

BRITAIN'S SMES: "GLOBALISATION IS A THREAT"

Almost half of British small business owners (46 per cent) appear to be anti-globalisation – according to a new report sponsored by Lloyds TSB Business. While doubting the benefits and identifying the threats globalisation presents to UK-plc, business owners also admit to not pursuing a 'buy British' policy themselves when it comes to making purchasing decisions for their firm.

The report, prepared by the Small Enterprise Research Team at the Open University*, highlights divided business opinion over the issue of globalisation. Although 46 per cent of business owners express strong reservations about its merits to the UK, a third (30 per cent) of entrepreneurs believe that globalisation is generally a good thing for this country.

Many businesses see the opportunities provided by globalisation and are planning to use them to their advantage with a quarter (24 per cent) anticipating that they will be able to ramp up their exporting over the next five years. These are outweighed, however, by the 44 per cent who do not perceive any great opportunity or potential for their business from the opening up of world markets.

In contrast, nearly a half (47 per cent) perceive that globalisation poses a threat to their business, with 29 per cent identifying China, India and Pakistan as the areas of greatest concern. This rises to over half (51 per cent) of manufacturing firms who identify this area of the world as being the greatest threat to their business in the near future.

.../more

BRITAIN'S SMES: "GLOBALISATION IS A THREAT"/...2

Despite seeing greater threat than opportunity, entrepreneurs do not allow fear of globalisation to sway their decisions when purchasing goods or services from other businesses. Over half (53 per cent) say they give no consideration to the country of origin when buying, while around a quarter (28 per cent) say they would only 'buy British' if the price was similar or lower.

Stephen Pegge, head of communications at Lloyds TSB Business, says: "Globalisation tends to be thought of in connection with international brand names rather than smaller enterprises, but Britain's SMEs are already alert to the potential impact a 'world market' could have on their business. They understand that they cannot rely on pro-British sentiment to protect them from the threat of overseas competition, but equally many are alive to opportunities presented by markets opening up across the world driven by growth in emerging economies."

Business owners themselves can see that the jury is still out on how much support they can realistically expect from the 'buy British' camp. A third (36 per cent) believe that British consumers prefer buying British, contrasted and matched by those saying that consumers don't show any preference for 'home-grown' products or services (36 per cent).

Despite this, and while acknowledging that price is the biggest determining factor for British consumers, SMEs are overwhelmingly in favour of the public being made aware of the origin of their food at least. Over two thirds of SMEs (68 per cent) are in favour of 'Country of Origin Labelling' on food products, with nearly half (47 per cent) favouring legal enforcement of such a policy.

-ends-

Notes to editors:

*www.serteam.co.uk

The research was conducted amongst small firms with typically up to 50 employees.

.../more

BRITAIN'S SMES: "GLOBALISATION IS A THREAT"/...3

The research was carried out for Lloyds TSB by the Small Enterprise Research Team at the Open University Business School. The report is based on responses from a panel of over 350 small businesses within Britain drawn mainly from the manufacturing, business services and retail/distribution sectors of the economy.

The Small Enterprise Research Report, 'Made in Britain' (£40) is available to order from the Serteam website (www.serteam.co.uk) or contact telephone number: 01908 655831.

For more information:

Jo Ganly

Lloyds TSB Press Office

Tel: 020 7356 2075

E: jo.ganly@lloydstsb.co.uk

www.mediacentre.lloydstsb.com