# CHANGING USE OF EXTERNAL BUSINESS ADVICE AND GOVERNMENT SUPPORTS BY SME's IN THE 1990's

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**Abstract**
This paper uses cross-sectional surveys of 1991 and 1997, and a panel survey of firms surviving between 1991 and 1997, to compare the levels of use by SMEs of external business advice. The analysis demonstrates only modest changes over time in aggregate use, and these are not statistically significant. This suggests that earlier growth in external business advice services may now have plateaued. There are some significant changes of use by source (increasing for advertising, personnel and recruitment, new technology and computer services; and decreasing for taxation and financial management advice). The paper is one of the first to assess sector patterns. Publishing, manufacturing and other business activities are the largest users of advice. Sector differences are shown to be considerable and need to be taken account of in future analyses. For government advice services, the shift from a centralised structure (Small Firms Service and Enterprise Initiative) to a decentralised structure (training and Enterprise Councils and Business Link) had no impact on greater market penetration except for the greater participation by the larger SMEs in use of Investors in People. Increased use of government sources has occurred, however, through enterprise agencies and regional development bodies. Further comparison in 1999 suggests a decline in use of Business Link and stronger focus of use of government support services. This indicates that the Small Business service and Learning Skills council may struggle to meet their market penetration targets.

**JEL Codes:** M13; L80; L50

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## 1. Introduction

This paper seeks to reassess two phenomena associated with the use of business advice by small and medium sized enterprises (SMEs) in Britain. First, whether the use of business advice increased over the 1990s; and second, whether government's attempts to fill gaps in the market for advice have been more widely used by adopting a decentralised local structure through Business Link and Training and Enterprise Councils than former more centralised approaches.

At face value there is considerable evidence for the increasing use of external business advice in many countries (Moulaert and Tödtling, 1995). In Britain, for example, employment more than doubled in business service firms between 1981 and 1990 (Keeble et al., 1991). The literature suggests that the increasing use by firms of external advice and consultancy is the result of increased demand for specialist services, the innovation of new business service products that has created new markets for external suppliers, and increased outsourcing of activities formerly undertaken in-house (e.g. Kutscher, 1988; Howells and Green, 1986; Perry, 1992; O'Farrell et al., 1993). However, despite the considerable interest in the growth of external business advice there have been few attempts to quantify more precisely the extent of this growth, and how changes in use of advice vary between different types of business. To fill this gap the present paper uses surveys of the use of external advice by SMEs in 1991 and 1997. The 1997 survey was conducted by the University of Cambridge ESRC Centre for Business Research (CBR). The 1991 survey was conducted by the Small Business Research Centre (SBRC), also at the University of Cambridge.

These surveys are aligned with each other to enable comparisons between types of firms. We are able to make comparisons over time using two different sets of respondents. First, there are two separate cross-sectional random samples for 1991 and 1997. Second, a further subsample is compared for those firms that responded to both surveys.

This second subsample allows a panel comparison between the same firms over time. The analysis allows conclusions to be drawn on changes in the use of advice in the 1991-1997 period, how that use varies by firm size and sector, and how use has changed over time for different types of firm. It is also possible to assess how far the use of different types of supplier has developed, whether the use of government supported advice initiatives has increased over time, and how use of advice is associated with SME growth and survival.

## 2. Previous assessments of use of business advice

There have been many previous studies of the use of advice by SMEs. In the broader international context Moulaert and Tödtling (1995), Harrington et al. (1991), Illeris (1994), and the EU SMEs Observatory (1993, 1995) give reviews. In Britain, Storey (1994) reviews the research up to the early 1990s. Subsequent surveys in Britain are summarized in Bennett and Robson (1999a, Tables 1 and 2), with more detail on government schemes reviewed in Bennett and Robson (1999b), and Robson and Bennett (2000).

The main findings of the surveys in Britain, which are broadly comparable with other countries, are two-fold. First, the main source of supply is private sector professionals. Chief amongst these are accountants, with lawyers, banks and consultants also widely used. Social contacts through networks of families and friends, and specialist support through trade and professional associations, and local chambers of commerce, also play an important role (see Keeble et al., 1992; Curran and Blackburn, 1994; Barclays, 1994; CBI, 1994; Doggett and Hepple, 1995; MORI, 1994; Bank of England, 1996; Lloyds/SBRT, 1996; Bennett and Robson, 1999a).

Second, public sector sources based on various central government, local government and other schemes are an important source, but generally secondary to the private sector professionals in scale and also often in intensity. For example, whilst private sector professionals provide 92% of the sole sources, and 86% of all sources of advice used by the 2500 SMEs in the CBR survey sample reported in Bennett and Robson (1999a), all public sector sources account for only 8% of sole sources, and 14% of all sources of advice. Similar results from Storey (1994) show that the use of any government advice agency varied from 1% to 55% of businesses, with most studies finding less than 10% of businesses using public sector sources (see also Curran and Blackburn, 1994; Cromie and Birley, 1994; Barclays, 1994; CBI, 1994; MORI, 1994; Doggett and Hepple, 1995; 3i/MORI, 1996, 1997; IoM/NCM, 1997; Lloyds/SBRT, 1998). Exceptions to this are a study by Smallbone et al. (1993), which includes many start-ups (which generally make higher use of public agents; see e.g. Turok and Richardson 1991, Birley and Westhead 1992), and has a large sample in areas with high eligibility for EU support. The Cosh and Hughes (1992) survey results for 1991 (Keeble and Bryson, 1996, and Keeble et al. 1992) also show that the Enterprise Initiative was used by over 30% of SMEs. CBI (1994), in a self-selective survey of their members, also found use of the Enterprise Initiative to be high, 55% of businesses surveyed. The Enterprise Initiative may, therefore, have stimulated a greater degree of external demand for public support services far greater than previously. This contention is investigated in the empirical part of this paper.

A difficulty in making comparisons of use of advice over time from previous studies is that the results are confused by different sampling frames and different controls for the influence of other factors. A key contribution of this paper is to compare the overall level of use of external advice in 1991 and 1997 using comparable survey designs. It is also able to compare the use of different sources of advice, particularly focusing on changes in the use of governmental sources.

Governmental sources of advice change between 1991 and 1997 because of changes in government policy. The chief sources which we are able to examine in 1991 are:

- The Small Firms Service (SFS)
- Local enterprise agencies
- The DTI Enterprise Initiative
- Other government agencies (chiefly the Rural Development Commission (RDC); also Urban Development Corporations and Urban Programme Initiatives).

In 1997 the range of government sources examined is:

- Local enterprise agencies
- Training and Enterprise Councils (TECs)
- Business Link (BL)
- Rural Development Commission and other regional agencies

Enterprise agencies provide a range of counselling, advice and business training which in the 1991 survey chiefly focused on pre-start and start-ups (about 80% of businesses counselled), as well as young established businesses (about 18% of businesses counselled), over half of the clients of which were previously unemployed (Bennett, 1995, Tables 4 and 5). The enterprise agencies are thus an important part of the advice system for very small and early stage businesses. The development of TECs (to which most enterprise agencies were contracted) and Business Link (with which most enterprise agencies are partners), may have reduced the level of direct use that is found in the 1997 survey. However, the use of enterprise agencies itself can be treated as a broadly comparable service provider in 1991 and 1997.

The Small Firms Service (SFS) was developed following recommendations of the Bolton Report (1971). It was a central enquiry telephone helpline, with staff usually based in regional offices of the DTI. Its purpose was to provide initial advice and provision of information such as could be delivered readily over the telephone or by follow-up through fax. It was free and staffed by civil service grade advisors. It also acted as a de facto central enquiry point for other DTI services and could be linked to use of the Enterprise Allowance Scheme (a grant to aid business start-ups and the development of self-employment). The SFS was taken over by TECs in 1993 and its former services eventually merged into BL. Hence, comparisons of SFS and BL/TECs give some indications of different levels of market penetration of different types of enquiry/advice service.

Similarly, comparisons of other government agencies in 1991 with regional agencies in 1997 can be used to give some indication of comparative take-up. The other governmental agents used by SMEs for advice vary considerably between areas depending on the existence or not of each body. Development agencies are particularly important in some areas, notably in some urban areas, and in rural areas (particularly through the Rural Development Commission (RDC)).

The most interesting comparison to be drawn, however, is of the Enterprise Initiative in 1991 and the TECs and BL in 1997. The 1991 governmental approach was centralised, whilst the 1997 approach was decentralised. A comparison of the two approaches is therefore instructive as to the success of different approaches for trying to access SMEs and develop market penetration of government supported advice services.

The Enterprise Initiative was launched by the Department of Trade and Industry (DTI) in January 1988 and expanded in various stages (HM Government 1988, DTI 1990). Its key aspect was to subsidize the use of consultants to help business planning, design, financial and information systems, manufacturing systems, marketing and quality. It thus sought to stimulate most of the core areas of external advice which are central to SME development. Evaluations of the Enterprise Initiative (e.g. SQW, 1989, 1994) show the marketing aspect to have had the highest take-up (about 30% of use), followed by consultancy on quality (20%). Consultancy on business planning, design and financial and information systems each had 10-15% take-up, whilst manufacturing system consultancy was the lowest with 6-8%. Most important in terms of the government's desired impact, about one half of all users had never used external consultants before, and this was particularly high for use of marketing, business planning and design consultants. The Enterprise Initiative therefore had an important effect on expanding the market and experience of use of external consultancy advice. Satisfaction levels were also generally high, and higher than ratings of DTI services as a whole (BCC, 1994). Impact ratings and additionality of the Enterprise Initiative have also been evaluated as extremely positive (SQW, 1994), as has short-term and especially long-term survival rates, and additionality effects on turnover and employment (see e.g. Storey, 1996; Wren and Storey, 1998). The Enterprise Initiative terminated in 1994, although some central DTI services continued for information and referral purposes.

The government's approach by 1997 had become decentralized and very different. By 1997 Business Link has become a major source of advice and consultancy. This was an initiative, launched in 1992, to offer a national network of *local* business advice centres. Business Link focused on a core service of Personal Business Advisors, information provision and diagnostic assessment, supplemented by internal referral to specialist counsellors, and external referral to private sector, other public sector or local partner bodies. There was targeting of BL marketing and delivery of advice towards growth companies of 10-200 employees. The decentralised approach has been maintained by the relaunch in 2000 of Business Link within the Small Firms Service.

Evaluation of Business Links shows that they initially conformed to a fairly narrow pattern with limited local innovation in services (Priest, 1999), but with a high take-up. By late 1997 overall take-up was 7%: 81,000 businesses had sought advice, with a strong focus on larger SMEs: 4% of users from firms of 1-9 employees, 19% from 10-49 employee firms, 36% from 50-199 employee firms, and 41% from 200 plus employee firms (DTI, 1997). However, there were continued concerns about quality, particularly variation in quality between different local offices and different advisors, with government efforts to improve quality resulting in a 'new vision' (Roche, 1997), which was replaced by a new approach through a more centralised delivery of BL services after 2001 through the Small Business Service.

In addition to Business Link, the 1990s also saw the establishment of TECs. The TECs were set up in England and Wales in 1990-91, but would not have influenced the take up of SME advice until 1992 or 1993 and so were not included as a category investigated in the 1991 survey used in this paper. In their early years much of TEC activity focused on start-ups, taking on the earlier Enterprise Allowance Scheme (EAS), Business start-up Scheme (BSUS), and Business Growth Training (BGT). The chief form of such schemes was to offer grants and advice to move unemployed people into business start-ups or self-employment and similar programmes. The TECs played an important role as the local agents of many government advice programmes to SMEs, with grants or subsidies in these fields particularly for training programmes. Of the small firm's advice budget spent by TECs before Business Link was fully established, 13% went to information and advice, 32% to business counselling and consultancy, 27% to business skills training, and 28% to diagnostics and other services (DTI, 1995). After the establishment of Business Link, the TECs tended to become more identified with the rather narrower fields of training advice and Investors in People. Almost 16% of the budget was spent on SME advice (Bennett et al., 1994). In April 2001 the TEC activities have been taken over by the Learning and Skills Council, with Investors in People implemented jointly with the Small Business Service.

The significant changes over time in the mode of delivery and form of government support provide an important possibility for comparisons between the 1991 and 1997 surveys used in this paper. The period 1988-93 saw a strong emphasis on the Enterprise Initiative and SFS as central services. From about 1993 the TECs emerge as a local delivery system for business advice, and from about 1996 Business Link becomes significant. A key part of our comparison of changes in advice in the 1990s is the contrasts that occur between the localised delivery structures of 1997 and the more centralised system of 1991.

## 3. Methodology and surveys

This paper uses the results of the large scale surveys of businesses in Britain undertaken in 1991 by the University of Cambridge Small Business Research Centre (SBRC, 1992) and in 1997 by the University of Cambridge ESRC Centre for Business Research (Cosh and Hughes, 1998). Within these surveys attention is focused here on the specific questions dealing with the use of business advice. In both surveys the use of external advice is defined as seeking help to meet the objectives of the business over the previous three years. The sampling frame in both surveys is drawn from Dun and Bradstreet through contact by mail with telephone chasing. Most respondents are established businesses over 5 years old. In the surveys, the strata are not in the same proportion as the national economy, but are weighted to give a useable number of larger and medium sized firms.

In this paper we make comparisons in two ways. One is to work with the 1991 and 1997 surveys as two separate cross-sectional databases for which there is no replication of respondents in the two surveys. A second approach is to use those respondents from 1991 who survived and also completed the 1997 survey. This is a panel comparison of the same firms and their change in behaviour over time. Both approaches are discussed more fully below.

The key objectives of this paper are to assess how the use of external business advice has changed between 1991 and 1997, and also to quantify as far as possible the general pattern of use of advice across the whole economy. The samples available, because they were developed for a different purpose, do not allow this to be done without some adjustments. These are outlined below.

### *3.1 Differences between the 1991 and 1997 samples*

The two surveys differed in a number of ways, although they used similar methodologies and sampling frames. The surveys were stratified to cover two broadly defined sectors, manufacturing and business services. For these sectors in both surveys Dun and Bradstreet was used as a sampling frame with a prior telephone approach in both cases to check the firm's existence, the address of the firm, that they fitted the sampling strata sought, and also to secure agreement to participate. Following the telephone contact the survey was sent by mail with follow-ups to encourage responses. Response rates were higher in 1991 than 1997 and tests of non-response bias were made for each survey. The main aspects are reported in Table 1. There was a considerably lower response rate in 1997 than 1991, although in each case there were no significant non-response biases by the main firm categories of employment, size, legal form, age, sector, turnover, or profit margin (SBRC, 1992; Cosh and Hughes, 1998).

Both surveys were restricted to independent businesses with stratified sampling by employment size within the two broad sectors. The strata employed and the final sample proportions in each case are shown in Table 2. A slightly higher proportion of manufacturing than business services was sought in 1997 than 1991 in order to increase the size of the high-tech manufacturing sample. The most significant difference between the two surveys, however, is the much larger response rates of micro businesses of 1-9 employees in 1997 than in 1991, with the consequence of lower 1997 response proportions of medium (100-499) and especially small businesses of 10-99 employees. These differences between the response patterns make one-to-one comparisons between the two surveys problematic without reweighting the samples.

A further difficulty is the distribution of the responses between different *sub-sectors* within the broad categories of manufacturing and business services. There was also a deliberately high weighting given in 1991 to sampling from four information-intensive business service sectors: the 1980 SICs of 8370, 8380, 8394 and 8395 (Bryson et al., 1997). A special difficulty is the very large number of respondents in both surveys in the "other business services" 8395 SIC category. There were 53% of business service respondents in this SIC category in 1991. Bryson et al. (1997) have re-coded the 1991 survey of SIC 8395 into 4 subgroups in order to allow a more detailed treatment. The same re-codings have been employed by Keeble and Nachum (2001) for the 1997 survey. These re-codings have been used to provide a finer mesh of weights in our alignment of the surveys here. The sub-groups used by Bryson and Keeble are listed in Table 3. The way in which "other business services" are broken down between respondents in the two cross sections and the panel survey is shown in Table 4.

### *3.2 Firm age*

Another difficulty in comparisons was a difference in response patterns between 1991 and 1997 relating to the age of the firm. There was a slightly higher response from very young firms in 1991 with the result that 20.7% of the 1991 respondent firms were under 5 years old and 49.7% under 10 years old, whereas in 1997 there were 19.8% under 5 and 43.9% under 10 years old. There are also more older firms over 20 years old in 1997 (30.0%) compared to 1991 (27.1%). The difference in proportions of the very young firms is the most likely to influence comparisons and is adjusted in our analysis by focusing on established firms. All firms of 2 years and younger were censored from the samples. This brings the respondent proportions closely in line with each other.

### *3.3 Re-aligning the SIC*

The standard industrial classification (SIC) used to assign the main activities of firms was changed by the government statistical service in 1992. This means that aligning the samples between the detailed sectors in the two surveys requires recoding to a single SIC. The 1991 sample, which used the 1980 SIC, was brought into line with the 1997 data by reclassifying each respondent to their appropriate 1992 SIC. The distribution of respondents in the two cross sectional surveys and the panel is shown in Table 5.

The purpose of the analysis is to assess changing levels of use of business advice over comparable samples. In order to maintain direct sectoral comparability between the two surveys a few survey respondents who came from categories that had no counterpart in the other survey year were excluded. This removed any lack of comparability between the sectors included in the two surveys. For the 1997 survey this removed 1 firm in agriculture and fishing, 5 firms in civil engineering, 2 firms in insurance and pension funding, 5 firms in activities auxiliary to financial intermediation, 8 firms in education, 1 firm in health and social work, and 8 firms in recreational activities. For the 1991 survey this removed 4 firms in distribution, 18 firms in hospitals and medical care, 16 firms in other service activities, and 2 firms in central offices of world-wide enterprises. For the 1997 survivors in the panel survey, 3 firms in hospitals and medical care, and 2 firms in central offices of worldwide enterprises were excluded. This exclusion allows the sector structure of the panel to be made comparable with the two cross sections for 1991 and 1997.

A further difficulty is those firms in 1991 which had grown in size by 1997 beyond the 500 employee definition used for SMEs. There are only three of these which did not constitute a large enough subsample to be separately analysed. So that they would not influence the analysis of advice from smaller SMEs they were excluded.

A comparison of the final 1991 and 1997 samples by sub-sector with each other, and with the whole British economy, is shown in Table 6. The UK statistics are for those businesses with one employee and greater. It can be seen that the alignment of the two samples produces broadly comparable results for each year. However, the two surveys are not in line with the sectoral distribution in the whole economy. The surveys cover sectors that represent 32.06% of the whole economy (in terms of number of business; perhaps 60% in terms of GNP since the manufacturing and business services sectors contribute by far the largest weight to GNP).

In detail, the main differences are: (i) the exclusion from the surveys of agriculture, fishing, mining, construction, retail, wholesale, hotels and restaurants, transport and distribution, financial intermediation, real estate, law and order, education, recreation and leisure, and (ii) a much larger sample proportion than the British business population of (20) manufactures of wood products, (22) publishing and printing, (25) rubber and plastics, (28) fabricated metal, (29) other machinery and equipment, and (74) other business activities. Of these differences the largest weight arises from (74) other business activities which account for 682 respondents in 1991, and 915 in 1997, when their national weight should have allowed them about half these numbers: only 369 and 460, respectively.

### *3.4 Sole traders and the self-employed*

Neither the survey nor the Dun and Bradstreet sample frame allow an effective coverage of sole traders and self-employed business people. These constitute the majority (68.1%) of UK businesses, 2.52m out of the total 3.71m estimated to be the total business population in 1997 (DTI, 1998). However, their turnover is only 4.8% of the total for the UK, and their employment 13.6%. Given their very small representation in the SBRC and CBR surveys there is no alternative but to exclude this group, and they are excluded from the comparisons in Table 6. Hence, all results quoted in this paper apply to established businesses with one or more employee and not to sole traders and the self-employed.

### *3.5 Re-weighting responses to match the UK business population*

Once the two surveys have been aligned with each other in terms of their coverage of size, sector and age structure of businesses, they then have to be re-weighted to allow comparison with the national pattern in order to assess total levels of use of advice. The pattern of responses to match the national pattern is obtained by re-weighting survey responses to their national positions. This is undertaken using the Small and Medium Enterprise (SME) Statistics for the UK in 1997, published by the DTI SME Statistics Unit (DTI, 1998). The reweighting is undertaken using the finest mesh of the DTI statistics that are readily available simultaneously for the 51 2-digit SIC categories listed in Table 6 and eight size categories of 1-4, 5-9, 10-19, 20-49, 50-99, 100-199, 200-249, and 250-499 employees. This size of mesh balances the trade-off of sector and firm size detail and the sample sizes available. A smaller sized mesh would result in many zero cells; a larger mesh would be too aggregate to control for the effects of sector and firm size diversity known to influence the extent to which firms use advice. The resulting mesh gives a matrix of 8 x 51 = 408 weights. The resulting reweighting allows the survey responses to be realigned to the national pattern.

### *3.6 Comparing survey questions in 1991 and 1997*

The survey questions used in the two years are similar but not identical for all the main issues we seek to analyse, of the use of business advice and government support services. Two survey questions are involved in 1991 and three in 1997.

(i) *Fields of advice*: There is least difficulty in comparing the fields of advice between the two surveys. The 1991 survey question was:

*"E3. In which areas, if any, have you sought business advice from other firms or external experts during the last three years?"*

This compares with the 1997 question:

*"E4: In which of the following areas, if any, have you used the services of other firms, agencies or external consultants during the last 3 years?"*

Although there is a slight difference in wording these questions are sufficiently close to cause little problem of comparability of interpretation.

A small adjustment was made between the surveys to the question that assessed the fields of advice used. In 1991 eleven fields of external advice were specified, but in 1997 this was increased to 12. There were two new fields in 1997:

- *Staff recruitment*
- *Staff training and development*

These replaced one 1991 field of:

- *Personnel and recruitment*

To align the two surveys, the 1997 categories of staff recruitment, training and development were amalgamated, with a user defined as being any respondent that had used any one of these services.
The order in which the fields were presented was also adjusted and the definition of the 1991 field of 'product design' was expanded to the phrasing 'product or service design' in order to be more sensitive to the range of manufacturing and service industry respondents. It was not possible to adjust for these changes but it is not thought that they introduced any significant effect on the responses to this question.

(ii) *Total use of advice*: Measures of total use of external advice are derived from the total responses to the questions discussed above of E3 in 1991 and E4 in 1997: positive response in any field of advice is used to count that respondent as a user of external advice in that survey. This form of processing is unproblematic. However, there is an important difficulty of calculating comparable use rates between the two surveys because the response categories provided for the question differed. In 1991 boxes were provided for each field and the respondent asked to 'tick where appropriate'. In 1997 a box was provided for each field and the respondent had to circle either 'yes' or 'no' in each case.

This difference in question design presents some difficulties of comparability. In 1997 there are three categories of response possible: yes, no, and no reply. In 1991 there are only two categories of response yes (tick) and no reply. In the analysis of this question, in SBRC (1992), the no replies were treated as non-users of advice. However, the no reply category combines *both* non-use *and* no reply. There is no way of fully accurately estimating the 1991 split in proportions of non-users and no replies. However, we believe that there will be some no replies as well as non-users in this group. Their inclusion will deflate the total level of use reported compared to 1997, where no reply and no-use can be separated. We have sought to make an adjustment by applying the non-response rate *to comparable questions* in the 1991 survey to question E3, but for those questions where yes, no and non-response can be identified separately. There are 14 questions with this design. These are B4, B8, B9 (2 parts), B14 (2 parts), B17 (2 parts), C10, D2, D3, F5, H2 and H6. The average non-response rate to these questions was 1.86%, with fairly low variation between the questions. We apply this non-response rate to question E3 in 1991. This increases the overall use of advice in 1991 reported in SBRC (1992, p. 30) from 85.8% to 88.5%. Unfortunately we cannot from the information available in 1991 allocate with any confidence the non-respondents to different categories of firm so a uniform non-response rate is assumed for this adjustment.

(iii) *Use of particular sources of advice:* There are more difficulties in comparing use of particular sources of advice between 1997 and 1991. The 1997 survey was designed with the particular research intention of assessing use across all the main likely sources. Thirteen different sources of advice were listed in question E5. These included seven private sector sources, two categories of business association, and four types of government support agencies. A further nine central government support schemes were assessed for use in question E8.

In contrast, in 1991 the research intention was narrower and only four categories of government support were listed (E5):

- *The Small Firms Services of the Department of Employment*
- *Local enterprise agencies*
- *Consultants under the DTI's Enterprise Initiative*
- *Other government agencies*

As discussed earlier, only one of these categories is fairly directly comparable between 1991 and 1997: enterprise agencies. The Small Firms Service and Enterprise Initiative have both been superseded by new bodies (in 1997 chiefly by TECs/LECs and Business Link). The responses to the question on other government agencies were unfortunately not separately recorded, but it is believed that at this time the main 'other' agency was the Rural Development Commission so that this category is broadly comparable with the 1997 category *"Rural Development Commission or Regional Agency"*.

As a result of these differences, in the analysis which we develop, considerable care must be exerted to present the 1991 and 1997 responses separately and only to compare like with like.

### *3.7 The 1991-1997 Panel*

In addition to the two separate cross-sectional survey responses outlined above, a separate group of respondents can also be analysed who were respondents to the 1991 survey who also responded in 1997. These are in addition to the 2520 1997 respondents discussed above. Their responses are not included in the main report and analysis of the 1997 survey (Cosh and Hughes, 1998). Nor have they been analysed previously to assess their use of business advice. This group of respondents provides a valuable additional comparative source. It has particular value since it is a *panel* sample that allows direct comparison between the same respondent firms in the two survey years.

Despite the value of the panel sample it also has difficulties in use. First, because the 1997 respondents are 'survivors', they have not experienced business failure, or otherwise ceased trading. Hence the panel is weighted towards more successful businesses (those still trading or acquired by others) and this is likely to influence the level of use of advice observed. The survivors include two categories: survivors trading as the same firm, and survivors acquired by other businesses. These can be analysed separately below.

A second difficulty is that the pattern of survival of the panel distorts the balance of sample strata among different firm sizes, sectors, etc. In the analysis the chief focus of interpretation of the panel is on survival and use of advice. As a result unweighted results are quoted in most of the analysis of the panel. However, in order to maintain a comparison with the cross-sectional analysis, weighted results which match the panel sample to the national economy are also reported.

Third, there are changes to the stratum in which a given firm is located. Some firms change over time their sector classification, others change their size classification. For our purposes we have classified each firm to its size and sector in 1991 so that there is no shift of firms between strata in our reported tables. Fourth, because the sample is a panel of surviving firms with six years elapsing between the surveys, the age of the respondents is biased towards older firms in 1997; definitionally there can be no firms less than six years old. This age effect has to be borne in mind in the interpretations below.

### *3.8 Small samples sizes*

In all of the weighting and analysis the mesh of cells has been aggregated where the sample size is small. Using very small samples could result in an unrepresentative observation or observations producing a major distortion to the results. The aggregation results in no cell size having less than 5 observations.

### *3.9 Conclusion on methodology*

The methodology developed above is designed to allow the two samples available for 1991 and 1997 to be made as comparable as possible. This has the objective of allowing the two key aims of this paper to be satisfied: (i) of assessing how the use of external advice has changed over time, and (ii) what the general pattern of use of advice is across the whole economy. However, because the samples used were developed for different purposes, the assessments here are constrained in various ways. As a result, it needs to be borne in mind that the 1991-1997 cross-section comparisons assume that the pattern of use of advice by the original broad sample sectors of manufacturing and business services, after reweighting, are representative of other sectors in the whole economy. The assessments also apply only to businesses with one or more employee (sole traders and the self-employed who have no employees are excluded), and to established businesses over two years old. For the 1991-1997 panel similar constraints operate, but with the additional aspects that no firms are less than six years old in 1997, and all are either survivors or acquired businesses over the period.

## 4. Comparison of levels of total use and fields of advice

For the cross-sectional samples, the pattern of use of advice and the fields used is displayed in Table 7. The unweighted results suggest a higher level of use of advice overall, but when the respondents are reweighted to reflect the national pattern of business, use levels appear somewhat lower and the change is not significant. The overall level of use of any source of advice is 82.4% in 1991which has increased to 85% in 1997. The general pattern of increase in use of external advice is in line with the expectations raised from other studies, but is probably more modest than often believed. It may be that after a rapid increase in the extent to which external advice was used by SMEs in the 1970s and 1980s, a more stable pattern is emerging where the scope for increases is now more limited.

There are some interesting contrasts between different fields of advice. Focusing on the weighted estimates, five fields exhibit declines in use of external advice: business strategy, management organization, marketing, market research, and taxation and financial management. Of these only one is significant. Six fields experience growth in use, of which the most significant are advertising, personnel and recruitment, which both more than doubles use levels, with changes in new technology and computer services (which increase by over 50%) significant at a lower level. These results give some indication of a shift in the market for business advice away from more generalised strategic, organisational and financial advice towards more specific advice.

The panel sample gives some contrasted results (Table 8). Whilst the unweighted sample suggests that the use of advice has nominally increased over the time period, the weighted sample suggests a major and weakly significant decrease. It should be recalled that, as discussed earlier, in our analysis we have held all firms in their 1991 size and sector categories so that we are comparing like with like. Hence, the decline in use of advice observed does not result from any reclassification effects. Detailed inspection of the sample shows that the decline is in fact chiefly the result of a severe and real reduction in use of advice by the smallest firms. As these are the largest proportion of the national economy, their weight in the weighted estimates is high and hence their reduction in use of advice has a very major impact in the total use of advice observed.

Between fields of advice in the panel sample the results show a broadly similar pattern to that in the cross section samples. The main contrasts are that business strategy, marketing and market research show declines in the cross-section but increases in the panel, whilst public relations, and product and service design show increases in the cross-section but decreases in the panel. But the differences in each case are relatively small.

The differences between the panel and cross-sectional samples are instructive. In terms of total pattern of use they suggest that as firms age their use of advice tends to decline, particularly among the smallest firms. Hence, the increase in the total pattern of use of advice observed in the cross-section appears in major part to be the result of a large number of small firms using advice for the first time.

## 5. Comparison of use of advice by sector

The samples used in this paper for the first time allow estimates of differences in levels of use by different sectors of SMEs. Whilst previous comparisons of broad sector have demonstrated manufacturing to be a slightly higher user of advice than services, on the whole sector differences have been found to be small (see SBRC, 1992; Cosh and Hughes, 1998). However, detailed sector comparisons have not previously been developed systematically, although some major differences have been found by O'Farrell et al. (1992, 1993).

The samples here are not sufficient in size to allow fine-scale sector differences to be presented. Sectors are aggregated so that no size or sector has a cell size of less than 5 respondents. The following aggregated sectors are used:-

1. Mining, quarrying, food, beverage and tobacco manufacture (14,15,16)
2. Manufacture of textiles and apparel (17,18)
3. Manufacture of leather, wood and pulp (19,20,21)
4. Publishing and media reproduction (22)
5. Manufacture of chemicals, rubber and minerals (24,25,26)
6. Manufacture of basic metals and fabrication (27,28)
7. Manufacture of machinery (29)
8. Manufacture of office machinery, computers, electrical, radio, TV, medical, optical and telecom (30,31)
9. Manufacture of furniture and transport equipment (32,33,64,35, 36)
10. Computer activities, R&D (72,73)
11. Other business activities (74)

Table 9 shows the *weighted* set of results for use of advice by sector. The highest sectoral users of external advice are publishing, other business activities, mining and food manufacture, and chemicals /rubber/minerals manufacture. These all exceed 85% of their sector. The lowest users are textile and apparel manufacture, and furniture and transport equipment manufacture, which are each below 73% of their sectors. The lower use sectors may be accounted for by relatively traditional and more stable technologies. The higher-use sectors appear to relate to those influenced by environmental factors and those influenced by major organisational and technological changes (publicity and media) which are themselves large providers of business services.

The variation in level of use of different types of advice within different sectors is also interesting. Relatively lower variation between sectors in levels of use are evident for public relations, management organisation, business strategy, and market research (where the range is less than 20%). But higher levels of variation is evident between sectors in use of advertising, taxation and financial management, and computer services (where the range exceeds 30%).

There has also been some change over time in the use of advice by sector. Significant decreases occur in use of advice in one sector: mining and quarrying. Significant increases affect four sectors: textiles and apparel manufacture; leather, wood and pulp manufacture; publishing and media reproduction; and manufacture of furniture and transport equipment. These have each increased use of advice by 14% or more. Hence, the overall increases in level of use of advice observed in Table 7 are accounted for chiefly by five sectors, mainly in manufacturing. The service sectors each show only small changes, neither are statistically significant, one decreasing by 3.6% (computer activities and R & D) and the other decreasing by 1.2% (other business activities).

It is also possible to compare use of external advice simultaneously by firm size and sector. Because of differences in sample response patterns this is not possible for all cells. The results for the 11 sectors and 8 size classes are shown for 1991 and 1997 in Tables 10 and 11 for the weighted estimates. The general pattern in all sectors is for there to be increasing use of advice with increasing firm size. This reaches 100% of all respondents using advice for larger firms for almost all sectors.

Greatest variation is between sectors for the smallest firm sizes. Although the results need to be treated with caution because of small sample size in some cells, it is for the small firms that the sample sizes allow the results to be more reliable. At the micro-firm size (of 1-4 employees), the use of advice ranges from zero to 87% in 1991, and from 44% to 98% in 1997. There are clearly small sample size effects operating, but generally the lowest sector use of advice is for the manufacture of furniture and transport equipment, and the highest levels of use of advice by the service sectors and publishing and media reproduction in both years. For the firms of between 5-9 and 20-49 employees variation of respondent numbers for the different cells confuses interpretation, but it is clear that many manufacturing sectors make as great or greater use of advice that the service and publishing sectors. For firms over 50 employees use levels exceed 78% in both years, rising to 100% of firms in most cases for firms of 200 employees and above.

The economy over the 1991-97 period experienced rapid economic growth, which may explain some of the pattern of increasing use of advice. However, it is surprising that it is manufacturing that is increasing its use of advice so rapidly and significantly since it is the service sectors that account for the greatest part of the national economic growth.

The results displayed in Tables 9,10,11 demonstrate that there are major variations in the type of external advice used between sectors and in their growth rates over time. An important implication is that sampling designs that seek to assess take-up of business advice, the marketing of advice, and the design of government policies seeking to stimulate the use by SMEs of external advice, need to take account of sector differences at a detailed level.

## 6. Comparison of use of Government supports

A major focus of our analysis is to assess if changes in the delivery of government advice from a more centralised to a more localised structure has influenced the level of use of advice. It was claimed at the launch of Business Link and TECs that a more localised structure would be closer to the market and would be more likely to be used by SMEs (see e.g. DE, 1989; DTI, 1992).

The overall level of use of government advice sources has indeed increased between 1991 and 1997, as shown by the bottom row of Table 12. The weighted pattern suggests an increase from 31.7% to 38.3% of SMEs using government sources. However, the influences on that growth are more complex. An important and significant part of the growth is accounted for by enterprise agencies, which have been one of the more stable parts of the system. These have almost doubled their use levels. Other regional and government agencies have also significantly increased their use levels, by nearly seven times, from a very low base in 1991. From a low base they had become by 1997 a significant source of government support. The chief of these were the Rural Development Commission and central DTI schemes such as the Teaching Company Scheme, SMART, SPUR, etc. (see Robson and Bennett, 2000).

Thus to make a more valid comparison between the use of centralised and localised services Table 12 also compares the aggregate of the centralised schemes with the aggregate of different groups of local agents. The change in use levels between the two modes of delivery is surprisingly small. The two centralised schemes in 1991 were used by 36.6% of respondents, an unweighted use level of 27.4%. The localised schemes of TECs and Business Link produced slightly lower use levels than the SFS and Enterprise Initiative, 36.0% of respondents, and 27.2% of weighted use. Only by comparing the localised schemes when enterprise agencies are included do use levels increase between 1991 and 1997, but this is relatively modest, from 36.6% to 38.5% for the respondent patterns, and from 27.4% to 31.5% for the weighted results.

It appears to be strongly the case from the results of Table 12, therefore, that the replacement of the SFS and Enterprise Initiative by TECs and Business Links was largely neutral to overall levels of use. Increases have occurred largely as a result of the increased market penetration of local enterprise agencies, and particularly from the greater use of other government schemes and regional agencies.

We must be cautious in drawing a firm conclusion from these data alone, however, because the question used to assess use of other government schemes in 1991 is likely to have produced a lower response rate. The 1991 question E5 asked for use of advice from a single category of "other government agencies". The 1997 question E8 listed 11 different sources of other government support. Despite this caveat it is clear from Table 12 that localisation per se does not appear to have had any significant influence on increasing levels of market penetration compared to the previous programmes of the Enterprise Initiative and Small Firms Service.

Similar conclusions are to be drawn from the results of the panel sample shown in Table 13. Here use levels have declined between 1991 and 1997, from 39.6% to 36.3% in the unweighted, and from 28.9% to 21.8% in the weighted, responses (excluding enterprise agencies). The panel sample shows similar high rates of growth in use of enterprise agencies and other government schemes. Hence, in the panel, comparing the same firms, even more than in the cross sectional comparison, levels of increasing market penetration from government support schemes appear to be chiefly the result of the increased role of other government schemes and enterprise agencies, not decentralisation of delivery.

The development of Business Link in 1997 was at a relatively early stage in some areas, although it had been in existence for 2 or 3 years in many other areas. A more valid comparison could, therefore, be of use of localised services at a later date. The CBR survey of 1999 allows a panel comparison of the 1997 cross section respondents for their level of use of government schemes. There are some sample attrition and other influences which make this comparison difficult (Cosh and Hughes, 2000). However, the unweighted results for the 1999 respondents given in Table 8.1 of Bennett and Robson (2000) suggest that, if anything, use levels of local agents has *declined* between 1997 and 1999. Use of TECs declined significantly from 22.8% to 12.7%; use of Business Link declined slightly from 28.7% to 28.0%, and use of enterprise agencies declined from 14.1% to 10%. Use of regional and other agencies declined from 4.5% to 3.4%. Hence, whilst overall satisfaction levels with Business Link improved significantly between 1997 and 1999 (for both new and existing users), this improvement in quality is not reflected in continued expansion of use levels, Aggregate DTI BL statistics for use levels of Business Link also show market penetration stabilising in 1997-99.

Hence, a test of whether increased time for development of the localised system of delivery has improved market penetration suggests that, if anything, market penetration has reduced, not increased, as the system has become more established. This suggests severe challenges for the Small Business Service, which is the agent now responsible for developing BL marketing and development.

It is also possible to assess whether the use of government supports has changed by firm size. Tables 14 and 15 compare use of advice by firm size in 1991 and 1997 for the weighted cross-sectional samples. In both cases there is a generally higher level of use of advice for larger firms up to the 100-199 employee size, although in 1991 the use pattern tended to be lower for the largest firms (over 200 employees). In 1997 use is highest for the largest size group, chiefly as a result of the use of TECs.

In 1991 the Small Firms Service and enterprise agencies were important suppliers of advice for the smallest firms, and those up to about 10-19 employees. These are both supports that tend to be less used by the largest SMEs. The Enterprise Initiative also helped a large number of the smallest firms; the use by 15.3% of 1-4 employees firms made the Enterprise Initiative the most widely used of government sources for this size group. But the Enterprise Initiative was most heavily used by medium-sized SMEs, particularly those of 50-199 employees. It was used by over half of 100-199 employee firms in 1991, a level not approached by any other single agency in either of the survey years.

In 1997 the total level of use of all government agents is higher, and this applies to almost all size classes of SMEs. The smallest increase in use levels between 1991 and 1997 are for the smallest firms (of 1-4 employees), which also remain the smallest users overall. There is a small decrease for medium-sized SMEs (of 100-199 employees), which had the highest use levels in 1991, suggesting that a maximum market penetration has been reached for this group. The 1997 sample suggests very large increases in use by the largest SMEs and for medium-sized SMEs (of 10-99 employees).

The changes in use between 1991 and 1997 result from the interplay of the different agents which have pursued somewhat different policy and marketing emphases. Business Link, targeted over the 1994-97 period on the 10-200 employee businesses, has indeed had a higher use level by this size of firm, exceeding 30% for each category in this group. TECs have a generally higher level of use for larger firm sizes, which reflects their focus on workforce training and Investors in People, which have generally been easier to develop with larger firms. Enterprise agencies have generally diversified since 1991, shifting their focus up the size spectrum of SMEs, with the smallest rate of increase in use for the smallest firms and most marked increases of use for SMEs of over 10 employees for which use levels more than double in all cases. Other government agencies show large increases in use for all firm size classes, but this is greatest for the smallest and medium-sized SMEs, suggesting that the focus of these initiatives has moved from the largest to the medium-sized and smaller SMEs.

By sector, comparison of 1991 and 1997 levels of use are shown in Tables 16 and 17. Whilst the general pattern of use of government agencies has increased by 6.6% over the period, increases are not uniform. Five sectors show declines: mining and quarrying; manufacture of textile and apparel; manufacture of chemicals; manufacture of furniture and transport equipment; and computer activities and R & D. Only in the case of manufacture of textiles and apparel and computers and R & D does this decline reflect a decline in use of advice by the sectors as a whole (compare Table 9). The three other sectors showing increases in use of government sources exhibit general increases in use from all sources of advice. Six sectors experience growth in use of one of the government sources. Four of these sectors, manufacture of leather etc, publishing and media reproduction, manufacture of machinery, and other business activities,

show the largest increases from the lowest base. The two other sectors showing increases are: manufacture of basic metals and fabrication, and manufacture of office machinery, TVs, etc. There is some suggestion in these results of a levelling up in the general use of government sources of advice by different sectors, but the overall range of use between sectors remains similar: 28.2% in 1991, and 27.4% in 1997. If there is a levelling up in the use of advice by different sectors this appears to be chiefly the result of a more even use of each of the government agents in 1997 compared with 1991.
The Small Firms Service had a wide range of use levels between sectors, from 0.8% to 27.2%. It appears to have had a strong use by furniture, transport, computer equipment, R & D and to a lesser extent by metal fabrication; with little use by publishing, media, electrical and more basic manufacturing. The Enterprise Initiative had higher take-up among manufacturers, but had again low use among publishing and media. Other government agencies in 1991 had significant use levels only for mining and quarrying, and chemicals manufacture.

In 1997 Business Link and TECs had a smaller sector variation than the Small Firms Service or the Enterprise Initiative. There is low market penetration for Business Link in the manufacture of textiles, and publicity and media, with high use by machinery manufacture. TECs have lowest use also by textiles and apparel manufacture. Manufacture of leather, service sectors, and publishing and media, are also low users of TECs. Although 1997 sees a more even spread than 1991 of use levels by different sectors, there is still a considerable range, with media and publishing and other business activities having the lowest use levels in both years.

## 7. Conclusion

This paper has sought to assess the changing use of business external advice in the 1990s. Comparisons of cross-sectional samples in 1991 and 1997, and of a panel sample over 1991-97, have allowed both the total level of use of external advice to be assessed, and the differences by field, sector and source. A particular focus has been on assessing changing levels of use of government sources.

To make these comparisons considerable care has had to be exercised in aligning respondents and questions. As a result, the surveys have been censored in order to make a valid comparison. The resulting comparisons apply to businesses of one or more employees which have been established for over two years. Reweighting of respondents is undertaken so that the surveys are in line with each other and with the national pattern of business. Weighting is applied across a mesh of firm sizes and sectors.

The analysis shows that the overall level of use of all sources of advice by SMEs has increased from 82.4% in 1991 to 85% in 1997. Although this general increase is not statistically significant, significant increases do occur for advice on advertising, personnel and recruitment, new technology and computer services. But some fields experience declines in level of use, of which the most significant is for taxation and financial management advice.

There is also a variety of use levels by sectors, ranging from 57.4% to 87.6% in 1991, increasing slightly in range from 65.7% to 96.4% in 1997. Generally publishing and media reproduction, and other business activities, are the largest users of external advice. For different sizes of firm, the use of advice is generally higher for larger firms, particularly in manufacturing. An important conclusion from the analysis is the need to be aware of considerable and statistically significant variations between firms of different size and sector in making comparisions.

Government advice sources where changed considerably between 1991 and 1997, from a centralised to a more localised structure of delivery. The comparisons possible from both the cross-sectional and panel samples suggest that this change has not accounted for the increased level of use of government advice overall. Indeed there have been a small decline if we restrict attention to comparing the Small Firms Service and Enterprise Initiative with the TECs and Business Link. However, there has been a significant increase in the level of all government sources of advice overall, but this is accounted for by increased use of enterprise agencies and other regional and central government schemes. Taking the comparisons further, using the 1999 CBR survey results, suggests that, if anything, government agencies were more heavily used in 1997 than in 1999 so that the comparisons of 1997 and 1991 may exaggerate the 'settled' pattern of use of government sources. This presents a very considerable challenge for the new Small Business Service.

Previous surveys of public sector advice services have given some evidence to suggest that the DTI Enterprise Initiative and Small Firms Service (SFS) were the main sources used up to about 1993/94, with TECs becoming more important in the period 1993-1997, and Business Link becoming prominent thereafter (Keeble et al., 1992, Curran and Blackburn, 1994; Barclays, 1994, CBI, 1994; MORI, 1994, Doggett, and Hepple, 1995; Lloyds/SBRT, 1996). These previous assessments do not allow like-for-like comparisons by firm size or sector. However, they also point to the Small Firms Service and Enterprise Initiative having higher take-up and use than TECs or Business Link. So far as there is further supporting evidence from other studies, therefore, it tends to confirm the results of the large scale surveys used in this paper: that localisation of government advice has not increased market penetration and use by SMEs, as was anticipated when these initiatives were launched in the early 1990s.

The shift to a different type of agent for delivery of government-based advice has also led to important changes in sector, and particularly firm-size, use levels. The most marked change has been the increase in level of use by the largest firms (of 200 employees and more), chiefly as a result of the work of TECs, primarly related to IiP. The abolition of

TECs in April 2001 suggests that there are significant dangers that the larger SMEs will no longer be as fully involved in government support schemes. This will lead to problems for the fulfillment of targets for IiP. This presents a major challenge for both the Learning and Skills Council and the Small Business Service.

A similar problem confronts these agents for achieving a more even sectoral spread. In both 1991 and 1997, government agents have had least use by publishing and media reproduction, and from other business activities. There is a strong impression from the analysis that government supports have done most for manufacturing and more traditional sectors such as machinery manufacture. This also suggests challenges for the Small Business Service and the Learning and Skills Council.

# TABLES

| | 1991 | 1997 |
|---|---|---|
| Total no. of firms in original sample | 8050 | 12640 |
| Excluded as being ineligible, ceased trading etc. | 1880 | 1608 |
| Total usable sample | 6170 | 11032 |
| Refusals/non-responses | 4142 | 8512 |
| Usable surveys returned | 2028 | 2520 |
| Response rate (%) | 32.87% | 22.84% |

**Table 1:** Sample size and responses rates for the 1991 and 1997 surveys (Full details are given in SBRC (1992) and Cosh and Hughes (1998)).

| | **No** | | **All (%)** | | **Micro (%) (1-9)** | | **Small (%) (10-99)** | | **Medium (%) (100-499)** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **1991** | **1997** | **1991** | **1997** | **1991** | **1997** | **1991** | **1997** | **1991** | **1997** |
| Manufacturing | 1073 | 1474 | 53.0 | 58.5 | 36.2 | 46.2 | 57.1 | 69.7 | 64.9 | 64.3 |
| Business Services | 950 | 1046 | 47.0 | 41.5 | 63.8 | 53.8 | 42.9 | 30.3 | 35.1 | 35.7 |
| All | 2023 | 2520 | 100.0 | 100.0 | 27.7 | 44.2 | 54.8 | 44.3 | 17.5 | 11.5 |

**Table 2:** Respondents by size and sector in 1991 and 1997 (Full details in SBRC (1992) and Cosh and Hughes (1998)).

<table>
<tr><th></th><th>Total 8395</th><th>Group 1</th><th>Group 2</th><th>Group 3</th><th>Group 4</th></tr>
<tr><td>1991 Survey</td><td>456</td><td>149</td><td>69</td><td>89</td><td>149</td></tr>
<tr><td>1997 Survey</td><td>172</td><td colspan="2">105</td><td>34</td><td>33</td></tr>
<tr><td>1991-97 panel</td><td>103</td><td>41</td><td>13</td><td>24</td><td>25</td></tr>
</table>

**Table 3:** The distribution of business service respondents within the 1980 SIC of 8395 and the 1992 SIC of 74. The groups are defined as follows (Bryson et al., 1997; Keeble and Nachum, 2001):

Group 1: Management consultants, marketing, sales and technology consultants

Group 2: Personnel and public relations firms

Group 3: Design and market research firms

Group 4: Other business service firms (the rest of the SIC category not attributable elsewhere)

| | 1997 | % of all | 1991 | % | Survivors | % |
|---|---|---|---|---|---|---|
| Legal Services (74.11) | 2 | 0.27 | 0 | 0.00 | 0 | 0.00 |
| Accountants, Auditors, Tax Experts (74.12) | 50 | 6.68 | 13 | 1.90 | 3 | 0.68 |
| Market Research and Public Opinion (74.13) | 34 | 4.54 | 69 (Keeble group'3') | 11.68 | 24 (Keeble group '3' | 5.47 |
| Business and Management Consultancy Activities (74.14) | 105 | 14.02 | 219 (150 (Keeble group '1', and 69 Keeble group'2') | 31.97 | 41 (28 (Keeble group'1', and 13 Keeble group '2') | 9.34 |
| Architects, Surveyors & Consulting Engineers (74.20) | 218 | 29.11 | 156 | 22.77 | 44 | 10.02 |
| Technical Testing and Analysis (74.30) | 14 | 1.87 | 0 | 0.00 | 0 | 0.0 |
| Advertising (74.40) | 38 | 5.07 | 63 | 9.20 | 18 | 4.10 |
| Investigation and Security Activities (74.60) | 24 | 3.20 | 0 | 0.00 | 0 | 0.0 |
| Cleaning Services (74.70) | 9 | 1.20 | 16 | 2.34 | 6 | 1.37 |
| Photographic Studios (74.81) | 38 | 5.07 | 0 | 0.00 | 0 | 0 |
| Packaging Activities (74.82) | 11 | 1.47 | 0 | 0.00 | 0 | 0 |
| Misc Business Services (74.50) | 33 | 4.41 | 138 (Keeble group'4') | 20.15 | 25 (Keeble group '4') | 5.69 |
| Document Copying, Duplicating (74.83) | 26 | 3.47 | 0 | 0.00 | 0 | 0 |
| Activities Auxiliary to Banking (74.84) | 147 | 19.63 | 0 | 0.00 | 0 | 0 |
| Other Business Activities (74) Total | 749 | 31.82 | 685 | 100.00 | 161 | 100.0 |

**Table 4:** The pattern of respondents in the category of 'Other Business Activities', (SIC 8395 (1980) and 74 (1992) ) and how these are reassigned. The percentage values are for the sample as a whole in each year.

| SIC (1992) | 1997 | % | 1991 | % | 1991-1997 panel of survivors | % |
|---|---|---|---|---|---|---|
| Other Mining & Quarrying (14) | 6 | 0.25 | 7 | 0.37 | 1 | 0.23 |
| Manufacture of Food Products & Beverages; Manufacture of Tobacco Products (15, 16) | 52 | 2.21 | 52 | 2.77 | 14 | 3.19 |
| Manufacture of Textiles (17) | 45 | 1.91 | 42 | 2.24 | 9 | 2.05 |
| Manufacturing of Wearing Apparel (18) | 43 | 1.83 | 56 | 2.98 | 11 | 2.51 |
| Manufacture of Leather & Leather Products (19) | 10 | 0.42 | 14 | 0.75 | 4 | 0.91 |
| Manufacture of Wood & Wood Products except Furniture (20) | 92 | 3.91 | 81 | 4.31 | 17 | 3.87 |
| Manufacture of Pulp, Paper & Paper Products (21) | 22 | 0.93 | 32 | 1.70 | 7 | 1.59 |
| Publishing, Printing & Reproduction of Recorded Media (22) | 152 | 6.46 | 117 | 6.23 | 27 | 6.15 |
| Manufacture of Chemicals & Chemical Products (24) | 91 | 3.87 | 31 | 1.65 | 12 | 2.73 |
| Manufacture of Rubber & Plastic Products (25) | 78 | 3.31 | 72 | 3.83 | 18 | 4.10 |
| Manufacture of Other Non-Metal Mineral Products (26) | 36 | 1.53 | 28 | 1.49 | 5 | 1.14 |
| Manufacture of Basic Metals (27) | 26 | 1.10 | 33 | 1.76 | 6 | 1.37 |
| Manufacture of Fabricated Metal Products, except Machinery & Equipment (28) | 196 | 8.33 | 125 | 6.65 | 49 | 11.16 |
| Manufacture of Machinery & Equipment Not Elsewhere Classified (29) | 195 | 8.28 | 172 | 9.15 | 37 | 8.43 |
| Manufacture of Office Machinery & Computers (30) | 32 | 1.36 | 7 | 0.37 | 2 | 0.46 |
| Manufacture of Electrical; Machinery & Apparatus Not Elsewhere Classified (31) | 103 | 4.38 | 20 | 1.06 | 5 | 1.14 |
| Manufacture of Radio, Television & Communication Equipment & Apparatus (32) | 56 | 2.38 | 26 | 1.38 | 7 | 1.59 |
| Manufacture of Medical, Precision & Optical Instruments, Watches and Clocks (33) | 69 | 2.93 | 56 | 2.98 | 9 | 2.05 |
| Manufacture of Motor Vehicles, Trailers & Semi-Trailers (34) | 40 | 1.70 | 12 | 0.64 | 1 | 0.23 |
| Manufacture of Other Transport Equipment (35) | 17 | 0.72 | 7 | 0.37 | 1 | 0.23 |
| Manufacture of Furniture; Manufacturing Not Elsewhere Classified (36) | 50 | 2.12 | 23 | 1.22 | 3 | 0.68 |

| | | | | | | |
|---|---|---|---|---|---|---|
| Post & Telecommunications (64) | 68 | 2.89 | 5 | 0.27 | 1 | 0.23 |
| Computer & Related Activities (72) | 112 | 4.76 | 157 | 8.36 | 29 | 6.38 |
| Research & Development (73) | 14 | 0.59 | 19 | 1.01 | 4 | 0.91 |
| Other Business Activities (74) | 749 | 31.82 | 685 | 36.46 | 161 | 36.67 |
| All | 2354 | 100.00 | 1879 | 100.00 | 439 | 100.00 |

**Table 5:** Distribution of respondents between industry sectors. Note: The above table is for firms who are at least 2 years old. It includes those firms for which we do not accurately know firm size, and also a small number of firms who did not respond to questions relating to the use of business advice.

| | Number of Businesses UK | % UK | 1997 respondents | 1991 respondents | Panel 1991-97 |
|---|---|---|---|---|---|
| Agriculture and Hunting (01) | 65920 | 5.57 | 0.00 | 0.00 | 0.00 |
| Forestry and Logging (02) | 1015 | 0.09 | 0.00 | 0.00 | 0.00 |
| Fishing (05) | 1475 | 0.12 | 0.00 | 0.00 | 0.00 |
| Mining of Coal and Lignite; Extraction of Peat (10) | 190 | 0.02 | 0.00 | 0.00 | 0.00 |
| Extraction of Crude Petroleum and Natural Gas (11) | 270 | 0.02 | 0.00 | 0.00 | 0.00 |
| Mining of Metal Ores (13) | 45 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Mining and Quarrying (14) | 1050 | 0.09 | 0.25 | 0.37 | 0.23 |
| Manufacture of Food Products & Beverages; Manufacture of Tobacco Products (15, 16) | 6835 | 0.58 | 2.21 | 2.77 | 3.19 |
| Manufacture of Textiles (17) | 5495 | 0.46 | 1.91 | 2.24 | 2.05 |
| Manufacturing of Wearing Apparel (18) | 6390 | 0.54 | 1.83 | 2.98 | 2.51 |
| Manufacture of Leather & Leather Products (19) | 1155 | 0.10 | 0.42 | 0.75 | 0.91 |
| Manufacture of Wood & Wood Products except Furniture (20) | 6865 | 0.58 | 3.91 | 4.31 | 3.87 |
| Manufacture of Pulp, Paper & Paper Products (21) | 2475 | 0.21 | 0.93 | 1.70 | 1.59 |
| Publishing, Printing & Reproduction of Recorded Media (22) | 21545 | 1.82 | 6.46 | 6.23 | 6.15 |
| Manufacture of Coke, Refined Petroleum Products and Nuclear Fuel (23) | 245 | 0.02 | 0.00 | 0.00 | 0.00 |
| Manufacture of Chemicals & Chemical Products (24) | 3790 | 0.32 | 3.87 | 1.65 | 2.73 |
| Manufacture of Rubber & Plastic Products (25) | 6620 | 0.56 | 3.31 | 3.83 | 4.10 |
| Manufacture of Other Non-Metal Mineral Products (26) | 4735 | 0.40 | 1.53 | 1.49 | 1.14 |
| Manufacture of Basic Metals (27) | 2440 | 0.21 | 1.10 | 1.76 | 1.37 |
| Manufacture of Fabricated Metal Products, except Machinery & Equipment (28) | 23775 | 2.01 | 8.33 | 6.65 | 11.16 |

| | | | | | |
|---|---|---|---|---|---|
| Manufacture of Machinery & Equipment Not Elsewhere Classified (29) | 13585 | 1.15 | 8.28 | 9.15 | 8.43 |
| Manufacture of Office Machinery & Computers (30) | 1530 | 0.13 | 1.36 | 0.37 | 0.46 |
| Manufacture of Electrical; Machinery & Apparatus Not Elsewhere Classified (31) | 4765 | 0.40 | 4.38 | 1.06 | 1.14 |
| Manufacture of Radio, Television & Communication Equipment & Apparatus (32) | 2630 | 0.22 | 2.38 | 1.38 | 1.59 |
| Manufacture of Medical, Precision & Optical Instruments, Watches and Clocks (33) | 5745 | 0.49 | 2.93 | 2.98 | 2.05 |
| Manufacture of Motor Vehicles, Trailers & Semi-Trailers(34) | 2910 | 0.25 | 1.70 | 0.64 | 0.23 |
| Manufacture of Other Transport Equipment (35) | 2625 | 0.22 | 0.72 | 0.37 | 0.23 |
| Manufacture of Furniture; Manufacturing Not Elsewhere Classified (36) | 13020 | 1.10 | 2.12 | 1.22 | 0.68 |
| Recycling (37) | 800 | 0.07 | 0.00 | 0.00 | 0.00 |
| Electricity, Gas, Steam and Hot Water Supply (40) | 180 | 0.02 | 0.00 | 0.00 | 0.00 |
| Collection, Purification and Distribution of Water (41) | 80 | 0.01 | 0.00 | 0.00 | 0.00 |
| Construction (45) | 105110 | 8.88 | 0.00 | 0.00 | 0.00 |
| Sale, Maintenance and Repair of Motor Vehicles; Retail Sale of Automotive Fuel (50) | 49370 | 4.17 | 0.00 | 0.00 | 0.00 |
| Wholesale Trade and Commission Trade, Except of Motor Vehicles (51) | 80065 | 6.76 | 0.00 | 0.00 | 0.00 |
| Retail Trade, Except of Motor Vehicles; Repair of Personal and Household Goods (52) | 148915 | 12.58 | 0.00 | 0.00 | 0.00 |
| Hotels and Restaurants (55) | 94895 | 8.01 | 0.00 | 0.00 | 0.00 |
| Land Transport; Transport via pipelines (60) | 25160 | 2.12 | 0.00 | 0.00 | 0.00 |

| | Number of Businesses UK | % UK | 1997 respondents | 1991 respondents | Panel 1991-97 |
|---|---|---|---|---|---|
| Water Transport (61) | 855 | 0.07 | 0.00 | 0.00 | 0.00 |
| Air Transport (62) | 790 | 0.07 | 0.00 | 0.00 | 0.00 |
| Supporting and Auxiliary Transport Activities; Activities of Travel Agencies (63) | 13745 | 1.16 | 0.00 | 0.00 | 0.00 |
| Post & Telecommunications (64) | 4425 | 0.37 | 2.89 | 0.27 | 0.23 |
| Financial Intermediation, Except Insurance and Pension Funding (65) | 9285 | 0.78 | 0.00 | 0.00 | 0.00 |
| Insurance and Pension Funding, except compulsory social security (66) | 2535 | 0.21 | 0.00 | 0.00 | 0.00 |
| Activities Auxiliary to Financial Intermediation (67) | 10575 | 0.89 | 0.00 | 0.00 | 0.00 |
| Real Estate Activities (70) | 45185 | 3.82 | 0.00 | 0.00 | 0.00 |
| Renting of Equipment Without Operator and of Personal and Household Goods (71) | 9785 | 0.83 | 0.00 | 0.00 | 0.00 |
| Computer & Related Activities (72) | 64090 | 5.41 | 4.76 | 8.36 | 6.38 |
| Research & Development (73) | 1815 | 0.15 | 0.59 | 1.01 | 0.91 |
| Other Business Activities (74) | 169215 | 14.29 | 31.82 | 36.46 | 36.67 |
| Education (80) | 8265 | 0.70 | 0.00 | 0.00 | 0.00 |
| Health and Social Work (85) | 49145 | 4.15 | 0.00 | 0.00 | 0.00 |
| Sewage and Refuse Disposal, Sanitation and Similar Activities (90) | 1505 | 0.13 | 0.00 | 0.00 | 0.00 |
| Activities of Membership Organisations Not Elsewhere Classified (91) | 6335 | 0.53 | 0.00 | 0.00 | 0.00 |
| Recreational, Cultural and Sporting Activities (92) | 29810 | 2.52 | 0.00 | 0.00 | 0.00 |
| Other Service Activities (93) | 43040 | 3.63 | 0.00 | 0.00 | 0.00 |
| All | 1184160 | 100.0 | 100.0 | 100.0 | 100.0 |

**Table 6:** Comparison of the UK distribution of business (for businesses of one employee and upwards) by SIC 2-digit category in 1997 compared with the 1991 and 1997 survey respondents. Note: The 'All' value for the UK number of businesses is the combined value of the industry sectors. The above table is for the whole sample and includes those firms for which the respondents do not accurately record firm size, and also those firms which also did not respond to questions relating to the use of business advice.

| | Unweighted | | Weighted | |
|---|---|---|---|---|
| **Field of advice** | **1991** | **1997** | **1991** | **1997** |
| Business Strategy | 30.7 | 28.4 | 26.4 | 21.9 |
| Management Organisation | 25.8* | 18.8* | 14.6 | 10.3 |
| Marketing | 30.7 | 30.4 | 25.3 | 24.6 |
| Market Research | 17.1 | 18.2 | 12.8 | 12.4 |
| Advertising | 24.2*** | 46.4*** | 19.1*** | 40.5*** |
| Public Relations | 16.7 | 16.4 | 9.9 | 10.7 |
| Product or Service Design | 15.4 | 19.9 | 13.0 | 14.7 |
| New Technology | 26.7* | 34.8* | 20.8** | 30.9** |
| Computer Services | 49.1* | 55.4* | 33.6* | 43.3* |
| Personnel and Recruitment | 23.2*** | 56.3*** | 13.2*** | 35.7*** |
| Taxation and Financial Management | 63.4* | 57.2* | 63.7* | 54.1* |
| Any Field of Advice | 88.5 | 90.5 | 82.4 | 85.0 |
| N | 1546 | 2126 | 1546 | 2126 |

**Table 7:** Percentage of respondents using advice in the 1991 and 1997 cross-section samples, unweighted and reweighted. Statistical tests compare columns 1 and 2, and 3 and 4 (*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$).

| | Unweighted | | Weighted | |
|---|---|---|---|---|
| **Field of advice** | **1991** | **1997** | **1991** | **1997** |
| Business Strategy | 32.3 | 30.1 | 21.7 | 24.4 |
| Management Organisation | 28.0 | 24.5 | 13.3 | 10.9 |
| Marketing | 33.5 | 31.1 | 22.3 | 23.0 |
| Market Research | 16.4 | 17.9 | 12.7 | 16.6 |
| Advertising | 23.0*** | 38.8*** | 23.5*** | 36.4*** |
| Public Relations | 18.4 | 17.1 | 15.5 | 10.4 |
| Product or Service Design | 18.2 | 18.4 | 18.7 | 14.0 |
| New Technology | 31.5* | 39.3* | 27.2 | 30.4 |
| Computer Services | 51.7 | 55.6 | 41.0 | 39.1 |
| Personnel and Recruitment | 17.9*** | 62.2*** | 15.0*** | 29.6*** |
| Taxation and Financial Management | 64.1* | 57.9* | 72.6* | 48.8* |
| Any Field of Advice | 87.8 | 89.8 | 91.5* | 73.7* |
| N | 349 | 392 | 349 | 392 |

**Table 8:** Percentage of respondents using advice in the 1991-97 panel sample, unweighted and reweighted. Statistical tests compare columns 1 and 2, and 3 and 4 (*** $p < 0.01$; * $p < 0.1$).

| Field of advice | Sectors | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | Range |
| Business Strategy | 29.5 | 10.1 | 12.3 | 23.4 | 22.3 | 18.6 | 28.5 | 23.6 | 21.6 | 28.6 | 20.0 | 19.4*** |
| Management Organisation | 23.1 | 6.3 | 7.2 | 13.5 | 10.4 | 14.0 | 15.3 | 14.3 | 17.6 | 4.3 | 9.9 | 18.8*** |
| Marketing | 27.9 | 10.7 | 20.1 | 24.1 | 19.0 | 20.9 | 30.8 | 27.7 | 33.7 | 26.2 | 24.4 | 23.0** |
| Market Research | 26.2 | 7.8 | 6.8 | 11.5 | 13.7 | 5.4 | 18.0 | 16.2 | 25.7 | 8.5 | 12.7 | 19.4*** |
| Advertising | 47.3 | 20.2 | 55.7 | 38.2 | 48.8 | 41.3 | 48.1 | 38.4 | 58.3 | 25.7 | 43.7 | 38.1*** |
| Public Relations | 23.7 | 9.4 | 8.7 | 12.6 | 7.9 | 10.4 | 10.0 | 9.5 | 19.5 | 7.0 | 11.1 | 16.7** |
| Product or Service Design | 19.5 | 26.0 | 11.3 | 28.2 | 15.6 | 16.6 | 18.8 | 22.8 | 16.9 | 3.8 | 14.5 | 22.2*** |
| New Technology | 20.2 | 18.4 | 21.3 | 46.8 | 27.1 | 21.4 | 25.0 | 30.5 | 20.6 | 32.4 | 33.6 | 28.4*** |
| Computer Services | 45.7 | 33.3 | 44.7 | 52.8 | 49.2 | 41.4 | 45.7 | 32.6 | 39.4 | 22.5 | 51.9 | 30.3*** |
| Personnel and Recruitment | 48.1 | 24.2 | 37.1 | 39.9 | 38.8 | 41.0 | 44.1 | 41.7 | 25.0 | 26.3 | 37.7 | 23.9*** |
| Taxation and Financial Management | 43.4 | 33.7 | 45.9 | 67.3 | 54.4 | 49.1 | 47.1 | 48.0 | 52.4 | 54.0 | 57.1 | 33.6** |
| Any Field of Advice 1997 | 87.9** | 65.7* | 81.4** | 96.5*** | 85.2 | 79.9 | 87.6 | 82.5 | 72.5*** | 80.4 | 88.8 | 30.8 |
| Any Field of Advice 1991 | 73.2** | 78.8* | 66.2** | 81.3*** | 82.0 | 76.8 | 71.9 | 79.6 | 57.4*** | 84.0 | 87.6 | 30.2 |
| N (1997) | 56 | 82 | 114 | 136 | 190 | 205 | 178 | 287 | 91 | 113 | 674 | 2126 |

**Table 9:** Percentage of respondents using advice by sector in 1991 and 1997 from the cross-sectional surveys (weighted results). Statistical tests for each sector compare the columns for each row. Statistical tests for the total use of advice in the last two rows compare the 1991 and 1997 patterns for each sector separately (*** $p < 0.01$; ** $p < 0.05$; * $p < 0.1$).

| Sector | 1-4 | 5-9 | 10-19 | 20-49 | 50-99 | 100-199 | 200-499 | All |
|---|---|---|---|---|---|---|---|---|
| 1 | 0 | 63.6 | 70.0 | 75.7 | 80.3 | 90.3 | 95.6 | 73.2 |
| 2 | 77.8 | 70.0 | 93.3 | 70.0 | 87.5 | 85.4 | 100.0 | 78.8 |
| 3 | 43.8 | 79.9 | 83.2 | 79.9 | 89.5 | 100.0 | 94.4 | 66.2 |
| 4 | 77.8 | 81.4 | 89.5 | 91.3 | 91.3 | 100.0 | 53.9 | 81.3 |
| 5 | 82.4 | 57.7 | 96.1 | 94.4 | 80.3 | 93.7 | 100.0 | 82.0 |
| 6 | 70.0 | 72.0 | 85.3 | 93.2 | 84.0 | 100.0 | 100.0 | 76.8 |
| 7 | 53.9 | 88.1 | 84.9 | 86.1 | 94.6 | 92.8 | 100.0 | 71.9 |
| 8 | 70.0 | 75.2 | 94.2 | 88.1 | 96.8 | 100.0 | 100.0 | 79.6 |
| 9 | 36.9 | 85.3 | 85.4 | 77.8 | 87.5 | 100.0 | 100.0 | 57.4 |
| 10 | 83.5 | 86.9 | 96.8 | 83.4 | 80.8 | 80.3 | 90.7 | 84.0 |
| 11 | 86.7 | 87.7 | 92.2 | 94.7 | 95.4 | 95.0 | 92.9 | 87.6 |
| All | 80.6 | 81.3 | 89.7 | 88.3 | 89.2 | 94.9 | 95.6 | 82.4 |

**Table 10:** Percentage of respondents using any source of external advice in 1991 by size and sector, reweighted to reflect whole economy.

| **Sector** | **1-4** | **5-9** | **10-19** | **20-49** | **50-99** | **100-199** | **200-499** | **All** |
|---|---|---|---|---|---|---|---|---|
| 1 | 85.7 | 100 | 81.8 | 75.0 | 100 | 100 | 89.9 | 87.9 |
| 2 | 44.4 | 73.3 | 91.7 | 92.9 | 78.6 | 100 | 89.5 | 65.7 |
| 3 | 81.8 | 73.1 | 86.6 | 78.9 | 100 | 100 | 100 | 81.4 |
| 4 | 98.5 | 93.1 | 96.3 | 93.8 | 84.6 | 88.9 | 100 | 96.5 |
| 5 | 77.8 | 88.9 | 84.4 | 97.7 | 91.7 | 100 | 100 | 85.2 |
| 6 | 68.8 | 81.8 | 93.3 | 94.4 | 100 | 100 | 100 | 79.9 |
| 7 | 84.6 | 77.8 | 96.7 | 94.3 | 100 | 100 | 100 | 87.6 |
| 8 | 75.9 | 88.7 | 86.5 | 100 | 95.4 | 96.2 | 100 | 82.5 |
| 9 | 58.3 | 86.4 | 100 | 100 | 100 | 100 | 100 | 72.5 |
| 10 | 78.6 | 100 | 100 | 84.6 | 93.8 | 87.5 | 100 | 80.4 |
| 11 | 86.6 | 96.6 | 93.8 | 94.5 | 99.0 | 96.0 | 97.1 | 88.8 |
| All | 81.6 | 90.8 | 92.8 | 93.4 | 95.8 | 97.6 | 97.3 | 85.0 |

**Table 11:** Percentage of respondents using any source of external advice in 1997 by size and sector, reweighted to reflect the whole economy.

| | Unweighted | | Weighted | |
|---|---|---|---|---|
| | 1991 | 1997 | 1991 | 1997 |
| **Centralised Services** | | | | |
| Small Firms Service | 6.7 | ----- | 11.7 | ----- |
| Enterprise Initiative | 34.0 | ----- | 20.0 | ----- |
| Total centralised | 36.6 | ----- | 27.4 | ----- |
| **Localised Services** | | | | |
| Enterprise agencies | 7.3*** | 14.6*** | 7.5*** | 14.0*** |
| Business Link | ----- | 27.3 | ----- | 20.9 |
| TECs | ----- | 22.6 | ---- | 15.6 |
| Total localised | 7.3*** | 38.5*** | 7.5*** | 31.5*** |
| Total localised excluding enterprise agencies | ----- | 36.0 | ---- | 27.2 |
| **Other government schemes and regional agencies** | 2.8*** | 29.2*** | 2.5*** | 17.1*** |
| **Any government source (except enterprise agencies)** | 38.2** | 47.7** | 29.2** | 36.4** |
| **Any government source** | 40.4*** | 48.6** | 31.7** | 38.3** |
| N | 1777 | 2153 | 1777 | 2153 |

**Table 12:** Percentage of respondent users of government agencies for external advice in the 1991 and 1997 cross section samples, unweighted and reweighted. Note: Business Link and TEC estimates are for England only. Statistical tests compare columns 1 and 2, and 3 and 4 (*** $p < 0.01$; ** $p < 0.05$).

| | **Unweighted** | | **Weighted** | |
|---|---|---|---|---|
| | **1991** | **1997** | **1991** | **1997** |
| **Centralised Services** | | | | |
| Small Firms Service | 7.7 | ----- | 13.2 | ----- |
| Enterprise Initiative | 37.4 | ----- | 21.5 | ----- |
| Total centralised | 39.6 | ----- | 28.9 | ----- |
| **Localised Services** | | | | |
| Enterprise agencies | 8.4** | 14.4** | 6.3** | 16.6** |
| Business Link | ----- | 23.0 | ----- | 19.7 |
| TECs | ----- | 27.0 | ----- | 19.7 |
| Total localised | 8.4*** | 38.8*** | 6.3*** | 26.2*** |
| Total localised excluding enterprise agencies | ----- | 36.3 | ----- | 21.8 |
| **Other government schemes and regional agencies** | 3.0*** | 31.3*** | 0.55*** | 16.8*** |
| **Any government source (except enterprise agencies)** | 40.8** | 49.3** | 30.9 | 28.9 |
| **Any government source** | 43.8** | 51.0** | 33.6 | 35.9 |
| N | 404 | 397 | 404 | 397 |

**Table 13:** Percentage of respondents using government agencies for external advice in the 1991-97 panel sample, unweighted and reweighted. Note: Business Link and TEC estimates are for England only. Statistical tests compare columns 1 and 2, and 3 and 4 (*** $p < 0.01$; ** $p < 0.05$).

| Firm Size | Small Firms Service | Enterprise Initiative | Enterprise agencies | Other Government Agencies | All |
|---|---|---|---|---|---|
| 1-4 | 13.3 | 15.3 | 7.2 | 2.5 | 28.8 |
| 5-9 | 9.7 | 20.7 | 8.7 | 2.0 | 31.6 |
| 10-19 | 9.0 | 32.6 | 8.2 | 2.7 | 38.7 |
| 20-49 | 5.5 | 39.3 | 6.5 | 3.1 | 44.7 |
| 50-99 | 4.0 | 44.4 | 7.5 | 2.6 | 47.5 |
| 100-199 | 5.1 | 54.6 | 7.9 | 4.7 | 58.6 |
| ≥200 | 4.0 | 31.4 | 5.0 | 6.7 | 39.1 |
| **All** | **11.7** | **20.0** | **7.5** | **2.5** | **31.7** |

**Table 14:** Use of external advice from government support agencies in 1991 by firm size, weighted cross-section sample.

| Firm Size | Business Link | TEC | Enterprise agencies | Other Government schemes and Regional Agencies | All |
|---|---|---|---|---|---|
| 1-4 | 17.9 | 13.6 | 13.5 | 13.2 | 34.4 |
| 5-9 | 21.7 | 15.1 | 14.7 | 18.2 | 39.4 |
| 10-19 | 32.8 | 19.6 | 16.2 | 25.3 | 51.5 |
| 20-49 | 31.3 | 22.7 | 14.8 | 32.2 | 51.7 |
| 50-99 | 35.9 | 34.9 | 14.8 | 44.1 | 59.5 |
| 100-199 | 31.6 | 34.3 | 15.4 | 49.1 | 57.6 |
| ≥200 | 24.3 | 42.9 | 13.3 | 48.7 | 62.8 |
| **All** | **20.9** | **15.6** | **14.0** | **17.1** | **38.3** |

**Table 15:** Use of external advice from Government support agencies in 1997 by firm size, weighted cross-section sample.

| Sector | Small Firms Service | Enterprise Initiative | Other Government Agencies | Enterprise agencies | All |
|---|---|---|---|---|---|
| Mining, quarrying, food, beverage and tobacco manufacture | 7.3 | 31.3 | 7.5 | 3.9 | 43.9 |
| Manufacture of textiles and apparel | 15.8 | 38.4 | 2.5 | 4.0 | 41.2 |
| Manufacture of leather, wood and pulp | 4.7 | 18.2 | 2.1 | 6.9 | 24.2 |
| Publishing and media reproduction | 0.8 | 15.7 | 0.1 | 3.2 | 17.2 |
| Manufacture of chemicals, rubber and minerals | 17.1 | 31.0 | 5.6 | 13.8 | 45.4 |
| Manufacture of basic metals and fabrication | 19.5 | 24.3 | 3.0 | 10.5 | 42.8 |
| Manufacture of machinery | 4.7 | 28.8 | 1.4 | 4.5 | 31.2 |
| Manufacture of office machinery, computers, electrical radio, TV, medical, optical and telecoms | 5.5 | 34.5 | 1.8 | 4.0 | 38.2 |
| Manufacture of furniture and transport equipment | 27.2 | 15.6 | 0.9 | 11.0 | 44.3 |
| Computer activities, R&D | 20.3 | 23.2 | 3.0 | 15.1 | 43.9 |
| Other business activities | 7.7 | 14.9 | 2.5 | 4.6 | 23.7 |
| **All** | **11.7** | **20.0** | **2.5** | **7.5** | **31.7** |

**Table 16:** Use of external advice from government support agencies in 1991 by sector, weighted cross-section sample.

| Sector | Business Link | TEC | Enterprise agencies | Other Government Schemes and regional Agencies | All |
|---|---|---|---|---|---|
| Mining, quarrying, food, beverage and tobacco manufacture | 21.3 | 19.9 | 6.9 | 17.9 | 30.9 |
| Manufacture of textiles and apparel | 13.2 | 7.2 | 17.4 | 24.1 | 41.5 |
| Manufacture of leather, wood and pulp | 18.1 | 10.2 | 14.4 | 13.9 | 35.3 |
| Publishing and media reproduction | 14.6 | 15.9 | 9.7 | 17.1 | 31.6 |
| Manufacture of chemicals, rubber and minerals | 23.8 | 20.5 | 11.2 | 18.2 | 43.3 |
| Manufacture of basic metals and fabrication | 24.9 | 20.2 | 18.2 | 26.1 | 47.4 |
| Manufacture of machinery | 37.5 | 22.9 | 12.3 | 30.9 | 58.7 |
| Manufacture of office machinery, computers, electrical radio, TV, medical, optical and telecoms | 24.4 | 17.0 | 12.3 | 27.7 | 48.0 |
| Manufacture of furniture and transport equipment | 27.8 | 27.1 | 8.3 | 18.1 | 34.6 |
| Computer activities, R&D | 24.0 | 13.1 | 18.0 | 15.5 | 41.3 |
| Other business activities | 17.9 | 14.2 | 13.5 | 13.6 | 34.2 |
| **All** | **20.9** | **15.6** | **14.0** | **17.1** | **38.3** |

**Table 17:** Use of external advice from government agencies in 1997 by sector, weighted cross-section sample.

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