



Department of Trade and Industry

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## Statistical News Release

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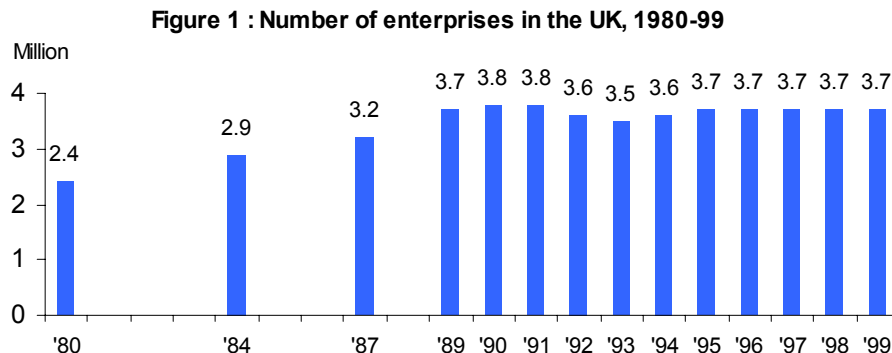
7th August 2000

### Small and Medium Enterprise (SME) Statistics for the UK, 1999

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There were an estimated 3.7 million active businesses in the UK at the start of 1999 according to headline statistics published today.

The statistics contain a size breakdown of the number of businesses in the UK, from small traders with no employees to those with 500 or more employees. They also show the contribution to employment and turnover made by businesses of different sizes, industry by industry.



#### Trends in the number of businesses

The stock of enterprises has now been at a similar level for the fifth successive year following falls in 1992 and 1993 (see Figure 1). The business stock is 1.3 million higher than in 1980 (the first year for which comparable figures are available). Most of the growth in the business population between 1998 and 1999 has been in the 1-4 employee category.

#### Businesses with and without employees

Of the 3.7 million businesses in 1999, over 2.3 million were 'size class zero' businesses – those made up of sole traders or partners without employees. The number of size class zero businesses has fallen since the start of 1998 especially in the agriculture, construction and wholesale/retail sectors.

At the start of 1999, 1.3 million businesses were employers, an increase on the 1998 figures. The increase is mainly due to the rise in businesses with one employee. 1998 also saw improved survival rates for businesses.

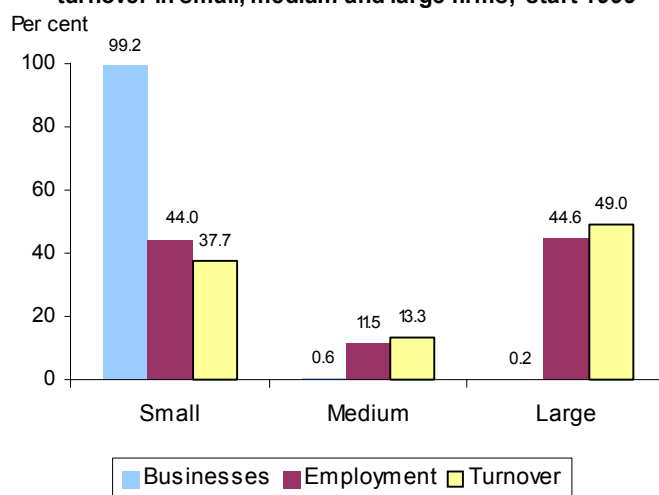
**Table 1: Number of businesses, employment & turnover by size of enterprise, start 1999**

Size (number of employees)	Number			Percent		
	Businesses	Employment (000s)	Turnover <sup>1</sup> (£m ex VAT)	Businesses	Employment	Turnover
None	2,324,340	2,708	90,463	63.2	12.5	4.7
1-4	963,615	2,395	221,986	26.2	11.0	11.4
5-9	201,835	1,459	123,029	5.5	6.7	6.3
10-19	109,280	1,533	149,451	3.0	7.1	7.7
20-49	46,955	1,462	147,505	1.3	6.7	7.6
50-99	14,450	1,011	102,860	0.4	4.7	5.3
100-199	8,165	1,131	116,638	0.2	5.2	6.0
200-249	1,570	349	38,633	-	1.6	2.0
250-499	3,220	1,121	149,275	0.1	5.2	7.7
500+	3,515	8,576	804,039	0.1	39.4	41.4
All	3,676,940	21,746	1,943,880	100.0	100.0	100.0
All with employee(s)	1,352,600	19,038	1,853,417	36.8	87.5	95.3

- less than 0.05 per cent

<sup>1</sup>excluding VAT. Finance Sector turnover excluded from turnover totals

**Figure 2 : Proportion of businesses, employment and turnover in small, medium and large firms, start 1999**



### Small, Medium and Large Businesses

Of the entire business population of 3.7 million enterprises, only 24,000 were medium sized (50 to 249 employees) and less than 7,000 were large (250 or more employees). Small businesses, including those without employees, accounted for over 99% of businesses, 45% of non-government employment and (excluding the finance sector) 38% of turnover. In

contrast, the 7,000 largest businesses accounted for 45% of non-government employment and 49% of turnover (see Figure 2).

## Industry Patterns

At the start of 1999, at least 98% of businesses in all but the electricity, gas and water supply sector were SMEs.

The share of employment provided by SMEs varies greatly from one industry to the next. In construction 84% of employment is accounted for by SMEs while in finance it is only 21%. Table 2 shows the difference between sectors in more detail.

More detailed industry figures available in the Statistical Bulletin *Small and Medium Enterprise (SME) Statistics for the UK 1999* (to be published in September), show employment was particularly reliant on small businesses in areas as diverse as manufacture of leather clothes, recycling, motorcycle repairs and real estate activities.

Of the 2.3 million enterprises with no employees, 24% are in the construction sector and 18% in business related services.

**Table 2: SME share of businesses, employment and turnover by industry, start 1999**

	Businesses		Employment		Turnover <sup>1</sup>
	Total Number	SME Percentage Share	Total Employment (000s)	SME Percentage Share	SME Percentage Share
All industries <sup>1</sup>	3,676,940	99.8	21,746	55.4	51.0
A,B Agriculture, forestry & fishing	185,305	100.0	452	97.6	97.6
C Mining and quarrying	3,860	98.4	83	30.8	29.4
D Manufacturing	332,070	99.2	4,334	49.6	35.6
E Electricity, gas, water supply	325	86.9	139	2.6	6.9
F Construction	683,530	100.0	1,524	83.7	69.8
G Wholesale, retail & repairs	533,140	99.8	4,416	52.1	54.8
H Hotels & restaurants	154,400	99.8	1,598	55.6	52.9
I Transport, storage & communication	225,725	99.8	1,538	39.8	39.9
J Financial intermediation	59,455	99.4	1,043	21.1	35.5
K Real estate, business activities	800,515	99.9	3,146	69.6	73.1
M Education	107,850	99.9	255	83.8	86.5
N Health and social work	203,465	99.7	2,107	41.7	33.7
O Other social /personal services	387,295	99.9	1,111	76.7	64.1

<sup>1</sup>Finance sector excluded from turnover

## Regional Analysis

Small and medium enterprises accounted for over 99% of businesses in all regions. The share of employment in SMEs was highest among Northern Ireland based businesses and lowest among those based in London. The share of turnover in SMEs was also highest among Northern Ireland based businesses, and was lowest among those based in London, the South East, North East and Yorkshire and the Humber (see Table 3).

**Table 3: SME share of businesses, employment & turnover by Government Office Region, start 1999**

	Businesses		Employment		Turnover <sup>1</sup>
	Total number	SME Percentage Share	Total Employment (000's)	SME Percentage Share	SME Percentage Share
North East	91,250	99.8	671	55.2	44.9
North West	356,180	99.8	2,098	60.3	57.4
Yorkshire & the Humber	259,225	99.8	1,927	49.4	47.9
East Midlands	234,920	99.8	1,522	56.8	54.1
West Midlands	288,715	99.8	1,935	54.9	51.5
East of England	352,200	99.8	2,019	56.1	49.0
London	665,725	99.8	4,300	42.5	47.7
South East	606,010	99.8	3,071	58.2	47.5
South West	360,530	99.9	1,574	68.6	58.0
England	3,214,750	99.8	19,117	54.1	50.1
Wales	144,135	99.9	728	66.1	57.2
Scotland	233,430	99.8	1,486	60.3	55.2
Northern Ireland	84,620	99.9	415	78.7	74.7

<sup>1</sup>excluding VAT Finance sector excluded from turnover

### National Statistics

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### Notes to editors

1. There is no single source of estimates of the business population. The SME statistics are compiled using a variety of sources; the main source is the Inter Departmental Business Register administered by the Office for National Statistics.
2. The SME statistics are published eighteen months after the start of the reference year. This reflects the long delays in the reporting of a minority of business births and deaths, and the time taken to record employment in all existing enterprises.
3. The estimates provided here take account of the very small businesses that do not appear on the official business register. Since they are estimated using survey data, the reliability of the statistics is lower for the smallest size class.
4. The Statistical Bulletin *Small and Medium Enterprise (SME) Statistics for the UK, 1999* will be available in September from Small Business Service, Level 2, St Mary's House c/o Moorfoot, Sheffield S1 4PQ, priced £20 a copy. It contains a size breakdown of the number of businesses in the United Kingdom. It shows the contribution to employment and turnover made by businesses of different sizes, in each of the UK's 200 main industries and services. Industry data by region are also included. The Bulletin is an aid to economic planning, marketing, business surveys and research.
5. For general enquiries into these statistics contact 0114 2597538.

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