BL. Additionally, a measure of relationship intensity is also included, measured by whether a written brief/contract exists between the respondent/client and the BL advisor. The results are reported in Table 2. The model is estimated including the 11 specific BL services used by respondents as additional regression variables in Table 3. Comparisons of estimates including or excluding these 11 service variables (not reported) had no important influence on the other variables in Table 3.

Previous analysis (Bennett and Robson, 1999a) demonstrates that only customers and accountants achieve better than a moderate impact rating (i.e. 3 or above). In rank order these are followed by friends and relatives, solicitors, suppliers, consultants and banks, which all have ratings between 2.7 and 3.0. Respondents give substantially lower impact scores for business associations and government backed bodies, with average impacts 2.16 and 2.44. BL, with an impact of 2.36, is the tenth ranked for impact among the 13 providers of external advice.

The most striking finding of our assessment of impact in Table 3 is the very small number of statistically significant variables that influence impact of advice. None of the firm characteristic variables have a very significant relationship with the impact of BL. In other words, size of firm, profitability, rate of employment growth, and skill composition of the firm, do not have any systematic influence on respondents' BL impact scores. Similarly, being an exporter or non-exporter, a novel process innovator or non-innovator, or manufacturer or services based firm does not influence users' impact assessment scores of BL. Moreover, few other variables have any major influence, either.

With regard to the characteristics of the BLs only one variable is statistically significant, the fee income of non-independent providers. The age of the BL, number of visits, number of advisors, and the number of outlets of independent and non-independent BLs, do not influence clients' reported impacts of BL. Again, the model was re-estimated using the number of advisors as a continuous variable, and as a proportion of the local business population, but these changes also had no significant effects. The lack of effect of variation in BL characteristics suggests that it is other BL characteristics such as manager or advisor quality that is chiefly the cause of impact differences. But it may also be that the prescriptive effect of the DTI model has reduced local innovation, as found by Priest (1999).

The role of local competition does appear to be important. The number of services offered by both chambers of commerce, and merged chambers and TECs (CCTEs), both have statistically significant positive relationships with BL impact. This confirms that whilst their competition may reduce use levels (Table 1), in terms of impact chambers and CCTEs are acting as a support to BL by acting as partners for referral and development of services. Estimates of TEC variables show no influence of this partner on impact, however.

Respondents in EU assisted areas report higher impact scores than respondents who are not, but this narrowly fails to be statistically significant at the 90% level. A second geographical variable, the distance to the nearest business centre, is statistically significant. The greater the distance of a BL user from a local business centre, the higher the respondent's impact score. This indicates that geography may affect impact in the expected direction; i.e. that BL may be filling a gap by helping firms otherwise remote from service providers.

What is very apparent from the results in Table 3, however, is the highly significant influence of service intensity, measured by having a written contract. This measure of service intensity seems to be the one key characteristic that affects impact. The interpretation of this effect is straightforward and to be expected. Contractual structures attempt to control the advice process by specifying product details, contingent fees, post-delivery contractual holdbacks conditional on performance, and output-related bonuses or penalties. The importance of contracts as controls of the advisory process has been previously demonstrated by Clarke (1993), O'Farrell and Moffat (1995) and Bennett and Robson (1999c). Contracts are more important that most other means of control. For example, although the cost of advice can be an important factor in determining impact, especially if a firm has problems with profitability and cash flow, Dawes et al. (1997) and Clark (1995) demonstrate that the cost of advisors is not usually a key selection or evaluation criterion. Thus, Dawes et al. find cost to be only a 'moderate' issue in client assessments of consultants, and in Clark's study cost is the seventh most important aspect of advisors in obtaining assignments.

In the survey, contracts have a considerable importance: 36.9% of BL users have a written brief or contract (Bennett and Robson, 1999c). This proportion is less than that found by O'Farrell and Moffat (1995) or Clark (1993), which reflects the more intensive services included in their samples, and may also reflect the lower level of contract control that clients expect from a public provider.

The role of contracts interrelates with the significance of BL fee income in Table 3 (although the two are not highlyintercorrelated). A high focus of the BL on fee income and a high focus of service delivery on contracts are both acting as signals in our survey of high service intensities. Thus a BL that has a higher general level of intensity of services (as measured by fee income), or respondents that have more intensive services (as measured by their use of a contract to control relations with the BL) are two overlapping as well as alternative ways in which service intensity may be showing through: one at the BL area level as a whole, the other at the SME respondent level. This has some important implications for BL design, suggesting that higher client impacts will result from intensification of the services.

This is further supported by our estimates in Table 3, which include the range of BL services each respondent has used. Respondents can be single or multiple users of BL. Across the sample only 22.3% use only one BL service field, 40.6% use two or three services, and 37% use 4 or more services (Bennett and Robson, 1999b, Table 2). Thus clients, in assessing impact, could be responding to a single or small number of BL services, but the majority will have used 3 or more services.

The lower section of Table 3 indicates that the use of only 3 of the 11 specific BL services has a significant effect on client impact: the use of diagnostic assessment services, training and Investors in People advice, and innovation and technology advice. This conclusion is reinforced by re-estimating the results of Table 3 for just those respondents who had a written contract (not reported separately). The overall pattern of results is similar, but now the use of personal advisor (PBAs) also has a highly significant effect on impact ($P = 0.001$). Whilst it is difficult to infer service intensity directly from the service type consumed, PBAs, diagnostics, training and innovation advice all require detailed on-site evaluation, usually of some

considerable depth and duration. The fact that their use has a significant influence on client assessments of impact is, therefore, not a surprise and it is in line with the interpretation that high impact assessment derives most frequently from high intensity services.

Satisfaction with BL

In the survey respondents rate their satisfaction with each BL service separately using a 4 point scale ranging from very satisfied to very dissatisfied. Table 2 shows a summary of the percentage of respondents who are satisfied or very satisfied with the 11 BL services. The average satisfaction level is 66.5%, with a range form 59.6% to 74%. The highest satisfaction level is recorded for general business information and training/IiP, which both exceed 70%. Other services which also have above average satisfaction include education and university links, finance and accounting advice, and export advice. The services with the lowest satisfaction levels are grants, sales and marketing advice, PBAs and diagnostic assessment. More detailed analysis suggests that for many services there is a fairly even spread of responses in each satisfaction category. Thus, even when services score high satisfaction levels, they also often have a high dissatisfaction level. For example, 23% of clients are very dissatisfied with grants advice compared with 11% very satisfied.

In Table 4 the results of the ordered logit estimates are reported for each service field. As for impact assessment, having a written brief or contract is the most important variable explaining satisfaction levels. It has a statistically significant positive relationship with satisfaction for five BL services: general business information, diagnostic assessment, PBAs, innovation and technology advice, and grants.

For firm-type variables, firm size has a statistically significant positive relation with satisfaction for: sales and marketing advice, training/IiP, education and university links, and grants. Exporters are significantly more satisfied than non-exporters with general business information,

and diagnostic assessment. Surprisingly, exporters are not more satisfied than non-exporters with export advice. There is a statistically significant positive relationship between rate of employment growth and satisfaction for diagnostic assessment, and education and university links. The level of skill of the firm has a statistically significant positive relationship with satisfaction for innovation and technology advice. Also, surprisingly, profitability has no significant relationship with users' satisfaction responses for 9 of the 10 specific BL services. Profitability has a statistically significant relation to satisfaction only for sales and marketing advice. There is no difference between innovators' and non-innovators' satisfaction scores of any of the services tested in Table 4. Manufacturing firms are more likely to have statistically higher satisfaction scores than service sector firms for innovation and technology advice, whilst for diagnostic assessment those respondents who work in the service sector are more likely than the manufacturing firms to have high satisfaction scores.

Firm-type variables thus have a varying effect on satisfaction depending on service type, but in almost all cases these are relatively weak, even discounting for sample size and possible response bias effects. The only highly significant relations (99% significance level) are for increasing satisfaction with training/Investors in People with firm size, and for sales and marketing advice with increasing profitability.

Turning to the characteristics of the local BL, even fewer features have significant influences on satisfaction, and few ofthese is strong. The only highly statistically significant characteristic of the BLs explaining satisfaction is the number of advisors (PBAs). This is statistically significant for 4 out of the 9 BL services, particularly for export advice. Respondents in areas with 10 or more PBAs have greater satisfaction than other users with diagnostic assessment and education and university links. However, the most highly statistically significant relationships are negative: satisfaction is lower for both

export advice and grant advice the larger the number of PBAs. This suggests that the resources committed to PBAs may be redirecting resources away from exporting and grants.

The analysis was taken a stage further by re-estimating the models used in Table 4 solely for those respondents who had used intensive service delivery based on a contract or written brief. The results (not fully reported because of lack of space) are closely in line with Table 4, but significance levels in almost all cases were reduced, except for the use of PBA services. For PBA services, where the results are reported in the last column of Table 4, many more variables are weakly significant. Of high significance are firm characteristics of size, exporting, profitability, skills (negatively), and BL characteristics of fee income (negative) and number of outlets (negative). Although the sample size is small, these estimates confirm that satisfaction with PBAs is as a targeted service, in part filling skill gaps within the SME. But the surprising result is that satisfaction is greater for intensive PBA services where fee levels are lower. It has often been claimed that fee charging makes public services more commercially oriented and strengthens the targeting of the service to client needs. The reverse appears to be true, that whilst intensive PBA services achieve the highest satisfaction, this is appreciated by clients most as gap-filling by publicly-backed service with low or zero fees, not as quasi-commercial services.

Returning to the rest of Table 4, for the competition measures, the number of CCTE services has a slightly stronger relationship than the number of chamber services with users' satisfaction scores. There are few other statistically significant relationships for the 'competition' measures. The main feature is the highly significant negative influence of TEC and CCTE staff numbers on BL diagnostic assessment, indicating competition in this area. However, overall, local competition has little effect on client satisfaction, and where it does influence satisfaction significantly, it is chiefly negative through the competition with CCTE and TEC staff numbers.

The role of the geographical context has a variable but generally weak influence on BL satisfaction. Distance to the nearest business center is statistically significant for client satisfaction with three BL services: clients further away from business centres are more satisfied with the diagnostic assessment and personal business advisor service, and less satisfied with education and university links. EU assisted areas have no effect on satisfaction, except weakly for export advice.

The model was re-estimated with the series of urban and rural dummy variables developed by Keeble (1998). These replace the EU and distance variables reported in Table 4. This makes little difference overall. Respondents in small towns are less satisfied than those in rural locations for diagnostic assessment, and respondents in large towns are more satisfied than those in rural users for PBAs, finance and accounting advice, and innovation and technology advice. However, these relations are only weakly significant. Overall, geographical location is not a major feature in explaining satisfaction.

In general, as with impact assessment, a striking feature of satisfaction is the importance of service intensity, but also the small number of any other features of firm type, BL type, geographical context on local partner characteristics that have any highly significant influence. The absence of much systematic effect of client assessments of BL impact or satisfaction from firm type variables we deduce to indicate that the main cause of variable quality is differences in either local management and/or local advisors.

5. CONCLUSION

The results in this paper demonstrate how BL has quickly achieved high levels of market awareness and use by SMEs. The results also show a clear separation of users into one group of those that receive low impact by high satisfaction from a non-intensive service based chiefly on information and rapid response advice, and a second group

who receive high impact and generally higher satisfaction from a very intensive service controlled by contract relations, but not necessarily fees. The highest volume of users by far is for the non-intensive service. The general implication is that government service supports to SMEs should be organized as a 'Gateway' to a portfolio of services, most of which are non-intensive, brief in duration and chiefly free. A second and important sub-group, which although small in use levels has high impact and highest satisfaction, is intensive contract-controlled advice. These findings appear to have influenced the redesign of BL within the Small Business Service (DTI, 1999). Crucial to effectiveness of the SBS service will be the management of the routing of enquiries between these two types of services.

The results show that there can be considerable variation as a result of different local management structures and the institutional design of local partnerships. The most important structural effect is the age of the BL, which chiefly affects the level of use. This is a natural consequence of the startup problems of a new initiative, with the level of awareness reaching a plateau after about 18 months to two years of opening a BL (MORI, 1997). Our survey, undertaken in 1997, and covering the previous 3 years of respondents' experience with BL, covers a range of BLs by age. As time progresses we would expect this influence to reduce and disappear. However, age may be a surrogate for other institutional features, such as the entrepreneurship of the agents in areas where partnerships have been easier to develop. Early BLs may reflect alert, responsive and hence more effective local agents and easier partnership working; late BLs may reflect sluggish local agents or difficult partnerships. This possible influence is investigated in subsequent research, but in general because BL age affects only use levels, has no effect on impact, and only minor influence on satisfaction, it can be concluded that the influence of BL age is chiefly an awareness effect which should decline with time.

A further aspect of local structures is the number of outlets, which chiefly increases use, with minor improvement in satisfaction in non-

independent BL areas, but has no significant influence on impact. It appears, therefore, that having a larger number of local access points can help to increase awareness and approachability when linked with local partner supports, which raises use levels, but this has relatively little impact on performance.

Interrelated with outlets is the structure of local competition/collaboration. In contrast to some expectations, the greater the capacity of the local support system of chambers of commerce and CCTEs, the greater the impact levels. There is also some increase in satisfaction levels, but a small negative influence, particularly of CCTE and TEC staff, on use and satisfaction. However, the generally positive pattern of these relations demonstrates that BL and chambers/CCTEs appear to be working together well and cross-referring their services. In contrast, TECs have no significant influence on impact but do compete significantly for local diagnostic services. The relation appears to work best where chambers/CCTEs/TECs have a number of local outlets and have the BL as a subsidiary or division.

The most surprising finding of the analysis is the very small influence of most of the explanatory factors of impact and satisfaction. In seeking to explain the high variability of client assessments of performance, therefore, only part of the explanation can fall on local management. This suggests that a key element in BL performance is the variability of the personal advisors and personnel that the client is serviced by, although unfortunately, this feature cannot be explicitly analysed here because it was not possible to collect this information in the survey. A number of earlier studies have suggested that it is the highly variable performance of the advisors in the BL system which are holding its evaluations down (e.g. Agar and Moran, 1995; Sear and Agar, 1996; Tann and Lafaret, 1998). Indeed the quality problem was acknowledged as the prime focus of the government's New Vision for BL launched in 1997 (Roche, 1997), and is also a key part of the SBS (DTI, 1999). Our results confirm that variation in advisor

quality is indeed likely to continue to be one of the key factors undermining the BL system.

The exception to this general conclusion is the existence of a contract. This is the most highly significant factor explaining overall impact, and significantly influences five out of ten service satisfaction assessments. The variation in client assessments therefore appears to be mostly explained by the intensity of the service relationship: the higher the intensity, the higher is the impact and often the higher the satisfaction. This is to be expected from other analyses of client assessments of consultancy and advice services (see especially Clark, 1995; Bennett and Robson, 2000). It is well known that the advice process is a learning exercise on each side, of both client and advisor, which includes a change process based on assimilating the intangible information and intelligence being transferred (see e.g. Riddle, 1986; O'Farrell and Moffat, 1991). It is therefore entirely to be expected that the more intensive the exchange, the greater the impact and client satisfaction.

A further important finding is the general absence of major effects of the local geographical context on use of advice, a limited effect on satisfaction, and only a small effect on impact. The geographical factor that is most significant is the distance to the major local business centre. The absence of any geographical factors to explain use levels contradicts Keeble's (1998) findings for BL, that use varies with location. After controlling for firm type (chiefly firm size, sector and exporting), and BL characteristics, there is no geographical variation in use levels. Keeble's observations must therefore be an artifact of the survey sample distribution in different locations. The results here also contradict those authors who have argued that the take-up of government supports is higher in assisted areas (e.g. Smallbone et al., 1993; Birley and Westhead, 1992; SBRC 1992). Again, after controlling for other factors, there is no geographical influence on the take-up of BL from EU assisted area status, nor is there a highly significant effect for impact or satisfaction. This

suggests that BL in its early years has been behaving differently from other previous support schemes, with more generic and less geographically targeted impacts.

These results have some important implications for public policy. The importance of an effective management that can properly route between non-intensive 'gateway' services and intensive advice and consultancy has been recognised in the redesign of BL as a Small Business Service (DTI, 1999). But more problematic is a Small Business Service that is seeking to increase access to the BL system for all, with further removal or downgrading of targeting on 10-200 employee growth companies. This could swamp the system withlow level startup demands of a generic character. Whilst an important demand to satisfy, the analysis here has demonstrated use of support services to increase with the log of employment size, and greater impact and satisfaction to be gained from intensive relationships. The broadening of targeting will place even higher emphasis on the need by management to route clients to the most appropriate service.

The proposed concentration of the Small Business Services into 45 areas may also challenge its ability to remain accessible to clients.The results here demonstrate that whilst the size of an area, as measured by its staff capacity of number of advisors, has virtually no effect on satisfaction, and no significant effect on impact, there is an impact on the number of users, which increases with the number of local BL outlets. Hence consolidation into larger areas may undermine use unless there are local outlets within the large areas.

A further danger is continued government emphasis on charging fees. The results here, particularly for PBAs, suggest that fees have a strong negative influence on satisfaction: clients appear to expect a government service to be low cost or free. The Small Business Service is retaining the DTI 25% fee income target. The results here suggest this may be a mistake.

The results of our estimates also show the positive effects arising from using partners. These arise where chambers and CCTEs provide services that are interlinked to BL. The Small Business Service is giving no mandate for any partner to be involved. If chambers and CCTEs are side-lined an important potential of the local support system that is providing many positives to BL impact and satisfaction may be lost. Hence this paper demonstrates some pitfalls and challenges for the Small Business Service proposal in its present form. It is to be hoped that some of its lessons are heeded.

TABLES

Table 1: Estimates of a logit model of the expectation of using Business Link

	Coefficients	
Number of Employees	0.3309***	(0.1273)
Exporter	0.4359***	(0.1503)
Rate of Employment Growth	0.0006	(0.0005)
Profitability per employee	-0.0102*	(0.0061)
Skill	0.0014	(0.0028)
Innovator	-0.0545	(0.1699)
Manufacturing/Services	0.6117***	(0.1879)
Income Independent	3.1597***	(1.0484)
Income Non-Independent	1.1763**	(0.5653)
BL Age	0.0247***	(0.0080)
Outlets Independent	0.0241	(0.0300)
Outlets Non-independent	0.0990**	(0.0497)
PBAs	0.0668	(0.1941)
Visits Penetration Rate	-0.0487	(0.0581)
CCI No. of Services	-0.0232	(0.0290)
CCTE No. of Services	-0.0331	(0.0327)
European Union Assisted Area	0.2581	(0.1728)
Distance	-0.0058	(0.0090)
Chamber Staff nos.	0.0025	(0.0025)
TEC Staff nos	-0.0036**	(0.0017)
CCTE Staff nos.	-0.0019	(0.0021)
Constant	-2.4176***	(0.5605)
No.	1158	
Log-likelihood	-648.9	
% Correctly Classified	72.40	

(*** p<0.01; **p<0.05; * p<0.1). Standard errors in parentheses. See Appendix for full definition of variables.

Table 2: Take up of different services by users of Business Link and level of satisfaction by each service type (Percentage of respondents reporting use).

Services	Level of Use %	Satisfaction %	N
General Business Information	59.7	73.6	336
Diagnostic Assessment	22.9	63.3	128
Personal Business Advisor	29.1	63.2	163
Sales and Marketing Advice	30.9	60.7	173
Export Advice	23.6	66.9	133
Finance and Accounting Advice	15.9	68.2	88
Training/ Investors in People	40.5	72.0	225
Product/Service Design Advice	6.8	64.9	37
Innovation and Technology Advice	16.6	65.6	93
Education and University Links	13.6	68.8	77
Grants	50.4	59.6	285
Any Advice	57.9	65.3	1386
Any Advice or PBA	65.8	64.2	1465
Average of All Services	28.2	66.5	1738
N	573	-	-

Table 3: Multivariate estimates of an ordered logit model of the client assessment of the impact of BL.

	Coefficients	
Number of Employees	0.2867	(0.2281)
Exporter	0.3400	(0.2578)
Rate of Employment Growth	-0.0003	(0.0011)
Profitability per employee	0.0153	(0.0116)
Innovator	-0.3314	(0.2751)
Skill	-0.0040	(0.0051)
Manufacturing/Services	-0.2354	(0.3565)
Income Independent	-0.3151	(1.5856)
Income Non-Independent	2.3208***	(0.8505)
BL Age	-0.0065	(0.0129)
Outlets Independent	-0.0147	(0.0500)
Outlets Non-independent	-0.1317	(0.0832)
PBAs	0.2354	(0.2997)
Visits Penetration Rate	0.0192	(0.0854)
CCI No. of Services	0.1021**	(0.0443)
CCTE No. of Services	0.0855*	(0.0483)
European Union Assisted Area	0.1710	(0.2920)
Distance	0.03010**	(0.0147)
Chamber Staff nos.	-0.0049	(0.0040)
TEC Staff nos.	-0.0019	(0.0026)
CCTE Staff nos	-0.0013	(0.0031)
Written Contract	0.6738***	(0.2258)
General Business Information	0.3586	(0.2273)
Diagnostic Assessment	0.4874*	(0.2891)
Personal Business Advisor	0.3857	(0.2819)
Sales and Marketing Advice	0.0863	(0.2588)
Export Advice	-0.1770	(0.2752)
Finance and Accounting Advice	-0.0688	(0.3615)
Training/Investors in People	0.5064**	(0.2457)
Product/Services Design Advice	0.2409	(0.4994)
Innovation and Technology Advice	0.6944**	(0.3385)
Education and University Links	-0.2388	(0.3340)
Grants	0.1668	(0.2299)
Cut 1	1.7676	
Cut 2	3.2930	
Cut 3	5.0955	
Cut 4	7.0674	
N	318	
Log Likelihood	-416.0	

(*** p<0.01; **p<0.05; *p<0.1). Standard errors in parentheses.

Table 4: Multivariate estimates of an ordered logit model of the client assessments of satisfaction with each individual BL service, standard errors in parenthesis.

	General Business Information	Diagnostic Assessment	Personal Business Advisor	Sales & Marketing Advice	Export Advice	Finance & Accounting Advice	Training/ Investors in People	Innovation & Technology Advice	Education & University Links	Grants	Intensive Personal Business Advisors+
Number of Employees	-0.1284 (0.3623)	0.2266 (0.5409)	0.7173 (0.5997)	1.5209** (0.6397)	-0.2563 (0.6765)	-0.0899 (1.2704)	1.3514*** (0.4230)	-1.0233 (0.8191)	1.7876* (0.9982)	0.6419* (0.3464)	7.787***
Exporter/ Non-exporter	0.6448)* (0.3904)	1.3264** (0.6533)	-0.1525 (0.5673)	0.2923 (0.5840)	0.8798 (0.8002)	-0.0271 (1.1514)	-0.1394 (0.3997)	-0.4491 (0.9947)	0.2816 (0.9566)	0.1098 (0.3804)	-0.431***
Rate of Employment Growth	-0.0003 (0.0013)	0.0086* (0.0048)	-0.0004 (0.0014)	-0.0048 (0.0030)	-0.0010 (0.0013)	-0.0170 (0.0140)	0.0002 (0.0013)	0.0054 (0.0038)	0.0124* (0.0074)	-0.0001 (0.0011)	-0.001
Profitability per employee	-0.0246) (0.0247)	-0.0184 (0.0437)	0.0178 (0.0384)	0.1147*** (0.408)	0.0016 (0.0194)	0.1271 (0.1043)	-0.0108 (0.0341)	-0.0268 (0.0612)	0.0205 (0.1117)	0.0367 (0.0340)	0.386***
Skill	-0.0042 (0.0074)	0.0153 (0.0114)	-0.0074 (0.0096)	0.0111 (0.0113)	-0.0047 (0.0133)	0.0113 (0.0248)	-0.0132 (0.0084)	0.0661** (0.0272)	-0.0003 (0.0221)	-0.0032 (0.0076)	-0.046**
Innovator/Non -innovator	-0.3571 (0.4349)	-0.0618 (0.7252)	-0.3934 (0.5919)	0.2969 (0.6878)	-0.6579 (0.5942)	1.2478 (1.2234)	-0.3202 (0.4140)	1.1666 (0.9307)	0.2484 (1.055)	0.1574 (0.3952)	-3.441**
Manufacturing /Services	0.0024 (0.5248)	-1.8123** (0.9024)	-0.3371 (0.7254)	-0.4301 (0.7086)	1.0983 (1.0859)	1.6875 (1.1368)	-0.4779 (0.5420)	3.9358* (2.0522)	1.0620 (1.3481)	-0.3914 (0.5756)	4.323**
Income Independent	-1.2353 (2.3506)	2.5018 (3.7571)	-1.4800 (3.0426)	2.1334 (4.9391)	-1.4456 (3.9764)	6.5779 (8.8688)	-0.0644 (2.7350)	-1.7155 (6.7087)	3.4205 (6.6943)	-2.4611 (2.3827)	-33.276
Income Non-Independent	0.9464 (1.3608)	-2.3344 (2.0557)	1.6499 (2.6361)	3.2316 (2.3100)	0.7799 (1.7044)	6.6083 (5.2546)	1.1961 (1.2497)	-0.1548 (3.2280)	8.9738* (5.0654)	-0.7353 (1.2019)	-18.250**
BL Age	0.00537 (0.0208)	-0.0259 (0.0306)	-0.0134 (0.0313)	-0.0242 (0.0274)	-0.0730** (0.0344)	-0.1067* (0.0611)	-0.0106 (0.0228)	0.0120 (0.0409)	-0.0496 (0.0580)	0.0109 (0.0201)	-0.008
Outlets Independent	-0.0254 (0.07315)	0.0181 (0.1188)	0.0026 (0.1010)	0.1880 (0.1225)	0.1088 (0.1290)	0.6360** (0.3385)	0.0298 (0.0866)	0.1489 (0.2024)	-0.0435 (0.2104)	-0.0358 (0.0774)	-0.715***
Outlets Non-independent	-0.0812 (0.1363)	0.4758* (0.2645)	-0.0710 (0.1708)	0.0179 (0.2396)	0.4818** (0.2362)	0.4247 (0.4320)	0.0023 (0.1417)	-0.0200 (0.3363)	-0.2325 (0.3473)	-0.0688 (0.1167)	-1.087**
PBAs	0.1827 (0.4932)	1.5718** (0.7749)	1.2334 (0.8125)	-0.0669 (0.7896)	-1.9453*** (0.7391)	-0.1161 (1.8516)	0.0144 (0.5310)	0.0632 (1.2121)	2.3684** (1.1734)	-0.7778* (0.4346)	1.513

(*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$.). Note the last column for intensive personal business advisors is the result of a separate estimation undertaken with the sub-sample of respondents who had a contract or written brief with BL.

Table 4: (Continued)

	General Business Information	Diagnostic Assessment	Personal Business Advisor	Sales & Marketing Advice	Export Advice	Finance & Accountin g Advice	Training/ Investors in People	Innovation & Technology Advice	Education & University Links	Grants	Intensive Personal Business Advisors*
Visits Penetration Rate	-0.0762 (0.1414)	-0.1443 (0.3809)	0.1309 (0.2612)	0.3889 (0.3227)	0.1906 (0.1882)	0.5253 (0.6706)	0.3190* (0.1633)	0.3449 (0.4391)	0.4915 (0.3956)	0.1131 0.1015	-0.893
CCI No. of Services	0.0170 (0.069)	0.2151* (0.1111)	0.1781 (0.1216)	-0.1213 (0.0957)	0.0258 (0.0962)	0.1754 (0.2448)	0.10265 (0.0751)	0.0798 (0.1614)	-0.3073 (0.2029)	0.0187 (0.0692)	0.053
CCTE No. of Services	0.0577 (0.0767)	0.3285*** (0.1187)	0.2627* (0.1427)	-0.1529 (0.1031)	-0.0197 (0.1014)	0.2633 (0.3217)	0.1857** (0.0816)	0.0604 (0.1896)	-0.2073 (0.2019)	-0.0276 (0.0731)	2.841
European Union Assisted Area	0.3585 (0.4693)	1.0691 (0.8384)	-0.1080 (0.6141)	0.0910 (0.6655)	-1.1245* (0.6110)	1.6490 (1.5553)	0.0170 (0.4575)	0.0432 (1.3000)	-0.6867 (0.9972)	0.5939 (0.4240)	1.415
Distance	-0.0016 (0.0220)	0.0849* (0.0449)	0.0574* (0.0333)	0.0503 (0.0355)	-0.0346 (0.0281)	0.0453 (0.0885)	0.0025 (0.0225)	0.0115 (0.0540)	- 0.2219*** (0.0759)	-0.0038 (0.0213)	0.100
Chamber Staff nos	0.0020 (0.0064)	0.0055 (0.01193)	-0.0106 (0.0096)	0.0222* (0.0126)	0.0080 (0.0110)	0.0415* (0.0252)	-0.0012 (0.0069)	-0.0007 (0.0218)	-0.0162 (0.0153)	-0.0020 (0.0056)	-0.004
TEC Staff nos	-0.0043 (0.0038)	-0.0209*** (0.00712)	-0.0109** (0.0054)	-0.0093 (0.0074)	-0.0069 (0.0066)	-0.0263** (0.0128)	-0.0025 (0.0044)	0.0083 (0.0109)	-0.0084 (0.0086)	-0.0027 (0.0038)	-0.023**
CCTE Staff nos	-0.0046 (0.0046)	-0.0193** (0.0086)	-0.0074 (0.0068)	0.0058 (0.0078)	0.0026 (0.0057)	0.0030 (0.0128)	-0.0077* (0.0046)	0.0084 (0.0126)	-0.0025 (0.0099)	0.0032 (0.0041)	-0.006
Written Contract	0.8537** (0.3727)	1.0091* (0.5861)	1.2016** (0.5212)	0.4143 (0.5102)	0.4997 (0.4858)	0.1572 (1.0088)	0.4589 (0.3585)	1.5838* (0.8697)	0.1842 (0.9314)	0.6568** (0.3257)	all
Cut 1	-2.3946	1.2726	0.1080	-0.6249	-3.4875	2.9236	0.7008	9.0038	-6.1641	-0.4923	-3.236
Cut 2	-1.2206	3.2950	2.4172	1.8944	-1.5329	5.2120	2.2392	10.433	-4.5967	0.5802	0.532
Cut 3	3.6490	7.3985	5.0529	6.1301	2.1004	9.8402	5.5664	14.042	1.2033	3.5110	5.088
Log likelihood	-154.88	-69.9	-90.8	-76.9	-80.3	-30	-145.2	-45.2	-39.0	-187.0	-28.1
N	194	76	87	88	85	40	145	47	52	164	45

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APPENDIX

Appendix : Definition of Variables

No. of Employees	The log of the number of employees
Profit per employee	The profitability per employee in thousands of pounds
Rate of Growth	The percentage rate of employment growth which has occurred during the period 1994-1997
Manufacturing/Services	Dummy = 1 if the firm is in manufacturing
Export	Dummy = 1 if the firm is an exporter of goods or services
Skill	The CBR data set provides a breakdown of the workforce into the following six occupational groups: (i) managers, (ii) technologists, scientists and higher professionals, (iii) technicians and lower professionals, (iv) clerical and administrative, (v) skilled manual, and (vi) semi-skilled and unskilled labour. Skill is defined as the percentage of the workforce who are employed in the first three occupational groups
Innovator/Non-innovator	Dummy = 1 if the firm is an innovator. Novel Process Innovators are those firms which have introduced a process innovation which is not only new to the firm but also new to the firm's industry
Income-Independent	Fee income of the independent BLs divided by the number of businesses in their area (per 1000)
Income-Non-Independent	Fee income of the non-independent BLs divided by the number of businesses in their area (per 1000)
Age	Age of the BL in years
Outlets-Independent	Number of outlets of independent BLs
Outlets-Non-Independent	Number of outlets of non-independent BLs

PBAs	Dummy variable = 1 if the number of personal business advisors is 10 or more
Visits penetration rate	Percentage of the business population in the respondent's BL area who have received a visit to increase awareness of BL services provided
CCI Services	Number of services provided by Chambers of Commerce
CCTE Services	Number of services provided by Chambers of Commerce, Training and Enterprise
European Union	Dummy variable = 1 if the firm is in a European Union
Assisted Area	Assisted area
Distance	Distance in km to nearest centre (as defined by Bennett et al., 1999, Table 3)
Written Contract	Dummy variable = 1 if the firm has had a written brief/contract with BL for service delivery