Small Enterprise Research Report

Made In Britain

February 2005

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Made In Britain

February 2005 - Vol.2, No.2

Produced by:

The Small Enterprise Research Team
Open University Business School
Michael Young Building
Walton Hall
Milton Keynes MK7 6AA

Tel: 0190 865 5831
E-mail: b.porter-blake@open.ac.uk
www.serteam.co.uk

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WEB VERSION: INTRODUCTION

The Lloyds Bank/TSB-sponsored series of small business management reports commenced in 1992, and concluded in 2009. In total, 53 reports were published over a period of 17 years.

Our target audience comprised the owner-managers of independent small businesses, typically employing fewer than 50, and based in mainland UK.

The series originated from a longitudinal study of small business management, undertaken by the Polytechnic of Central London (now University of Westminster), and culminating in: *The Management of Success in 'Growth Corridor' Small Firms*, (Stanworth, Purdy & Kirby, Small Business Research Trust, 1992).

THEMES

The themes were wide-ranging – including such as entrepreneurship, work & stress, employment strategies, and the environment – a full list is shown overleaf.

INSIGHT

In addition to asking questions and supplying the respondents with a range of answer options, the corresponding questionnaire was included as an appendix to each report so that readers would know exactly what questions had been put to respondents.

We also sought qualitative information – in the form of verbatim comments about the key theme – to help elaborate on whatever related challenges respondents felt they were facing at the time.

Finally, the findings are primarily intended to be indicative rather than definitive – partly due to the sample size, which is, on average, 111 for the 2003-09 reports.

PUBLISHING FORMAT

The reports were published in hard copy form, obtainable via subscription. Initially by the Small Business Research Trust, and from 2003, by the Small Enterprise Research Team (SERTeam), both research charities based at the Open University.

Regrettably, SERTeam ceased operating in 2009, and so in 2010 the authors felt that the more recent reports would find wider interest if they were made freely available in Acrobat format via the Internet – especially with the UK economy set for a protracted journey out of recession, and with the government in turn refocusing on smaller businesses to aid the recovery.

It is worth mentioning that the series commenced as the UK economy emerged from the early 1990s recession.

In 2015, the earlier reports were also converted (1993 to 2003), with the full series made available at Kingston University: http://business.kingston.ac.uk/sbrc

SUPPORTING INFORMATION (WWW)

In later years – as the world-wide-web developed and an increasing number of sources of information became more readily available – suggestions for online sources of related material were included.

N.B. For reports 2003 onwards - where successfully validated, the web links (URLs) were enabled in 2009. And in the case of many invalid web links, an alternative was offered, but not where the organisation appeared defunct and an obvious replacement was not traced.

John Stanworth, Emeritus Professor, University of Westminster
http://www.westminster.ac.uk/schools/business

David Purdy, Visiting Fellow, Kingston University
http://business.kingston.ac.uk/sbrc

WEB VERSION PUBLISHING

http://business.kingston.ac.uk/sbrc

Certain content needed to be re-set, e.g., the figures in the earlier editions, but the report body content is intended to be identical to that in the printed original. This web version - an Acrobat document - is derived from the original DTP text and will permit searching.

LIABILITY DISCLAIMER

The information and analysis in each report is offered in good faith. However, neither the publishers, the project sponsors, nor the authors, accept any liability for losses or damages which could arise for those who choose to act upon the information or analysis contained herein. Readers tracing web references are advised to ensure they are adequately protected against virus threats.

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ACKNOWLEDGEMENTS

The Small Enterprise Research Team (SERTeam) wishes to thank all responding firms for their time and effort involved in participation in the production of this management report. The SERTeam acknowledges the help provided by David Purdy, The Open University, and The University of Westminster, in designing the survey, processing data and analysing the results. The footer image on each page is derived from a photograph © Rolls-Royce plc 2004 (Trent 900) and the company’s co-operation is gratefully acknowledged.

The Small Enterprise Research Team is particularly pleased to acknowledge the generous support provided by Lloyds TSB in sponsoring the research, analysis and presentation of this report. However, it is important to note that any opinions expressed in this publication are not necessarily those of Lloyds TSB.

Report Author – Professor John Stanworth (University of Westminster)
Series Editor – David Purdy

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HIGHLIGHTS

This is the fifth in a new series of small business management reports based on surveys of a panel of small firms, mainly in manufacturing, retail/distribution and business services. The focus of this survey was on **Made In Britain**, and the principal findings were as follows:

- ***In general, respondents were fairly gloomy on the issue of national loyalty to British products and services****. Typical comments were:*

  "As a nation, our patriotism is abysmal"

  "Strange, how patriotism does not seem to stretch as far as the wallet"

  "Consumers go for price, not quality. Also known brands, even if quality is poor and it's made abroad"

- ***Greatest threats and opportunities*** *–* ***Over 40% of the respondents did not anticipate any major threats or major opportunities from overseas****.*

- ***Greatest threats from, and opportunities in, specific regions*** *–* ***China/India/ Pakistan was seen as the greatest business threat****. In contrast,* ***Western Europe (including the enlarged European Union) was seen as the main region of opportunity****, followed by North America (predominantly the USA).*

- ***Greatest threats and opportunities for different sectors*** *– Amongst* ***manufacturing respondents, 51% saw China/India/Pakistan as a major commercial threat****, compared with just 14-15% of those in business services or retail/distribution.* ***Manufacturing sector respondents were most likely to see Western Europe (including the enlarged European Union) as offering the greatest opportunity*** *(26%), ahead of those in business services (17%) and retail/ distribution (21%).*

- ***The prospects for exporting products/ services*** *–* ***24% of respondents were anticipating a 'significant' or 'modest' increase in overseas trade in the medium term (5 years)****. Manufacturing stood out with 33% expecting an increase, compared with just 14% from business services and 24% from retail/ distribution.*

- ***Respondents' preferences for buying British products/services for their own business*** *–* ***Around half (53%) appeared to give no consideration to country of origin****. However, around 1-in-4 (28%) said they would buy British if the price was similar or lower.*

- ***Respondents' preferences for buying British products/services for their own business*** *–* ***28% of women compared with only 15% of men said they pursued a 'Buy British' policy****, even if there were extra costs to bear.*

- ***Perceptions of 'Buy British' attitudes amongst UK consumers*** *–* ***Opinions were evenly divided:*** *36% of respondents felt that consumers were predisposed to buying British goods and services, but an identical proportion disagreed with this view.*

- ***Country of Origin Labelling on food products*** *– In principle, over two-thirds of respondents (68%) were in favour of such a regime,* ***with nearly a half (47%) actually in favour of legal enforcement****.*

- ***Globalisation and the world becoming a 'single market'*** *– Whilst a quarter of respondents held no strong view,* ***46% had reservations about the merits of globalisation for the UK.*** *Indeed,* ***only 15% of female respondents felt that globalisation was 'generally a good thing for the UK'****, compared with over two-thirds of women (69%) considering it to be 'of doubtful merit for the UK'. This is in marked contrast to the* ***male respondents, who were more evenly divided, with a small balance in favour*** *(38%, versus 33%).*

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- ***Factors present in the UK economy giving greatest benefit to the smaller business generally** – **The most widely supported facet was ‘economic and political stability’** (73% of respondents), well ahead of the others suggested. Following well behind included such factors as, ‘strong finance sector’, ‘flexible workforce’ (both 34%), and ‘developed e-business environment’ (32%).*

- ***Factors present in the UK economy giving greatest benefit to the smaller business generally** – Women particularly valued ‘workforce flexibility’, whilst factors such as ‘developed e-business environment’ declined with increasing age of respondent.*

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MANAGEMENT ISSUES

The emphasis of the management reports is on monitoring the key management problems and practices of smaller business, with an emphasis on survival and success. Accordingly, each issue of the report addresses one or more highly topical small business management issues. In this survey we focus on **Made In Britain**. The report is produced three times a year.

THE SAMPLE

This report is based on the responses received from a panel of over 350 small businesses situated in the northern, midland and southern regions of Britain. Respondents are predominantly small firms with fewer than 50 employees, drawn mainly from the manufacturing, business services, and retail/distribution sectors of the economy. The precise distribution of firms varies from survey to survey, but typically over half of the participants employ fewer than 10 people.

RESULTS

The questionnaire completed by sample firms appears at the end of this report as an appendix. This survey was carried out between November 2004 and January 2005.

BACKGROUND

The report originates from a longitudinal investigation into the development of small firms undertaken by the University of Westminster (then the Polytechnic of Central London) on behalf of the Department of Education & Science, between 1988 and 1992.

PAST SURVEYS

2003-04 (Vol.1)

- **No.1 Small Firms and Politics**
- **2 Pensions**
- **3 Work-Life Balance**

2004-05 (Vol.2)

- **1 Education & Enterprise**

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MADE IN BRITAIN

The benefits of international trade are many and varied for all to see. We now have a range of fresh foods in our shops all year round, rather than being confined to seasonal products grown locally. We can fly to holiday destinations around the world, experiencing sights and cultures that were once only seen in books and films.

However, the ramifications of international trade do not stop at extended variety. Increasingly, we see traditional British products replaced by cheaper imported alternatives. For instance, even vegetables in season are increasingly actually imported – for instance green vegetables from Spain in mid-season. And much of the chicken we eat in Britain is actually imported from Asia and South America – air (food) miles and all.

As a result of laudable legislation, we now have a happy population of free-range pigs in Britain – no zero-grazed, crate-confined, light-deprived unhappy animals here. But, don't worry, every little helps when it comes to cutting household bills, and we are able to import most of our bacon, cheaply, from abroad, free of interference from the British chattering classes and animal rights lobbies.

This may all sound rather crazy but, perhaps, it is just evidence of markets at work. Follow this: on the surface of it, the English campaign for rights for happy (but expensive) free-range pigs, but then go and buy cheap bacon from abroad which has been deprived of those expensive rights. In all probability, however, the animal rights campaigners who lobbied for 'rights for pigs' don't even eat meat. For those who do, the market segments into people willing to pay for their happy porkers at posh shops like Waitrose, and those looking for best bargains (usually imported) who probably hadn't followed the debate anyway. But, the end result is a growing imbalance of trade and fewer British jobs.

The issue of 'buying British' has always had its advocates and Government statistics such as trade balance figures essentially let us know if we are buying more than we are selling abroad. Large balance of trade deficits once heralded crises, currency devaluations, economic recessions, unemployment and all that went with it. These days, the issue of trade imbalances seldom makes front page news but they have certainly has not gone away.

Balance of payments

Figure 1 shows the trend of the balance of payments in UK goods and services since 1980, a traditional focus of attention. Additionally, though, and very recently, **investment income** has grown significantly (to approximately £22bn in 2003).

Obviously, unless every country manages to balance its books exactly, world trade relies on certain countries (particularly the USA and smaller economies such as the UK) running large deficits by creating demand for other economies.

However, politicians and economists still get worried at large imbalances. If economies fail to pay their way in the world, their economic stability and ability to provide jobs may be threatened. But why should we as individuals worry ? After all, is this not the age of 'me, more now' free-wheeling individualism, and were we not assured by Margaret Thatcher that 'there is no such thing as society' ? So, why should individuals worry at the consequences their actions may have for others ?

Psychologists assure us that, increasingly, we live in a blame culture. Whilst we tend to take personal credit for success, we increasingly externalise failure, i.e., blame others. Here we tend to blame politicians, the press, teachers, banks, local authorities, etc. 'Students' once deferred to 'lecturers' in respectful terms. But now students have graduated into 'clients', the hard graft of study has been replaced by 'infotainment' and blame for failure is often laid at the feet of 'service providers' (lecturers) rather than students themselves. In the 'duty-less'

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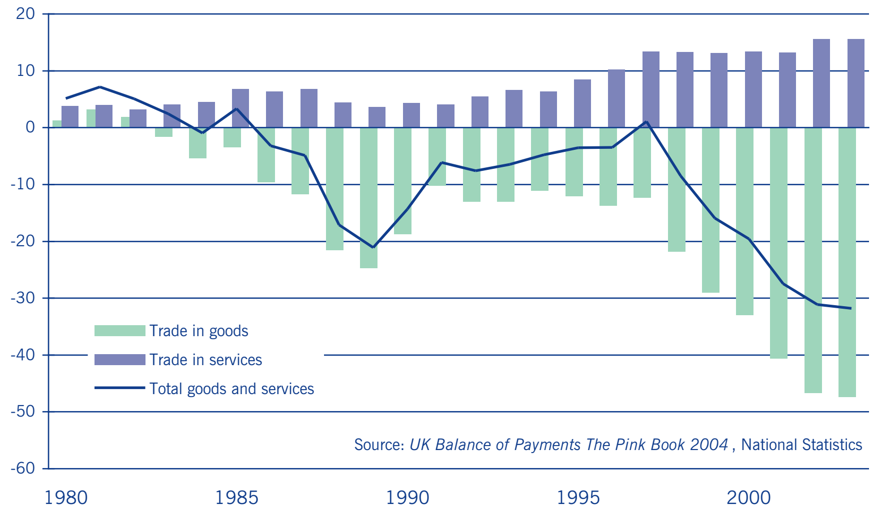
Figure 1 - UK Balance Of Payments 1980-2003:
Trade In Goods & Services (credits less debits) £bn



society, consumers are King. Responsibilities are the concern of others.

So, where does all this ethical debate take us on the issue of ‘buying British’ and supporting home industries ? Some countries have a fairly strong sense of national pride and appear to reflect this in their buying habits. Japan, France and Germany are often cited in this context. But what about the British ?

RESPONDENT ATTITUDES

Generally, our owner-manager respondents were fairly gloomy on the issue of national loyalty to British products and services. Typical comments were:

> *“As a nation, our patriotism is abysmal”*

> *“Strange, how patriotism does not seem to stretch as far as the wallet”*

> *“Consumers go for price, not quality. Also known brands, even if quality is poor and it’s made abroad”*

> *“We are a small family-run textile agency that represents a number of overseas mills that are supplying the UK clothing industry. Our portfolio was originally all British”*

> *“The constant drive to lower prices by sourcing from abroad does not give us a better product, just a cheaper one with poorer components”*

> *“Without some action, it is inevitable that all manufactured goods will be made in China”*

> *“If supporting British business is not made a priority, it won’t be long before we are a country of shopping outlets with no-one earning money to shop there. We have lost and are continuing to lose our earning capacity through manufacturing and production and it is all being done off-shore. Marks & Spencer used to be one of the biggest ‘Buy British’ supporters. Asda is now proud to ‘roll back’ as everything is brought in cheaply from abroad – but without jobs how can people afford to purchase ?”*

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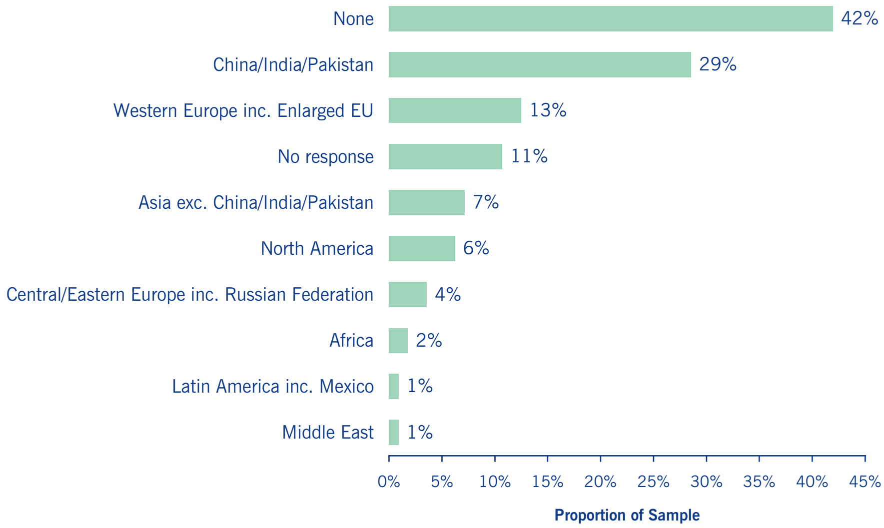
Figure 2 - Regions Offering The Greatest Threats To Respondents' Businesses In The Foreseeable Future



Many respondents perceived no threat from the various regions

Figures 2 and **3** identify the regions of greatest threat and greatest opportunity respectively, as anticipated by respondents. Both figures show that over 40% anticipate no major threats or opportunities from overseas competition in the foreseeable future (within 2-3 years). Indeed, if the 'no response' values are also interpreted as no threat (a further 11%) or no opportunity (19%), then the lack of impact could be well refer to over 50% of respondents. Presumably the 'no threat/no opportunity' respondents were either very confident of their ground or, alternatively, felt that their product or service could not be easily substituted with an imported alternative.

Figure 2 indicates quite clearly that China/India/Pakistan were seen as the greatest commercial threat, whilst **Figure 3** shows that Western Europe including the enlarged European Union was seen as the main regional opportunity, followed by North America (predominantly the USA).

Figure 3 - Regions Offering The Greatest Opportunities For Respondents' Businesses In The Foreseeable Future

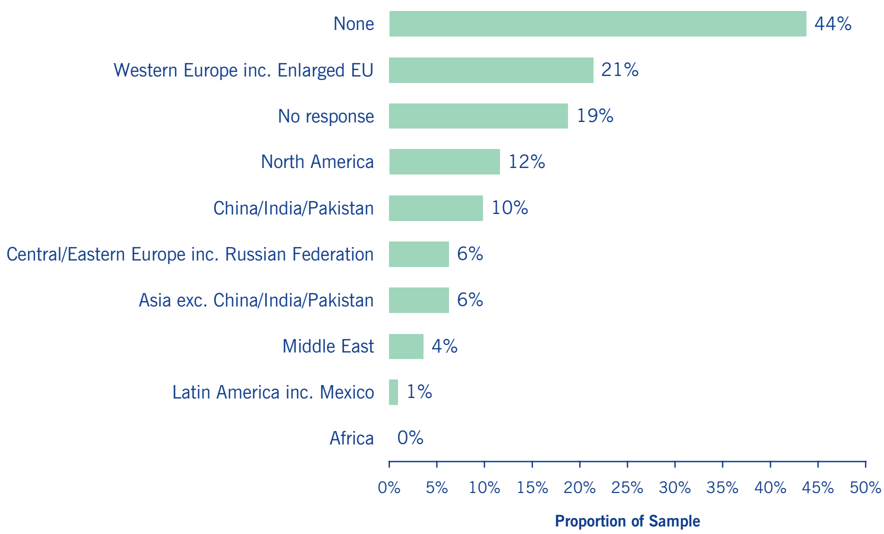


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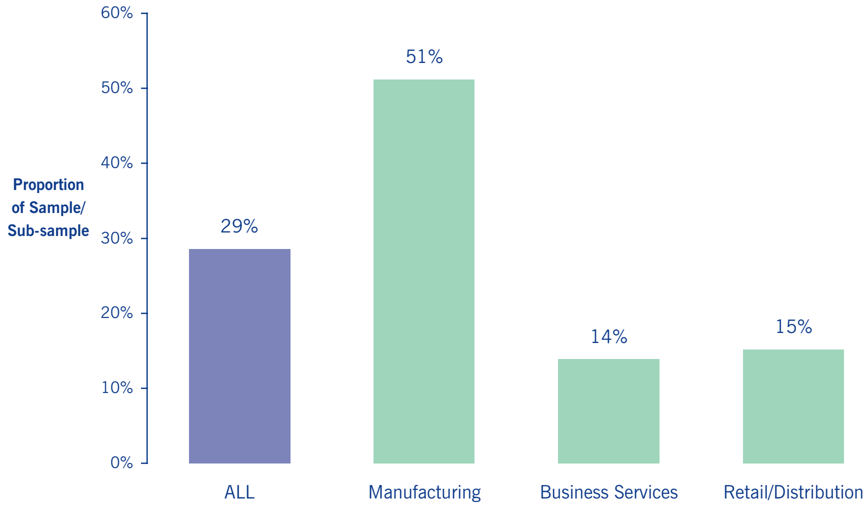
Figure 4 - Respondents Selecting 'China/India/Pakistan' As Offering One Of The Greatest Threats To Their Businesses In The Foreseeable Future: By Sector



Manufacturers appear to suffer from the widest exposure to overseas threats

Interestingly, **Figure 4** reveals marked differences between the three main sectors in terms in terms of perceived main threat. Amongst respondents from the manufacturing sector, 51% saw China/India/Pakistan as a major threat, compared with just 14% from business services and 15% from retail/distribution.

Figure 5 illustrates that the manufacturing sector respondents were most likely to see Western Europe as their grestest opportunity, compared with 17% from business services and 21% from retail/distribution.

Exporting Potential

Respondents were asked to indicate their business's prospects in the medium term (5 years) for exporting products/services, and **Figure 6** shows that 24% anticipate a 'significant' or 'modest' increase. Manufacturing stood out here with 33% over all expecting an increase in their export

Figure 5 - Respondents Selecting 'Western Europe' As Offering One Of The Greatest Opportunities For Their Businesses In The Foreseeable Future: By Sector

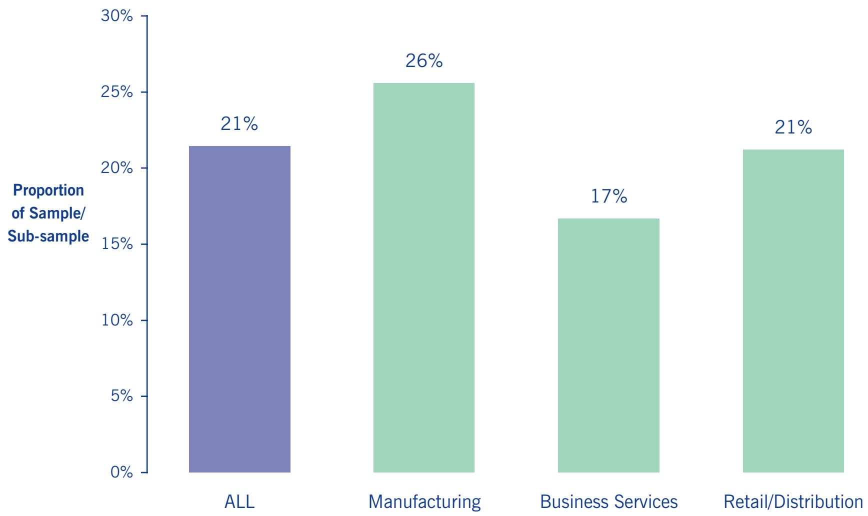


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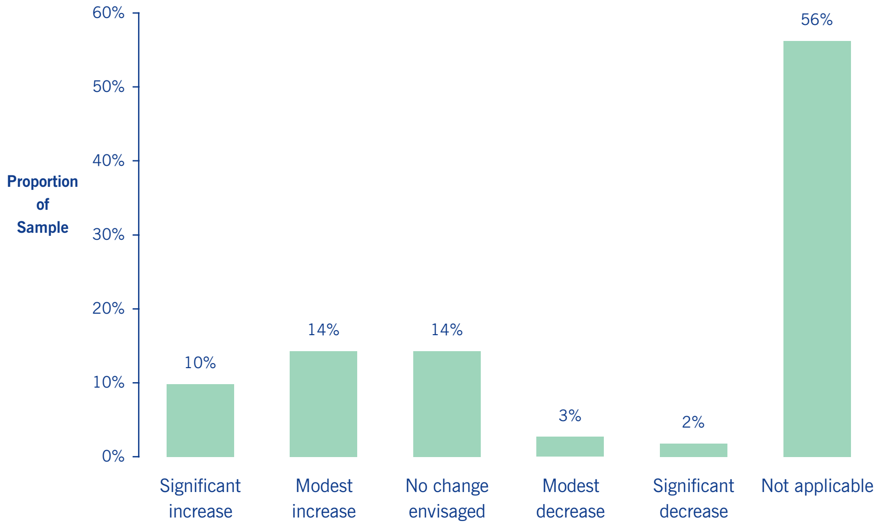
Figure 6 - Respondents' Business Prospects For Exporting In The Medium-term



Perhaps unsurprisingly, many smaller businesses appear to be pre-occupied with local markets

orders, compared with just 14% from Business services and 24% from retail/ distribution.

Buying British

Respondents were asked if they ever consciously gave preference to British products/services in their buying practices. Around half (53%) appeared to give no consideration whatsoever to country of origin. However, around 1-in-4 (28%) said they would ‘buy British’ if the price was similar or lower. Thus, it appears that these respondents put their British counterparts at the head of the queue once straight economic considerations of price had been taken into account. The most interesting point here though would appear to be the level of gender differences when it came the definitely pro-British group. Here, 28% of women compared with only 15% of men said they pursued a ‘buy British’ policy, even if there were extra costs involved (**Figure 7**).

Figure 7 - Respondents' Attitudes Towards Purchasing Indigenous Goods For Their Businesses: By Gender

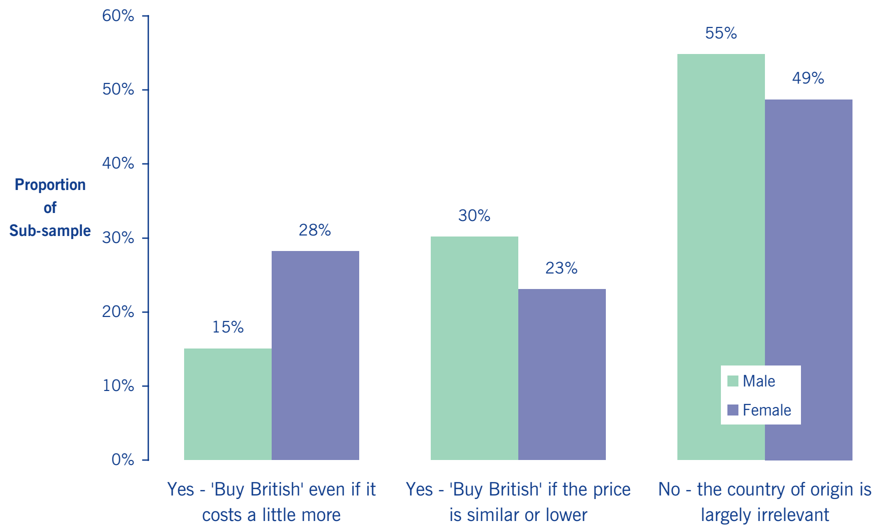


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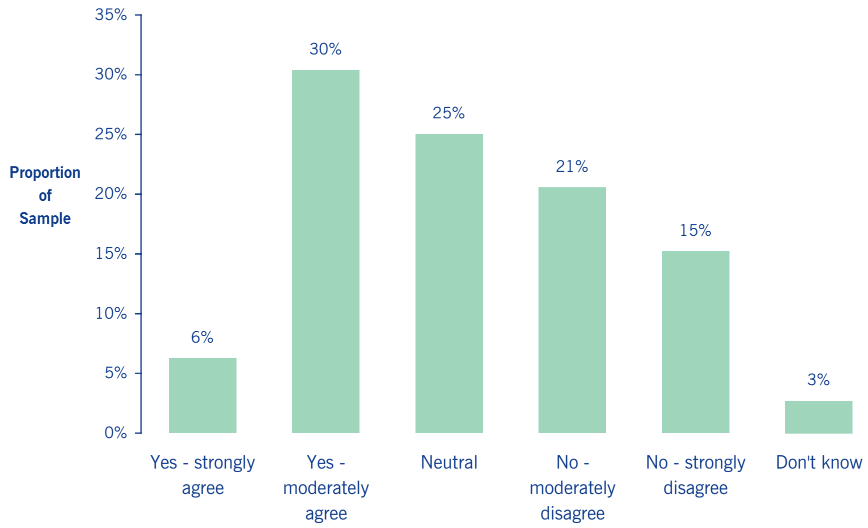
Figure 8 - Do British Consumers Have Any Strong Preference For 'Home-grown' Products Or Services ?



On balance, respondents were evenly-divided

Consumer Preferences

Respondents were asked if they thought that British consumers also had any such preferences (**Figure 8**). Here, 36% said 'yes' whilst 36% said 'no', the remainder being neutral on the issue. There were no strongly marked gender differences here. Female respondents were less likely than men to have a view here and more likely to give neutral replies. Amongst the more opinionated male respondents, there was a division with 38% agreeing (strongly or modestly) and 38% disagreeing (strongly or modestly). However, if we probe these responses further, we find that the 'no' replies contained a larger proportion of people who prefaced their replies with 'strongly' rather than 'modestly'.

Thus, on balance, it could be said that the respondents felt they got no protection from a consuming public on the issue of 'buying British'. National loyalty is dead as a mass

Figure 9 - Support For Country Of Origin Labelling For Food Products ('Cool')

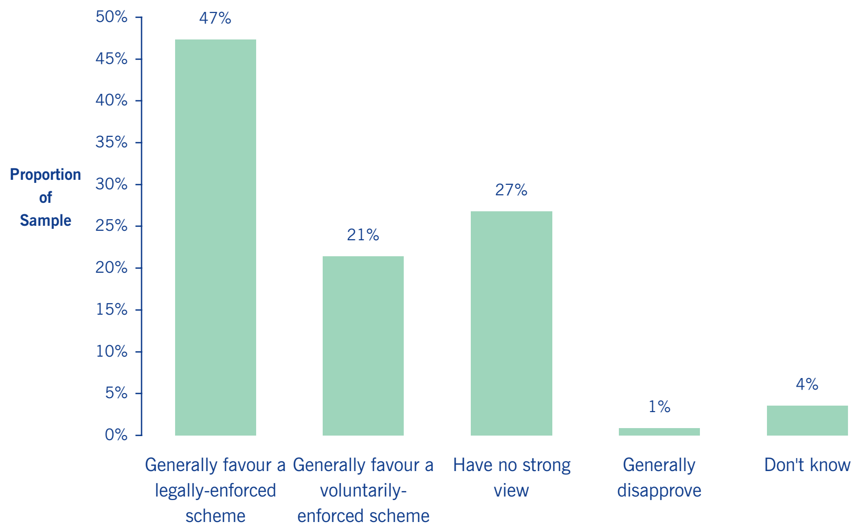


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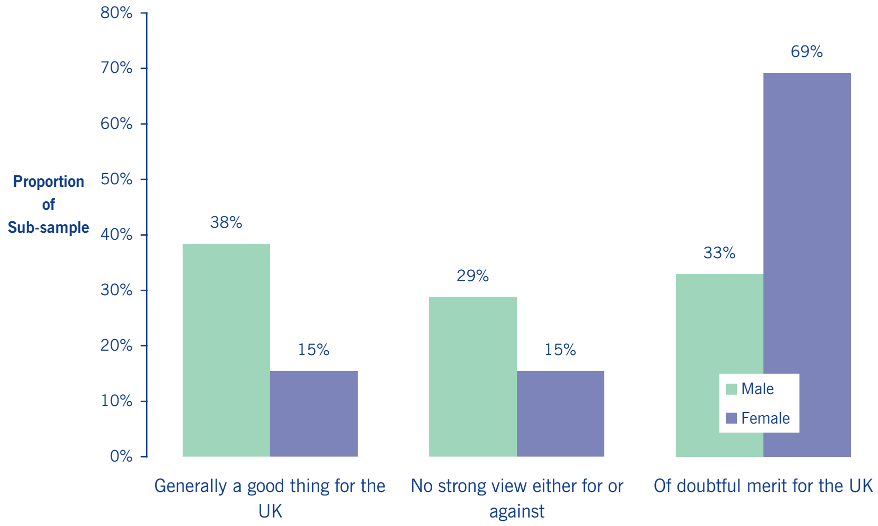
Figure 10 - Attitudes Towards Globalisation: By Gender



concept. It is, it appears, the job of Government to promote the case for British industry, not consumers. This, of course, does not mean that national identity and national pride are completely dead, just that we don't like them costing us money.

You Are What You Eat

Respondents were asked for their opinions on 'Country of Origin Labelling' on food products. **Figure 9** shows that nearly half (47%) were actually in favour of legal-enforcement here with a further 21% opting for voluntary-enforcement. There appeared to be no marked gender differences in this area. In fact, the only differences we were able to detect come from the sector analysis where 75% of manufacturing respondents were in favour of country of origin labelling, compared with 70% from business services and 60% from retail/distribution.

Globalisation – A Good Thing For The UK ?

Respondents were divided on the notion of Globalisation and the world becoming a 'single market'. Whilst a quarter of respondents held no strong view, 46% had reservations about the merits of globalisation for the UK, with the remaining 30% being in favour.

Figure 10 shows that male respondents were fairly evenly spread across the three main options. However, female respondents held far more definite views with only 15% feeling that it was a good thing for the UK, compared with 69% considering globalisation to be of doubtful merit for the UK. This observation appears to link in with responses in Figure 7 where women were more likely to attempt to 'buy British'.

The UK As A Place To Do Business

Figure 11 illustrates the responses to a question on what factors present in the UK economy gave greatest benefit to the smaller business generally. Far and away the most outstanding choice was 'economic and political stability'. Other factors followed way behind, such as 'strong finance sector', 'flexible workforce', 'developed e-business environment', 'low corporate taxation' and 'low labour costs/disputes'.

Women particularly valued 'workforce flexibility', whilst factors such as 'e-business environment' appealed to different degrees depending upon age of respondent (**Figure 12**) – and declining with increasing age.

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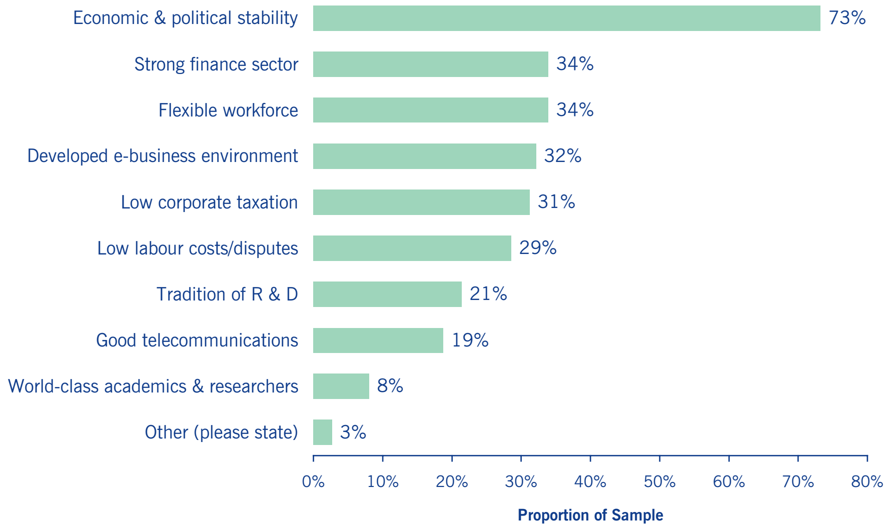
Figure 11 - The UK As A Base For Business: Facets Offering The Greatest Benefit To Smaller Businesses



A substantial majority perceive economic and political stability to be of paramount importance

CONCLUSION

The respondent quotations carried in the early sections of this report would appear to be borne out by the results of the research. Largely, '… patriotism does not seem to stretch as far as the wallet'.

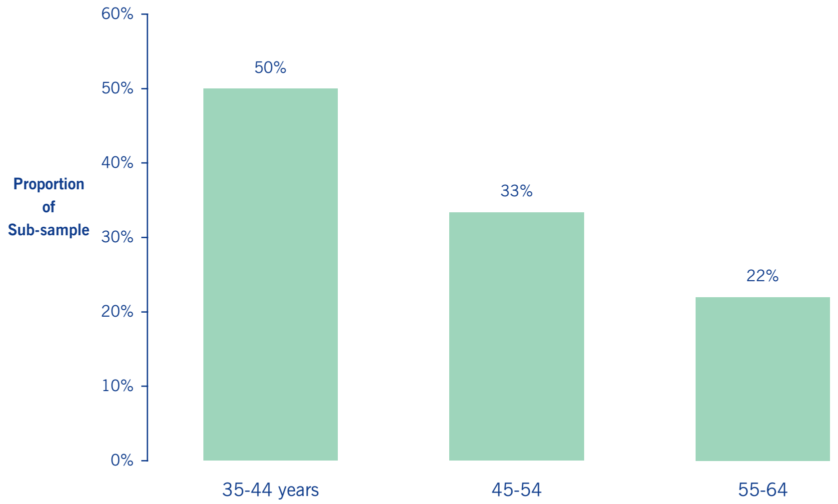
RESPONDENTS' COMMENTS

These commence in verbatim form on p.16.

REFERENCES: MADE IN BRITAIN

The following references are offered as an aid to readers interested in seeking further information via the world-wide-web. The coverage is not intended to be definitive, and inclusion here should not imply either agreement or disagreement with the views expressed via these sources. Some web sites have appeared before, but there is usually a section noted with interests relevant to the theme of this report.

Figure 12 - The UK As A Base For Business: Respondents Identifying 'Developed e-business Environment' As A Beneficial Facet For Smaller Businesses: By Age



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Special care should also be taken with material obtained from **outside** the UK, for example, the USA, where different legal issues may apply.

N.B. Some pages may contain links to other WWW pages offering related material. Tip: The WWW links were functional at the time of going to print, but the world wide web is in a state of constant change. So if later problems arise with a link, edit the link back to the 'home page' – e.g., truncate http://www.bized.ac.uk/fme/xyz.htm back to http://www.bized.ac.uk/ – and look for a similar topic heading there.

- **Biz/Ed**
  Educational site, see 'Balance of Payments', under 'Introductory Economics Revision Notes', for an overview of the issue.
  www.bized.ac.uk/

- **Business Link**
  Government-backed advisory body for businesses - look for: International trade > International trade basics > 'Risks and rewards of trading abroad', which includes, 'Minimise the risks of trading abroad'; 'Rewards of overseas trading'; 'Risk management and insurance services'; 'Knowledge of overseas markets'; 'Agreements with overseas markets'. Also on the web site: 'Exporting - an overview'; 'Government help for exporters'.
  www.businesslink.gov.uk

- **DTI Economics website**
  Department for Trade & Industry web site, offering a variety of items, such as, *UK Competitiveness: moving to the next stage*, DTI Economics Paper No. 3 by Porter & Ketels (Harvard Business School), May 2003, and, *Liberalisation & Globalisation: Maximising the Benefits of International Trade & Investment*, Paper No. 10, July 2004.
  www.dti.gov.uk/economics/

- **European Food Safety Authority**
  The "... keystone of European Union (EU) risk assessment regarding food and feed safety. In close collaboration with national authorities and in open consultation with its stakeholders, EFSA provides independent scientific advice and clear communication on existing and emerging risks."
  www.efsa.eu.int/

- **farms.com**
  Comprehensive U.S. web site, including a section on Country of Origin Labelling.
  www.farms.com/cool/

- **Foodaware**
  Consumers' food group, "Set up to coordinate the broad UK consumer movement's work on food safety, nutrition and standards ... We also consult and support the UK consumer representatives on food related committees, and further the public understanding of science." It has a Country of Origin Labelling web page.
  www.net-consumers.org/food/index.htm

- **Food Standards Agency**
  "The Food Standards Agency is an independent food safety watchdog set up by an Act of Parliament in 2000 to protect the public's health and consumer interests in relation to food." Advice on Country of Origin Labelling.
  www.food.gov.uk/

- **The Globalization Website**
  Emory University, USA, it has sections on debates, organizations, news, people, books, issues, theories, glossary, with a link to: *The Globalization Reader*, 2003 (Eds. Lechner and Boli).
  www.sociology.emory.edu/globalization/

- **How Americans Can Buy American**
  An example of a campaign promoting the support of home suppliers in the U.S.A.
  www.howtobuyamerican.com/

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- **International Monetary Fund**
  "The IMF is an organization of 184 countries, working to foster global monetary cooperation, secure financial stability, facilitate international trade, promote high employment and sustainable economic growth, and reduce poverty." Many articles on globalisation, e.g., *Globalization Facts and Figures* (Policy Discussion Paper No. 01/4).
  www.imf.org/

- **Market Access Database**
  "The Market Access Database is the most important operational tool of the European Union's Market Access Strategy, supporting a continuous three-way exchange of information between: the EU institutions, Member States and European business." Includes: Information about Market Access conditions in non-EU countries.
  http://mkaccdb.eu.int/

- **MORI**
  Opinion polling organisation, surveyed consumer attitudes towards British fruit and vegetables, *British Public 'Hungry' For Seasonal Food* (May 1999): "A national MORI survey has revealed that the British public wants to buy home-grown food in season but is not in touch with when it is harvested." Reported that: "74% of people say they would be likely to buy British fruit and vegetables when they are in season, and, 56% of those who would buy seasonal produce say they would do so to support the rural economy."
  www.mori.com/

- **National Farmers' Union**
  "The National Farmers' Union represents the farmers and growers of England and Wales. Its central objective is to promote successful and socially responsible agriculture and horticulture, while ensuring the long term viability of rural communities." Supports mandatory country of origin labelling on more foods and also the 'Little Red Tractor' scheme to help improve awareness of British food produce, saying, "most British consumers know little about the journey that food makes between farm gate and supermarket, and are unaware that independently inspected assured supply links exist for their protection, reassurance and convenience."
  www.nfu.co.uk/

- **National Statistics Online**
  United Kingdom Balance of Payments - The Pink Book, provides "detailed annual estimates of the UK balance of payments, including estimates for the current account (trade in goods and services, income and current transfers), the capital account, the financial account and the International Investment Position". A geographical breakdown of the current account by 64 countries is shown from 1999.
  www.statistics.gov.uk/

- **Research on Place and Space**
  University of Central Florida hosting (Bruce B. Janz, Department of Philosophy), offers coverage of 'Globalization, Glocalization and Place/ Space', with useful links, including a General Bibliography.
  http://pegasus.cc.ucf.edu/~janzb/place/

- **UK Trade & Investment**
  "The Government organisation helping international businesses realise their potential". Offers: 'Advice and Support' ("Tailored, experienced, impartial advice and training to maximise your company's chances of succeeding overseas"); 'Information and Opportunities' ("Essential, trusted information - ensuring businesses know the best markets to target"); 'Making it Happen' ("Practical help and introductions for British companies visiting overseas markets").
  www.uktradeinvest.gov.uk/

- **YaleGlobal Online**
  Yale Center for the Study of Globalization, offering a number of articles.
  http://yaleglobal.yale.edu/globalization/

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MANUFACTURING

High-tech Contemporary Textiles	*'Made In Britain' This title is detrimental to sales in the French/German EU. We make no headway in these markets with our own product. In fact we as British seem to be actively disliked !*
Manufacture & Installation of Steel Doorsets	*As a manufacturer, we support 'Made In Britain' marketing campaigns.*
Manufacturer of Waterproof Clothing	*Consumers go for price, not quality, also known brands, even if quality is poor and it's made abroad. The government should be encouraging manufacturing by discouraging cheap imports.*
Manufacturing Broom Clamps and Holders, Yard Scrapers	*We have manufactured products in steel for nearly 50 years in the UK, and it has been almost impossible to source 'Made In Britain' nuts and bolts at a competitive price. The down side of importing products as we recently experienced is the delivery period, 7 months ! Give it another 20 years and very little will be manufactured as 'Made In Britain'.*
Pneumatic Connectors/Valves	*We cannot ignore reality - we have to do better. China/India are attracting strong inward investment, much of which results from overseas relocation by multi-national organisations. Remember - we once had a cotton industry, where is it now ?*
Reprographics	*I tend not to look for a 'Made in Britain' badge when buying hi-tech expensive equipment for our business - experience has taught us some expensive lessons regarding reliability and its design and construction …*
Steel Castings	*From a manufacturing viewpoint: UK businesses have closed or are closing and we are importing more and more. The government never seem to learn from the past. We need to protect what little manufacturing base we have left.*
Sub-contract Engineering Machining & Light Fabrication	*Globalisation will be a good thing provided Euro Red Tape is swept away. Given a level playing field, we can compete with anyone.*
Textile Printing	*If supporting Britain through business is not made a priority, it won't be long before we are a country of shopping outlets with no-one earning money to shop there. We have lost and are continuing to lose our earning capacity through manufacturing and production as it is all being done offshore. Marks & Spencer used to be one of the biggest 'Buy British' supporters. Asda [is] now proud to 'roll back' as everything is brought in cheaply from abroad - but without jobs how can people afford to purchase.*

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MANUFACTURING continued

Toys/Educational Products

['Made in Britain'] This is an outdated concept put forward by people with no real knowledge of conditions and developments in Asia, who have moved towards the highest technical standards and capabilities alongside huge price advantages.

BUSINESS SERVICES

Architect

As a nation, our patriotism is abysmal.

Architect

In business, I buy from anywhere, but at home I take notice of food miles and try to buy local produce.

I'd buy more British products if they were well-designed.

Audit Accountancy and Taxation

Without some action it is inevitable that all manufactured goods will be made in China.

Chartered Accountants

We now have a dynamic global market place and Britain does not always produce the best world products. However, 'Made In Britain' is still a valuable.

Insurance Brokers

Because the government embraces EU legislation to a greater extent, we are a 'safer' bet - better quality goods and services, but it comes at a price.

Legal and Debt Recovery Services

[Made In Britain] Means nothing now, unfortunately.

Textile Marketing

We cannot answer your question 8, as we consider that none of your options can be regarded as enhancing the attractiveness for business activity in the UK in relation to our business, and these are the reasons why.

We are a small family-run textile agency that represents a number of overseas mills that are supplying the UK clothing industry. Our portfolio was originally all British. Our fabrics are used by all the major retailers in the UK who used to manufacture garments domestically until a few years ago, but now all produce solely through contractors abroad. We have an extensive customer base and deal on a daily basis with companies both in the UK, EU and Asia all of whom make up the supply chain. We are not, therefore, personally involved with export although our customers use our fabrics in exports, whilst others are exposed indirectly through tourism.

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Textile Marketing (cont.)

e-business *- There is more to business life than sitting at a computer all day. Ours is a touchy-feely business and e-commerce is restricted to communication and administration. The opportunities that arise from e-commerce may be unlimited but it also provides too much information, which creates doubt, uncertainty and confusion rather than strategic thinking. We do not believe that the UK has better facilities than other countries such as America and the Far East.*

Economic and political stability *- Certainly not ! The so-called economic growth since 2001 has been entirely due to the growth in the public sector whilst industry has virtually stood still. This is a dangerous situation. Successive administrations have done absolutely nothing to save the industrial output in this country, which has consequently de-stabilized the whole basis of our economy. Jobs have been exported and goods are being trucked or flown around the world at a considerable and unnecessary cost to the environment in the name of globalisation. Whilst there is no justification for subsidizing any company or industry in decline, we had an indigenous manufacturing workforce here, which has been forced out by high living costs, taxation, employment costs and poor education. A housing boom has been allowed to develop with inevitable consequences for some and which will not leave our economy unscathed. Politicians have destabilised the wealth creation of this country and must bear the responsibility for this.*

Labour costs/disputes *- As most of the manual employment has been eliminated from the UK clothing sector, labour disputes are no longer relevant in terms of lost business. However, employment legislation costs have burdened the employer significantly under this government and the flexible workforce envied a few years ago is now a thing of the past. Strikes on public services such as the railways do untold damage to the perception of this country abroad.*

Finance sector *- There are two other protagonists who should bear the responsibility of causing the biggest disaster for producers in this country. The City and the Management Consultants. Their short-sighted goals to maximise on profits has squeezed the life blood out of companies who have been forced to abandon the quality of the goods and services they provide for short term financial gain …*

BUSINESS SERVICES continued

Textile Marketing (cont.)

Flexible workforce *- The possibility of a flexible workforce is at odds with the ideology that is imposed by Brussels and the UK government. As these are now common across most of the rest of Europe it is no longer an advantage in the UK.*

R & D *- The prosperity of this country was transformed by the industrial revolution when those that were educated were able to design, innovate, manufacture and inspire. Since those days the increasing focus upon the financial rewards of commerce has eroded the funding for research and development, which is why today we have forfeited our heritage for manufacturing to others. In addition, the post-war education system has done nothing for future enterprise. Comprehensive education, the amalgamation of technical colleges with universities and the end of the apprenticeship scheme have denied younger generations of the necessary background to be able to forge wealth-creating careers. THE essential ingredient for any business is its product, which can only be as good as the R&D invested in it, but this has been consistently neglected and the customer ripped off as a result.*

Taxation *- The taxation system for agents on commission does not take into consideration that income streams are inconsistent and spasmodic. Since UK taxation does not take this into consideration, this is not an attractive country in which to be an agent … taxation is so complex we cannot imagine that any businessman can complete a tax return without resorting to professional help, adding considerably to business costs. In spite of this there are many people acting as agents these days as a result of being unable to find employed work elsewhere.*

Telecommunications *- We can find no evidence to suggest that we have better telecommunications than the other countries we do business in.*

World-class academics *- We need to ask ourselves what Universities are for ? Are they research institutions or teaching establishments ? Should they prepare young people for a career or concentrate on furthering their intellect ? What sort of research should be carried out and for whose benefit ? Can they combine all these things and who should pay for them ? We once had universities of the highest calibre dedicated to research and teaching the most academic portion of the population who would go on to become the pinnacle in their chosen field.*

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BUSINESS SERVICES continued

Textile Marketing (cont.)	*Now they are reduced to further education establishments whose researchers appear to spend their time studying useless information and statistics of interest only to the media. World Class ? Not any more !* *More reasons !* ***Our own companies*** *- Many have become arrogant, inefficient, unwieldy and provocative in their approach to suppliers, often showing a remarkable ignorance of the complexities and realities of the supply chain. Most of their aggressive posturing has been learnt from management courses and these tactics are doing considerable harm to our reputation as a trading partner … We do still have one attractive asset…* ***People !*** *There are still some really excellent, clever, and responsible people with integrity in the UK who take a pride in what they do and with whom it is a pleasure to do business. But there are not many of them.*

RETAIL & DISTRIBUTION

Art Metalwork	*British craftspeople are struggling - places like IKEA can sell a robust, reasonably well-made decorative iron bed for £65 including the mattress. All British metalworkers would be unable to make the same thing for £1,500. They just can't compete.*
Computer System Reseller	*Q7 (Globalisation) - We have gone past the point of no return. The finance sector is a negative to small business.*
Electronic Equipment & Components	*Dreamt, designed and developed, but 'Made In Britain', not any more !*
Hand & Power Tools, Fastenings, Outdoor & Industrial Clothing	*The only way to stop so many imports would be taxing them… that would affect invisible exports as developing countries would not deal with British companies.*
Hardware and Pet Store	*Strange, how patriotism does not seem to stretch as far as the wallet !*
Importers of Machinery	*'Made In Britain' means more employment in Britain.*
Musical Items	*More important - 'invented in Britain'.*
Organic Local Fruit and Veg.	*Environmental issues, i.e., air [food] miles.*
Shoes, Handbags & Accessories	*Customer attitude at point of sale tends toward negative reactions (i.e., won't buy from France, China, whatever) rather than a pro 'Made in Britain' view.*
Tank Container Haulage	*I would vote against EU and joining their monetary system because too much Red Tape … [is] damaging British business. The EU would like a weak UK.*

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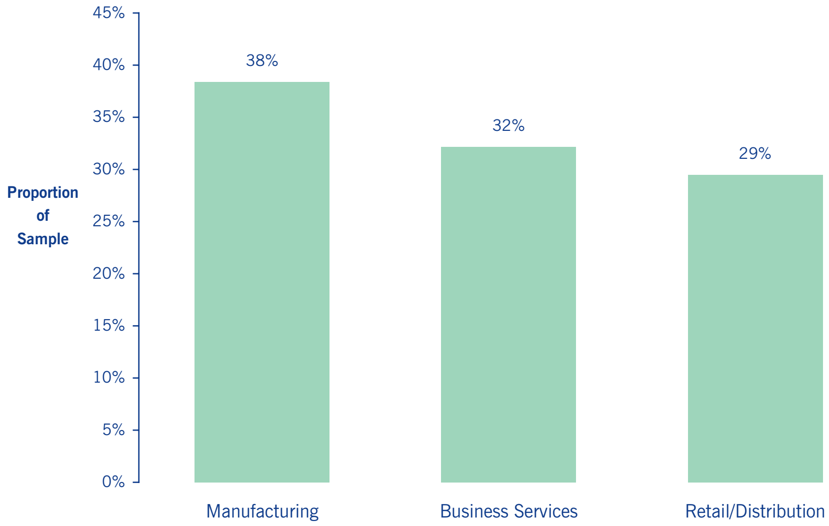
Figure 13 - Profile Of Sample: Respondents By Industrial Sector



APPENDIX 1 - ADDITIONAL INFORMATION

As an aid to the interpretation of the various figures (histograms), we have included some further information about the firms responding to this survey.

The analyses involve key variables, and **industry sector** and **employee size** are those most frequently used as they are reasonably reliable indicators and less prone to misinterpretation. Other variables have also included **region**, **sales growth**, **respondent age** and **sex**.

Industrial sectors – based on the descriptions supplied by respondents, each firm is coded according to the Standard Industrial Classification (SIC 1980). Firms are then grouped into manufacturing, business services, retail/distribution. Firms falling outside these 3 bands – which would otherwise classified as ‘other’ – are allocated

Figure 14 - Profile Of Sample: Respondents By Region

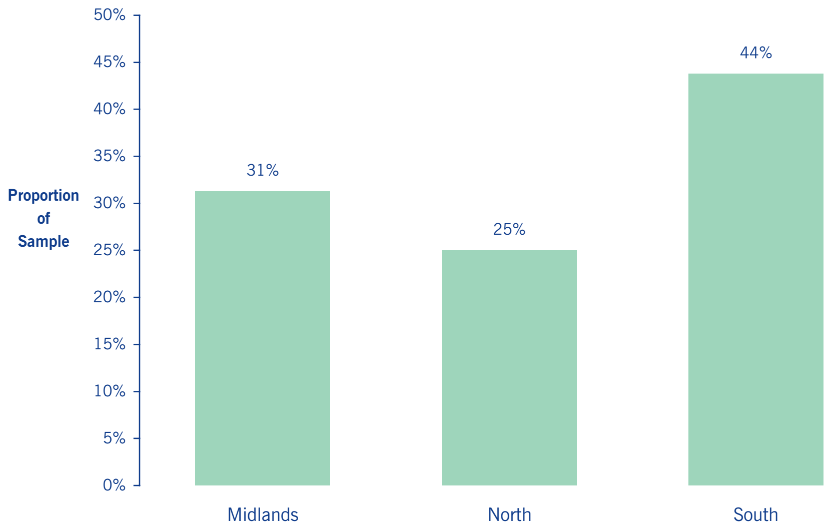


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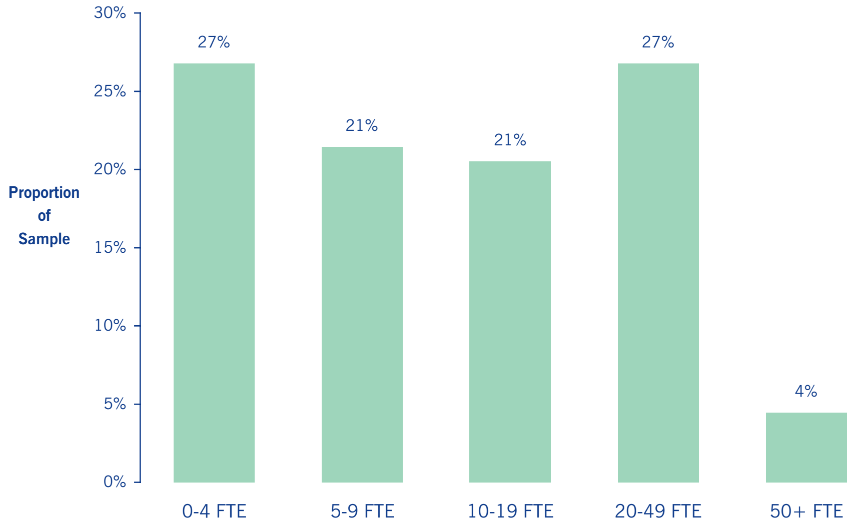
Figure 15 - Profile Of Sample: Respondents By Employee Size



to the foregoing sector which offers the closest match.

Regions - firms are also classified according to their physical location, namely, North, Midlands and the South.

Employee size - finally, firms are placed in bands according to the number of employees. Each part-time employee is assumed to be equivalent to 40 per cent of a full-time employee ('FTE' = full-time equivalent). All of the surveys to date have received only a small number of responses from firms with 50 or more FTE employees. These responses have been **included** in the breakdowns for the **sectoral** and **regional** analyses, but have been **excluded** as a '50+FTE' band in the **employee-size** analyses (the 'All' band in each histogram includes all usable responses regardless). This is because a percentage breakdown band based on just two or three firms may not be representative of this size of business.

Distribution of firms

The highest proportion of respondents is in manufacturing (38%, compared to 37% in retail/distribution for the previous report), see **Figure 13**.

The South region has the largest representation, with 44% of the sample's respondents (as previously), see **Figure 14**.

Manufacturing and business services firms in samples can tend to be larger, in terms of employees, whereas the firms in retailing/ distribution may have fewer full-time equivalent employees. Likewise, the sample is biased towards the smaller businesses – but not the very smallest (sole traders), of which there is a preponderance amongst the small firms population generally. The employee size distribution for the sample is shown in **Figure 15**.

In terms of respondent age, they are predominantly 35 years or older, with the bulk between 45 and 64 years' old.

Finally, the sample is predominantly male (65%, compared to 61% previously).

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Small Enterprise Research Report
MADE IN BRITAIN

SERTeam

Report No.5 - 2005 - Sponsored by Lloyds TSB

This questionnaire will take approximately 5-10 minutes to complete – most answers require only a single tick.
All information received will be treated in complete confidence. PLEASE RETURN AS SOON AS POSSIBLE.

1a Workforce size - Please indicate the total number of people working in your business (including yourself):

Full-time .... ______ A

Part-time (16 hrs/wk or less) ______ B

1b Respondent age - Your age last birthday:

- 16-24 years ❑ A
- 25-34 ❑ B
- 35-44 ❑ C
- 45-54 ❑ D
- 55-64 ❑ E
- 65 or over ❑ F

1c Respondent gender - Your gender:

- Male ❑ M
- Female ❑ F

2 Impact on UK small firms - Please indicate which of the following regions represent the greatest competitive threats to, and/or market opportunities for, <u>your business</u> in the foreseeable future (2-3 years):

✓All which apply

	Greatest Threat	*Greatest Opportunity*	
North America	❑	❑	A
Latin America inc. Mexico	❑	❑	B
Western Europe inc. Enlarged EU	❑	❑	C
Central/Eastern Europe inc. Russian Federation	❑	❑	D
Africa	❑	❑	E
Asia exc. China/India/Pakistan	❑	❑	F
China/India/Pakistan	❑	❑	G
Middle East	❑	❑	H
None	❑	❑	I
	1	2	

3 Future exporting prospects - Please indicate your business's prospects for exporting in the medium-term future (5 years), compared to the present:

Just one ✓only

- Significant increase ❑ A
- *or* Modest increase ❑ B
- *or* No change envisaged ❑ C
- *or* Modest decrease ❑ D
- *or* Significant decrease ❑ E
- *or* Not applicable (e.g., your business services only local markets) ❑ F

4 'Buying British' - Some people think that businesses could boost UK employment if customers actively sought goods from indigenous manufacturers. Is this a policy which your firm applies ?

Just one ✓only

- Yes - we 'Buy British' even if it costs a little more ❑ A
- *or* Yes - we 'Buy British' if the price is similar or lower ❑ B
- *or* No - the country of origin is largely irrelevant ❑ C

5 Attitudes of British consumers - Do you feel that, generally speaking, British consumers have any strong preference for 'home-grown' products or services ?

Just one ✓only

- Yes - strongly agree ❑ A
- *or* Yes - moderately agree ❑ B
- *or* Neutral ❑ C
- *or* No - moderately disagree ❑ D
- *or* No - strongly disagree ❑ E
- *or* Don't know ❑ F

Please continue overleaf ...

6 Country of origin labelling ('Cool') - Some groups are campaigning for food products to carry such labelling. Please indicate which one of the following statements is closest to your own viewpoint:

Just one ✔ only

- I am generally in favour of a legally-enforced scheme (e.g., that would prohibit sale without 'Cool') ❑ A
- *or* I am generally in favour of a voluntarily-enforced scheme ❑ B
- *or* I have no strong view .... ❑ C
- *or* I generally disapprove .... ❑ D
- *or* Don't know .... ❑ E

7 Globalisation - The world is increasingly a 'single market' for goods and services; please indicate the view with which you most agree:

Just one ✔ only

- It is a generally a good thing for the UK - as it forces everyone in business to be more competitive, to the benefit of all ❑ A
- *or* I have no strong view either for or against ❑ B
- *or* It is of doubtful merit for the UK - for example, by placing too much power in the hands of large international companies, to the detriment of local businesses and local communities ❑ C

8 The UK as a base for business - The following facets have been identified as beneficial for basing a business in the UK. Please identify the three which you feel are the greatest benefit for smaller business generally:

Just 3 selections

- E-business environments/E-skills - one of the world's most developed e-business environments/a large & expanding pool of e-technologists and e-professionals ❑ A
- Economic & political stability - one of the lowest inflation rates in Europe ❑ B
- Labour costs/disputes - one of the lowest labour costs in the EU/a level of industrial disputes below the EU average ❑ C
- Finance sector - a dynamic and knowledgeable investment community, including an enthusiastic venture capital sector ❑ D
- Flexible workforce - a skilled, flexible and highly motivated workforce ❑ E
- R & D - a long-established tradition of research and innovation in both academe and industry ❑ F
- Taxation - the lowest corporate tax rates of any of the major EU economies ❑ G
- Telecommunications - one of the world's most advanced telecoms infrastructures ❑ H
- World-class academics and researchers ❑ I
- Other (please state) ❑ J

____

9 'Made in Britain' - If you have any strong views, especially if you feel that any aspect is not fully appreciated by sections of the wider community, then please comment:

____
____
____
____
____
____

Thankyou for your co-operation. Please return the completed questionnaire using the accompanying pre-paid envelope, to:

Ms. Beverley Porter-Blake
SERTeam - Open University Business School
Michael Young Building, Walton Hall
Milton Keynes MK7 6AA

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