

The State of Small Business Britain

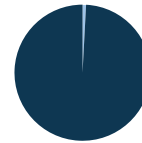
A manifesto for small business growth and productivity

1 Small business growth

The backbone of the UK economy, small businesses (0 to 49 employees) make up over 99% of the business population, and 48% of employment.¹

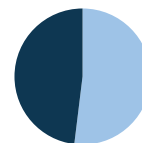
- Every year many small firms are born in the UK, but most do not survive, and only small number ever reach 'high growth' milestones.
- Business growth tends to come in episodes and is not continuously sustained.
- Business crises that threaten survival are common

99%



of business population

48%



of employment



2 A decade of change

Small businesses have had to deal with huge challenges over the past 10 years including:



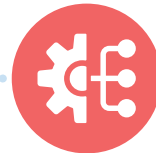
Brexit



Stagnant productivity



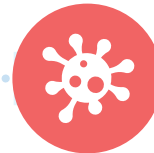
The push towards net zero



Rapid technological change



Rising costs



Covid-19

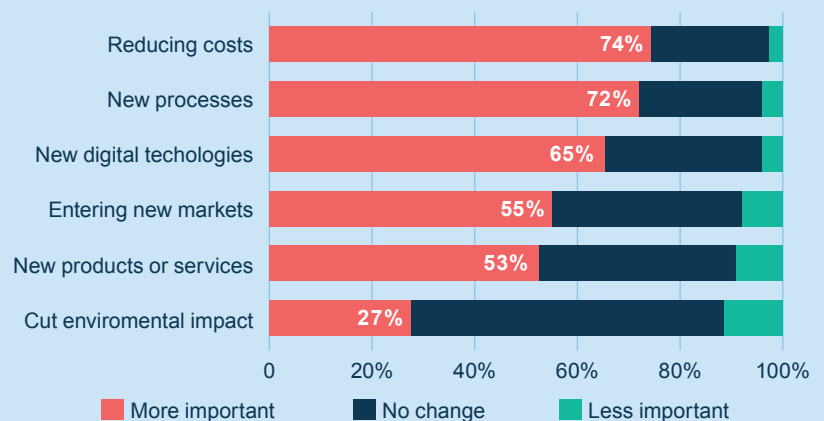
3 Pandemic impacts

The ERC's Business Futures Survey in 2020 found that many SMEs suffered a hit to their turnover and employment



74% said that reducing costs had become more important

For nearly one in five businesses the pandemic prompted a 'pivot' to a new business model



4 Changing attitudes

The ERC's Business Futures Survey in 2022 found that 4 in 5 UK SMEs said that they 'always' or 'sometimes' consider social factors when making business decisions

...Although just under half had **actually taken steps** to actively generate social benefits for people and communities over the last year

9 in every 10 SMEs said that they considered environmental implications when taking business decisions

...Although only 66% of firms said that they had **actually taken action** to minimise their environmental impact