

**Research Paper No. 68**

**EXECUTIVE SUMMARY  
May 2018**

*(full paper link: <https://www.enterpriseresearch.ac.uk/our-work/publications/>)*

**Management capability, business support and the  
performance of micro-businesses in the UK**

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## ABSTRACT

This report documents analysis from Waves 1 and 2 of the UK Longitudinal Small Business Survey, focused on the subsample of sole-proprietorships and micro-businesses (less than 10 employees), comprising 3,882 businesses. The report is specifically concerned with the impact of business planning, support and advice on performance outcomes. Performance is captured by indicators of innovation propensity, exporting propensity and intensity and turnover per employee (productivity) and in turn innovation and exporting are conceptualised as feeding into productivity performance. Analysis is undertaken using multivariate regression and econometric analysis of treatment effects, exploiting the longitudinal nature of the data. The main findings are as follows. Firstly, micro-businesses that innovate are more likely to have formal business plans, use external advice or information and have awareness of business support available from the government. Secondly, these factors do not have directly discernible impacts on exporting activity, but may affect export performance indirectly through a link from innovation to improved exporting. Thirdly, micro-businesses appear to benefit indirectly from a learning effect via exporting which in turn supports improvements in productivity. Business planning and support activities ought therefore to focus in particular on supporting innovation activity in micro-businesses, but may achieve little direct traction if focused towards the other business performance outcomes.