



Llywodraeth Cymru
Welsh Government

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Longitudinal small business survey: 2022 (main points)

A survey of Welsh small business behaviours for 2022.

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Introduction

The longitudinal small business survey (LSBS) is a telephone survey of small to medium enterprises in the UK led by the Department for Business and Trade (DBT). This report shows data from the 8th wave of the LSBS and covers businesses with 1 to 250 employees.

Findings for businesses without employees are not included because their behaviours and performance tend to be very different from those reported by businesses with employees. DBT use two different sampling frames for businesses with and without employees, and a large proportion of businesses without employees sampled are not registered for VAT or PAYE.

Main points

In 2022, 27.8% of small and medium enterprise (SME) employers in Wales reported having an increase in employment, a 2.9 percentage point decrease from 2021. 28.8% of SME employers anticipated an increase in employment over the next 12 months.

Half (50.8%) of Welsh SME employers that had been trading for at least one year reported an increase in turnover in 2022, a 17.4 percentage point increase from 2021. A third (33.7%) of SME employers in Wales expected turnover to increase in the next year.

Three quarters (76.8%) of SME employers reported making a profit or surplus in 2022, a 2.2 percentage point increase from 2021. A similar proportion (74.4%) aimed to increase sales over the next three years.

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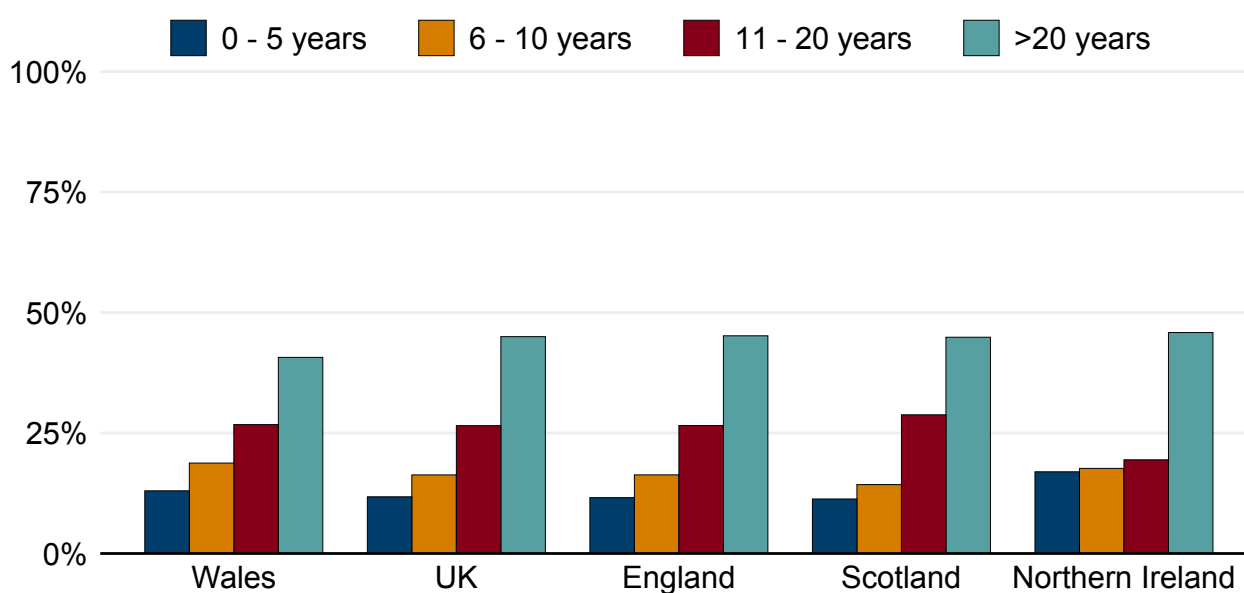
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Business demography

Age of business

40.7% SME employers in Wales had been established for more than twenty years whilst 13.0% had been established for less than five years. Compared to the UK rate, SME employers in Wales tended to be younger, with 45.0% of UK businesses having been established for more than twenty years and 11.8% for less than five years as shown in **Figure 1** (<https://www.gov.wales#figure-1>).

(<https://www.gov.walesnull>) **Figure 1: Age of business, SME employers by nation, 2022**



Description of Figure 1: A column chart showing a higher percentage of businesses had been established for over 20 years than for less than 5 years across all countries in the UK in 2022.

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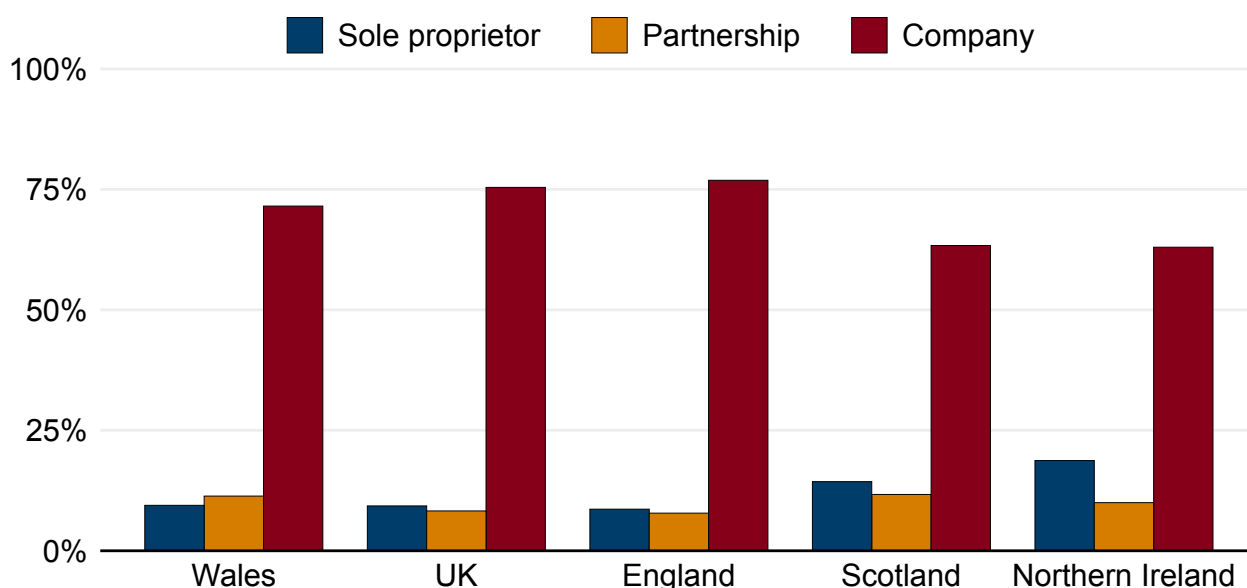
Source: Welsh Government analysis of the Longitudinal Small Business Survey

Legal status

In practice, businesses can have a range of legal forms including liability partnerships and charitable incorporated organisations. However, the vast majority of UK businesses have one of three legal forms: sole proprietorships, partnerships or companies.

Figure 2 (<https://www.gov.wales#figure-2>) shows that the majority (71.5%) of SME employers in Wales were private limited companies, slightly lower than the UK rate (75.4%). A slightly higher percent of SME employers in Wales were partnerships (11.4%) than sole proprietors (9.4%).

(<https://www.gov.walesnull>) **Figure 2: Legal status, SME employers by nation, 2022**



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Description of Figure 2: A column chart showing the majority of SME employers in the UK were private limited companies, with a much smaller proportion being sole proprietorships or partnerships.

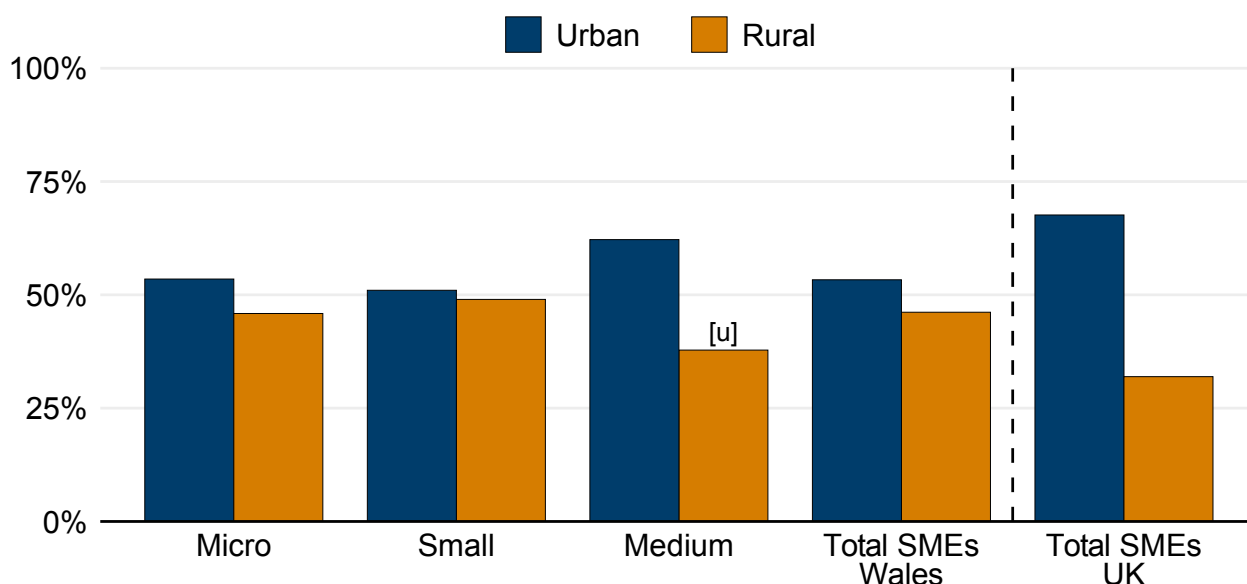
Source: Welsh Government analysis of the Longitudinal Small Business Survey

Rural or urban location

The rural and urban classification used in the LSBS is based on a **definition of rurality published by DEFRA** (<https://www.gov.uk/government/statistics/2011-rural-urban-classification>).

LSBS data show that markedly more businesses in Wales were in rural areas (46.2%) than in the UK as a whole (31.9%). This proportion was lower for medium sized businesses (37.8%) than micro (45.9%) or small (49.0%) businesses (**Figure 3** (<https://www.gov.wales#figure-3>)).

(<https://www.gov.wales>) **Figure 3: Rural or urban location, SME employers in Wales by business size, 2022**



Description of Figure 3: A column chart showing that almost half of SME employers in Wales were based in a rural location compared to less than a third for the UK as a whole.

[u]: Indicates data that was based on less than 30 business responses and should be treated with caution as it may not be robust.

Source: Welsh Government analysis of the Longitudinal Small Business Survey

Business premises

24.4% of SME employers in Wales reported not having separate business premises and instead ran their business out of their own homes or the home of the business owner.

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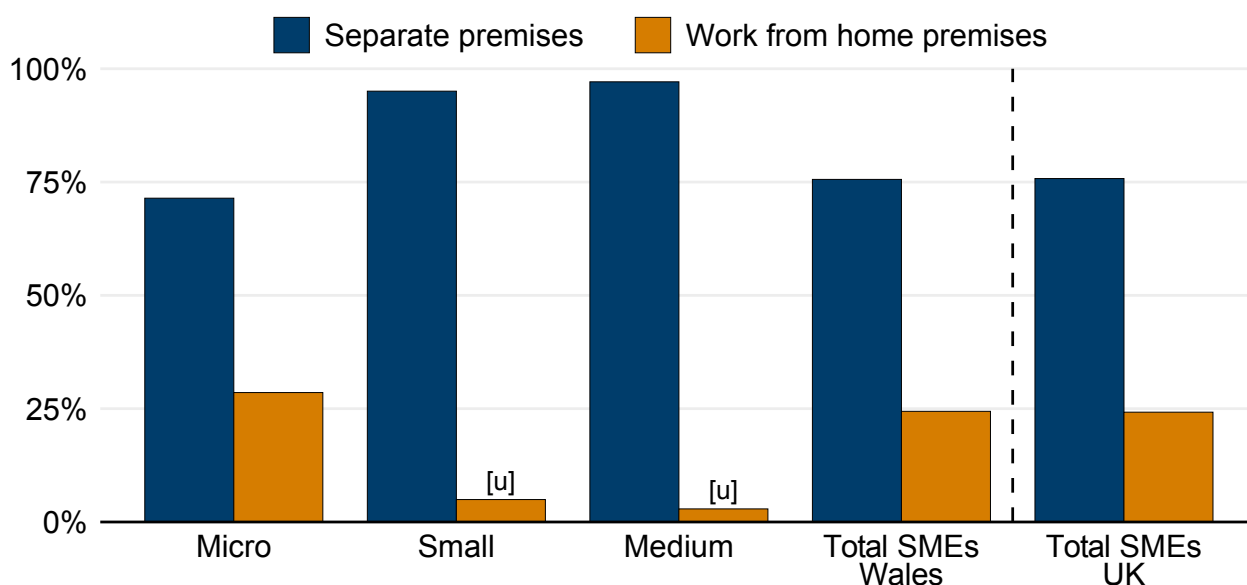
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This proportion declined quite markedly with firm size, falling from 28.6% of micro businesses to 2.9% of medium sized businesses ([Figure 4](https://www.gov.wales#figure-4) (<https://www.gov.wales#figure-4>)).

There was little variation in the proportion of home-based businesses across the nations, with 24.2% of businesses being home-based in the UK as a whole.

(<https://www.gov.walesnull>) **Figure 4: Premises. SME employers in Wales by business size, 2022**



Description of Figure 4: A column chart showing that similar proportions of businesses had work from home premises in both Wales and the UK, with a higher percentage of Welsh micro businesses reporting work from home premises than small or medium businesses.

[u]: Indicates data that was based on less than 30 business responses and should be treated with caution as it may not be robust.

Source: Welsh Government analysis of the Longitudinal Small Business Survey

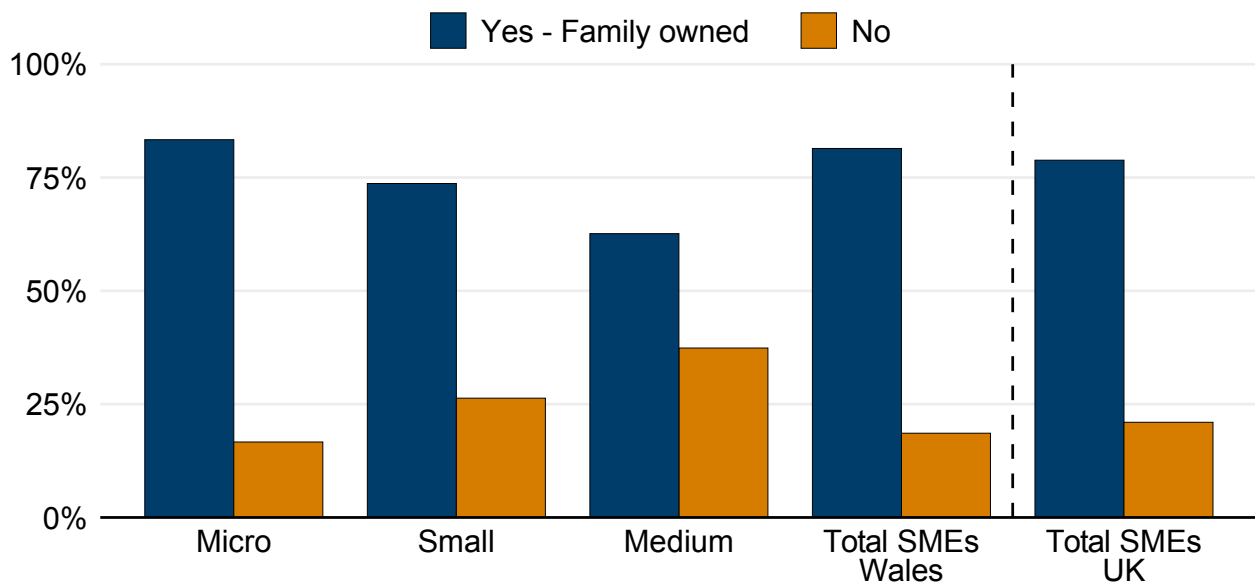
Family-ownership

The LSBS defines family-owned businesses as those that are majority owned by members of the same family. Businesses with just a single owner or partner were also classified as family businesses.

81.4% of SME employers in Wales had family-owned businesses. However, this proportion declined with firm size. 83.3% of micro businesses, 73.7% of small businesses and 62.6% of medium sized businesses were family owned (**Figure 5** (<https://www.gov.wales#figure-5>)).

Wales had a greater proportion of family-owned businesses compared to the other UK countries, with 78.8% of businesses being family owned across the UK as a whole.

(<https://www.gov.wales>) **Figure 5: Family ownership, SME employers in Wales by business size, 2022**



Description of Figure 5: A column chart showing the proportion of family-owned businesses in Wales was correlated with business size, with more micro businesses being family-owned than small or medium businesses.

Source: Welsh Government analysis of the Longitudinal Small Business Survey

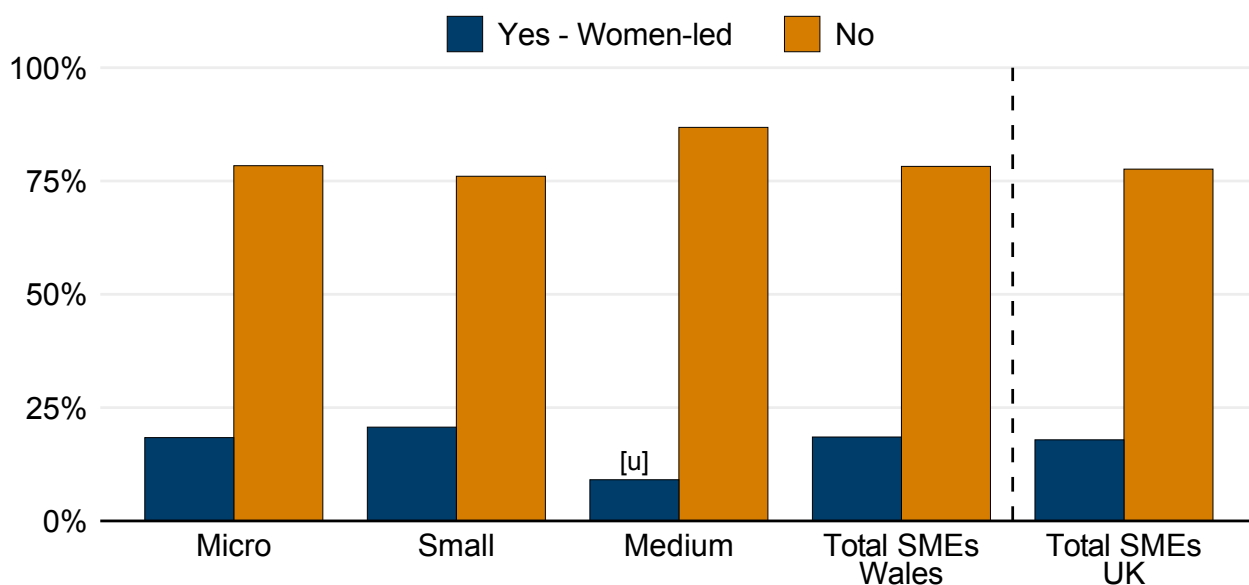
Women-led businesses

LSBS defined women-led businesses as those majority-led by women, that is controlled by a single woman or having a management team of which a majority are women.

Overall, 18.5% of SME employers in Wales were women-led, slightly higher than the proportion across the UK as a whole (17.9%). The proportion was highest in

small businesses (20.7%), slightly lower at 18.4% in micro businesses and lower still (9.1%) in medium sized businesses ([Figure 6](#) (<https://www.gov.wales#figure-6>)).

<https://www.gov.walesnull> **Figure 6: Women-led businesses, SME employers in Wales by business size, 2022**



Description of Figure 6: A column chart showing the percentage of women-led businesses was similar in both Wales and the UK.

[u]: Indicates data that was based on less than 30 business responses and should be treated with caution as it may not be robust.

Source: Welsh Government analysis of the Longitudinal Small Business Survey

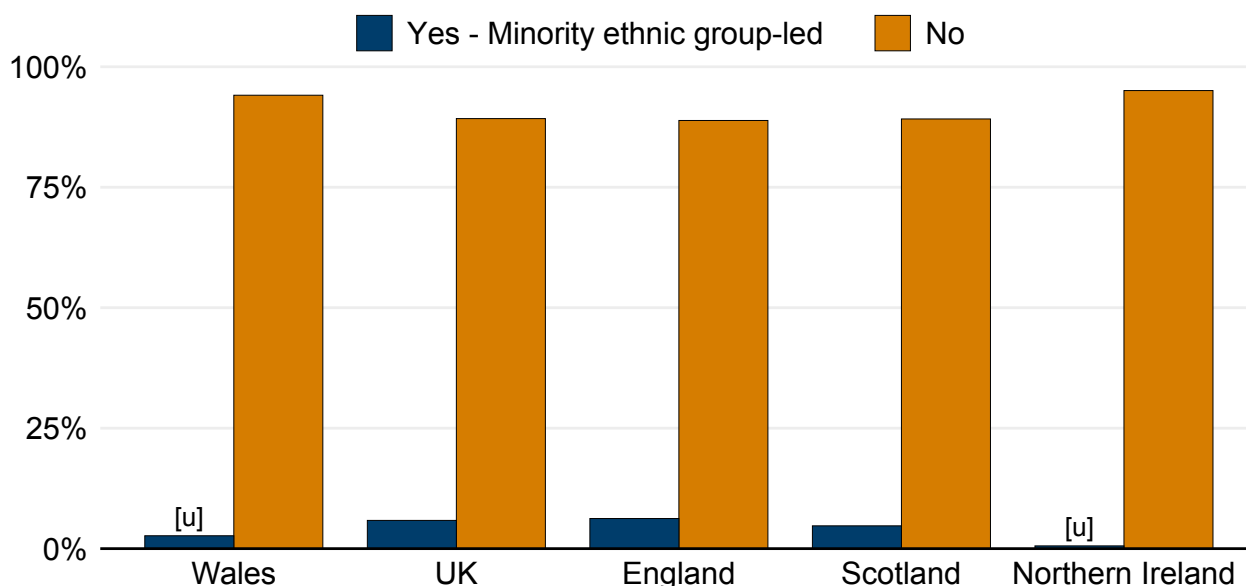
Minority ethnic group-led businesses

LSBS defines minority ethnic group led (MEG-led) businesses as having a

person from an ethnic minority in sole control of the business or having a management team with at least half of its members from ethnic minority groups.

Overall, 2.7% of SME employers in Wales were MEG-led based on the LSBS definition, the second lowest of the four UK nations, ahead of Northern Ireland (0.6%). The figure for the UK as a whole was 5.9% ([Figure 7](https://www.gov.wales#figure-7)).

<https://www.gov.walesnull> **Figure 7: Minority ethnic group-led, SME employers by nation, 2022**



Description of Figure 7: A column chart showing the percentage of minority ethnic-led businesses was low across the UK.

[u]: Indicates data that was based on less than 30 business responses and should be treated with caution as it may not be robust.

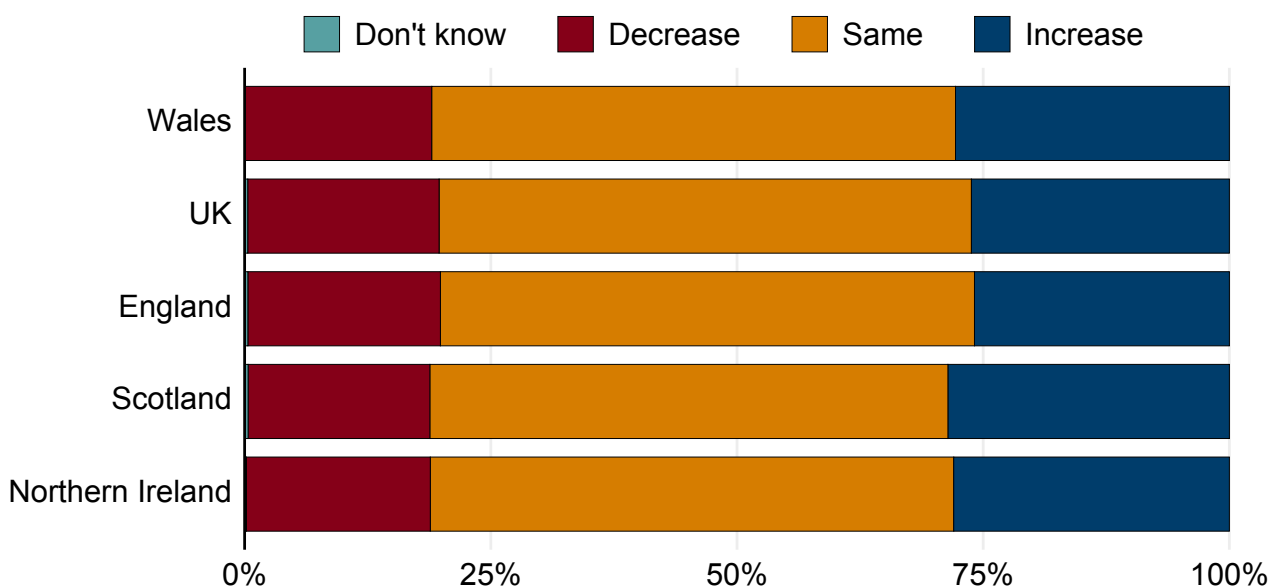
Source: Welsh Government analysis of the Longitudinal Small Business Survey

Business performance and outlook

Employee numbers over previous 12 months

53.2% of SME employers in Wales reported no change in the number of employees over the year preceding the survey, with 27.8% reporting an increase in employees and 19.0% reporting a decrease. As shown in [Figure 8](https://www.gov.wales#figure-8) (<https://www.gov.wales#figure-8>), these proportions were similar across the UK.

<https://www.gov.walesnull> **Figure 8: Changes in employee numbers compared to 12 months earlier – SME employers by nation, 2022** [Note 1]



Description of Figure 8: A stacked bar chart showing the percentage of SME employers reporting a change in employee numbers over the previous 12 months was broadly similar across the UK.

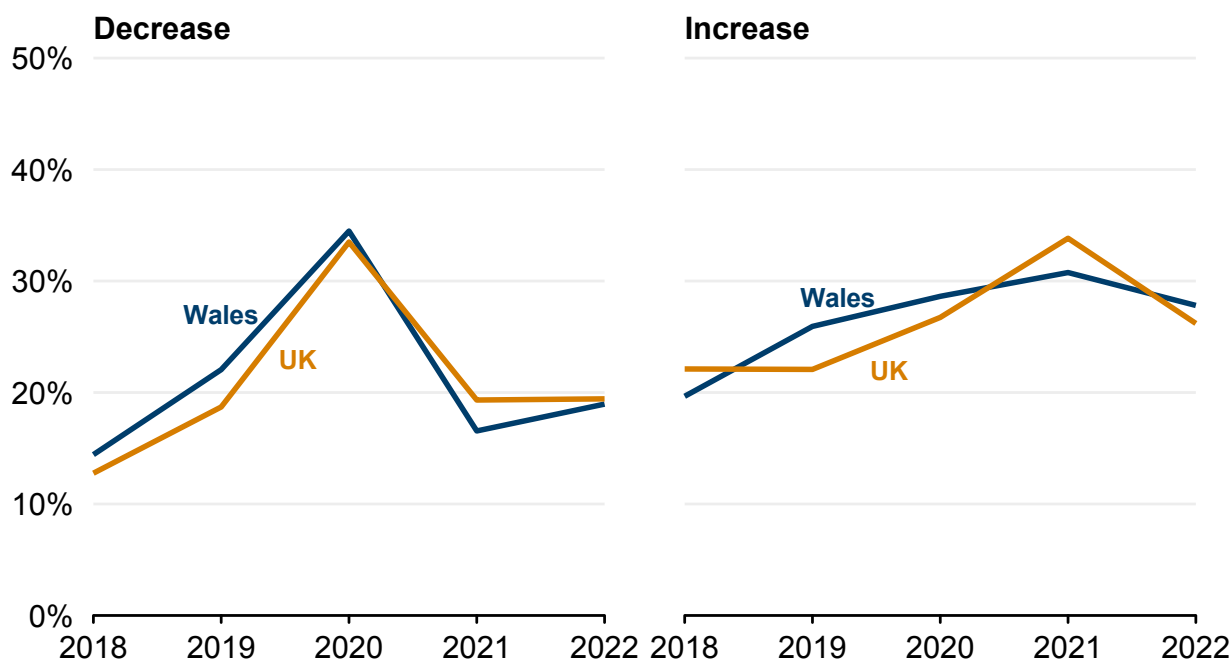
[Note 1]: The “don’t know” responses for all countries and the UK as a whole were based on less than 30 businesses.

Source: Welsh Government analysis of the Longitudinal Small Business Survey

Figure 9 (<https://www.gov.wales#figure-9>) shows the 19.0% of Welsh SME employers reporting a decrease in employee numbers from the previous year is lower than the peak of 34.5% in 2020 and is 3.1 percentage points lower than in 2019 prior to the pandemic.

The percent of SME employers reporting an increase in employee numbers from the previous 12 months has shown a general upwards trend since 2018 for both Wales and the UK.

(<https://www.gov.wales>) **Figure 9: Percentage of SME employers reporting a change in employee numbers from the previous year for Wales and the UK, 2018 to 2022 [Note 1]**



Description of Figure 9: Two line charts side by side showing the percentage of SME employers in Wales and the UK reporting a decrease in employee numbers and an increase in employee numbers respectively.

[Note 1]: Both line charts are to the same scale.

Source: Welsh Government analysis of the Longitudinal Small Business Survey

Employee number predictions for next 12 months

61.2% of SME employers in Wales expected the number of people they employed to remain unchanged in the year following the interview. More

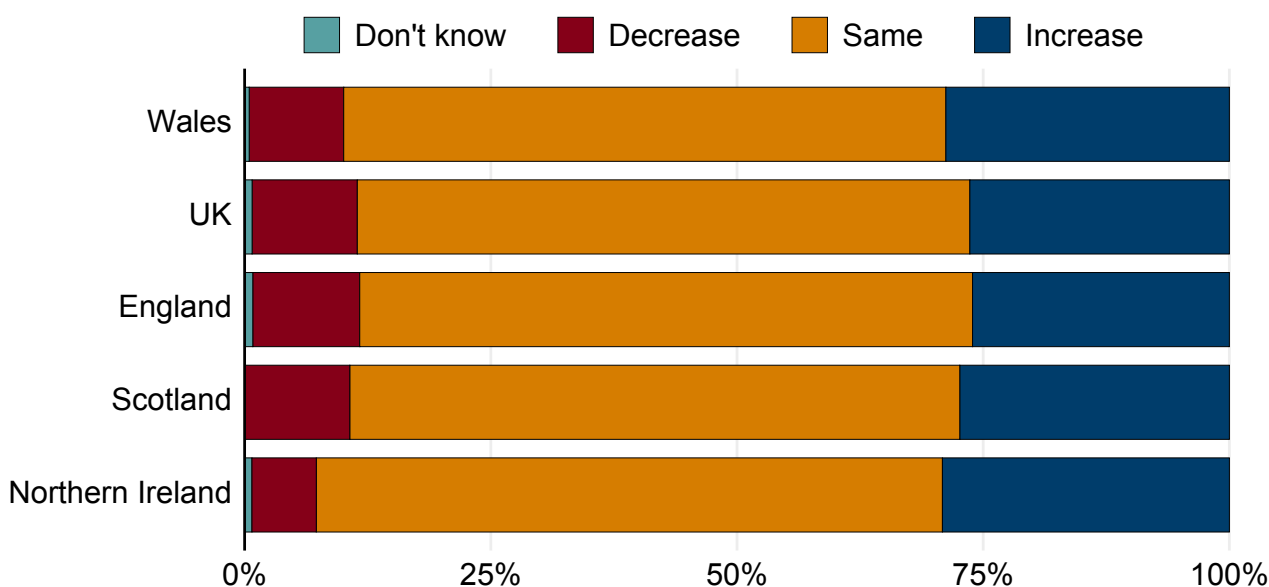
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respondents expected to increase their employees (28.8%) than anticipated a reduction (9.6%) as shown in **Figure 10** (<https://www.gov.wales#figure-10>).

(<https://www.gov.walesnull>) **Figure 10: Expectations of employee numbers for the next year, SME employers by nation, 2022 [Note 1]**



Description of Figure 10: A stacked bar chart showing the percentage of SME employers predicting a change in employee numbers over the next 12 months was broadly similar across the UK.

[Note 1]: The “don’t know” responses for all countries except England were based on less than 30 businesses, with Northern Ireland also having less than 30 businesses predicting a decrease in employees for the next year.

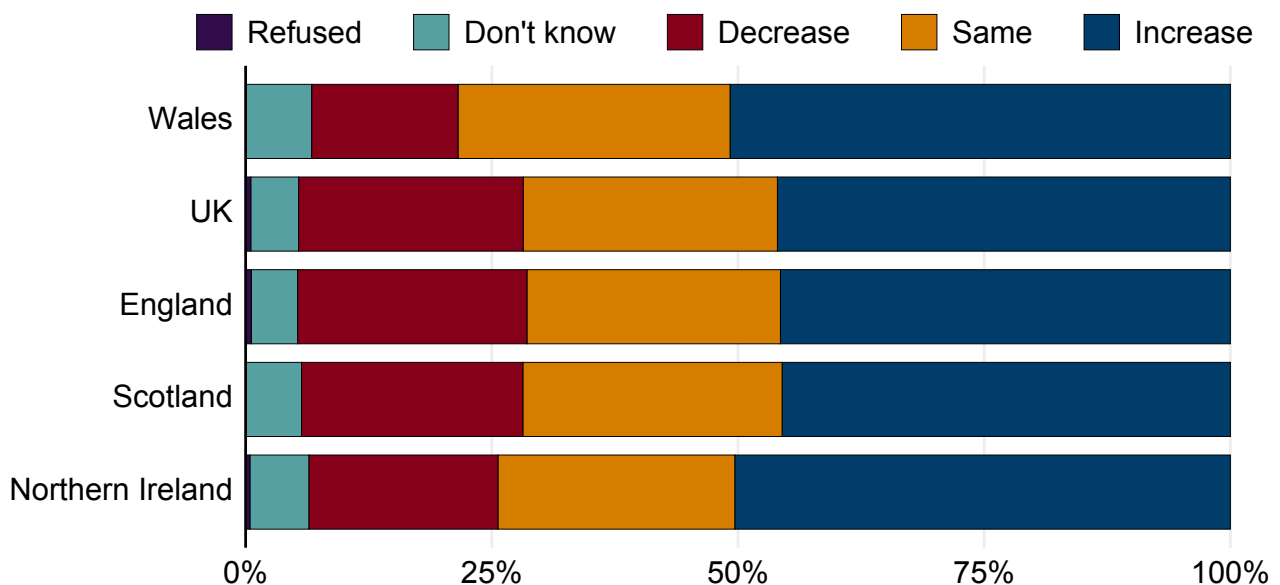
Source: Welsh Government analysis of the Longitudinal Small Business Survey

Turnover over previous 12 months

In the year preceding the business being interviewed, 14.9% of SME employers in Wales that had been trading for at least one year experienced a reduction in turnover and 50.8% reported an increase. 27.6% of businesses reported that turnover remained the same, as shown in **Figure 11**

(<https://www.gov.wales#figure-11>).

(<https://www.gov.walesnull>) **Figure 11: Change in turnover from the previous year – SME employers trading for at least one year by nation, 2022**
[Note 1]



Description of Figure 11: A stacked bar chart showing the percentage of SME employers reporting a change in turnover over the previous 12 months, with a slightly higher percentage of businesses reporting an increase in Wales and Northern Ireland than the UK rate.

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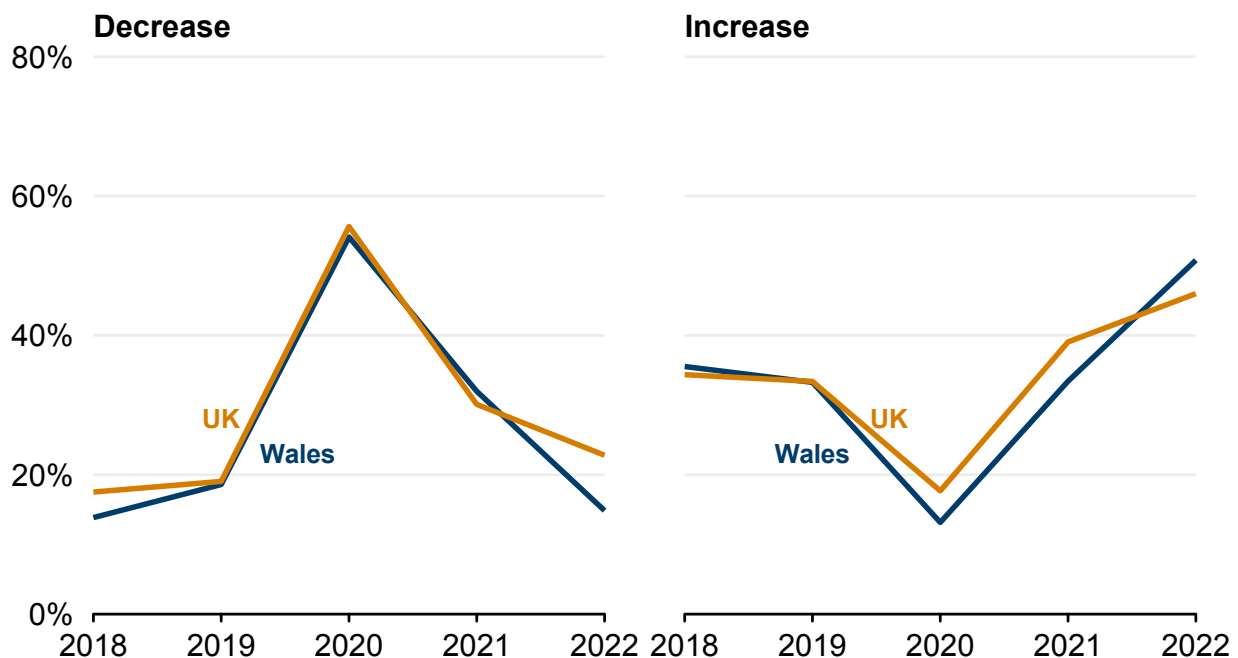
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[Note 1]: The “refused” responses for all countries except England were based on less than 30 businesses, with Northern Ireland also having less than 30 businesses reporting “don’t know”.

Source: Welsh Government analysis of the Longitudinal Small Business Survey

Figure 12 (<https://www.gov.wales#figure-12>) shows the impact of the pandemic on turnover on SME employers in Wales and the UK. 14.9% of Welsh SMEs reported a decrease in turnover in 2022, down from a peak at 54.1% in 2020. The percent of Welsh SMEs reporting an increase in turnover was 50.8% in 2022, a 17.5 percentage point increase from 2019, the period prior to the Covid-19 pandemic.

(<https://www.gov.walesnull>) **Figure 12: Percentage of SME employers trading for at least one year reporting a change in turnover from the previous year for Wales and the UK, 2018 to 2022 [Note 1]**



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Description of Figure 12: Two line charts side by side showing the percentage of SME employers in Wales and the UK reporting a decrease in turnover and an increase in turnover respectively.

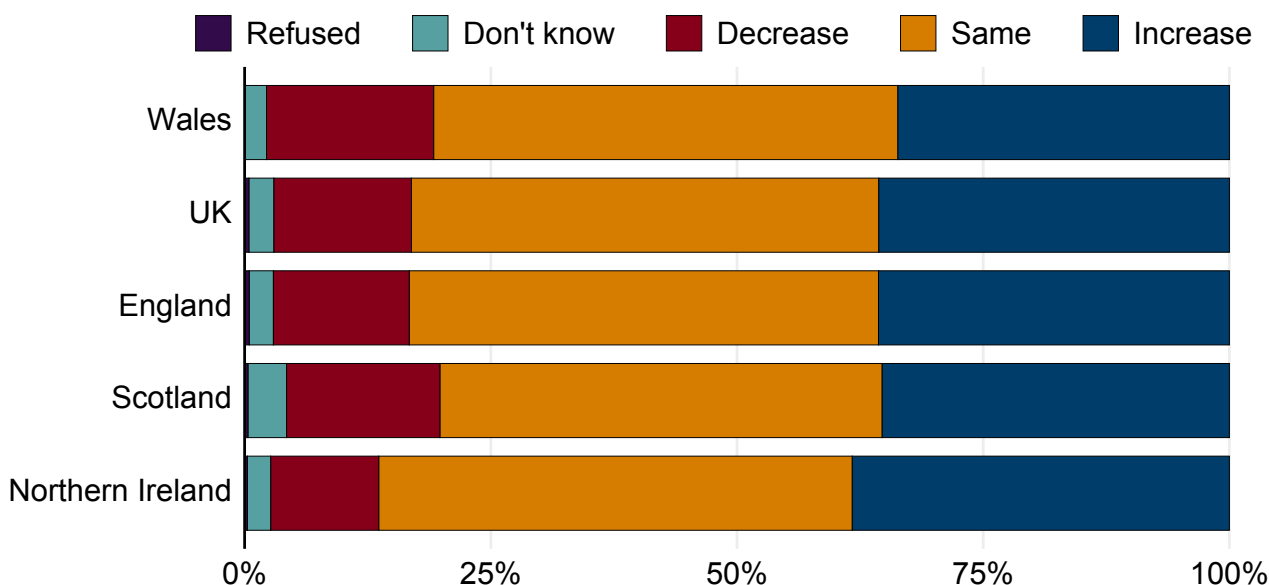
[Note 1]: Both line charts are to the same scale.

Source: Welsh Government analysis of the Longitudinal Small Business Survey

Turnover predictions for next 12 months

33.7% of SME employers in Wales expected to experience turnover growth over the year following their interview, slightly below the figure for the UK as a whole (35.6%). Additionally, 17.0% expected a decline in turnover whilst 47.1% expected no change (**Figure 13** (<https://www.gov.wales#figure-13>)).

(<https://www.gov.walesnull>) **Figure 13: Expectations of turnover for the next year, SME employers by nation, 2022 [Note 1]**



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Description of Figure 13: A stacked bar chart showing the percents of SME employers predicting a change in turnover over the next 12 months were broadly similar across the UK.

[Note 1]: The “refused” responses for all countries and the UK as a whole were based on less than 30 businesses, with Wales, Scotland and Northern Ireland also having less than 30 businesses reporting “don’t know”.

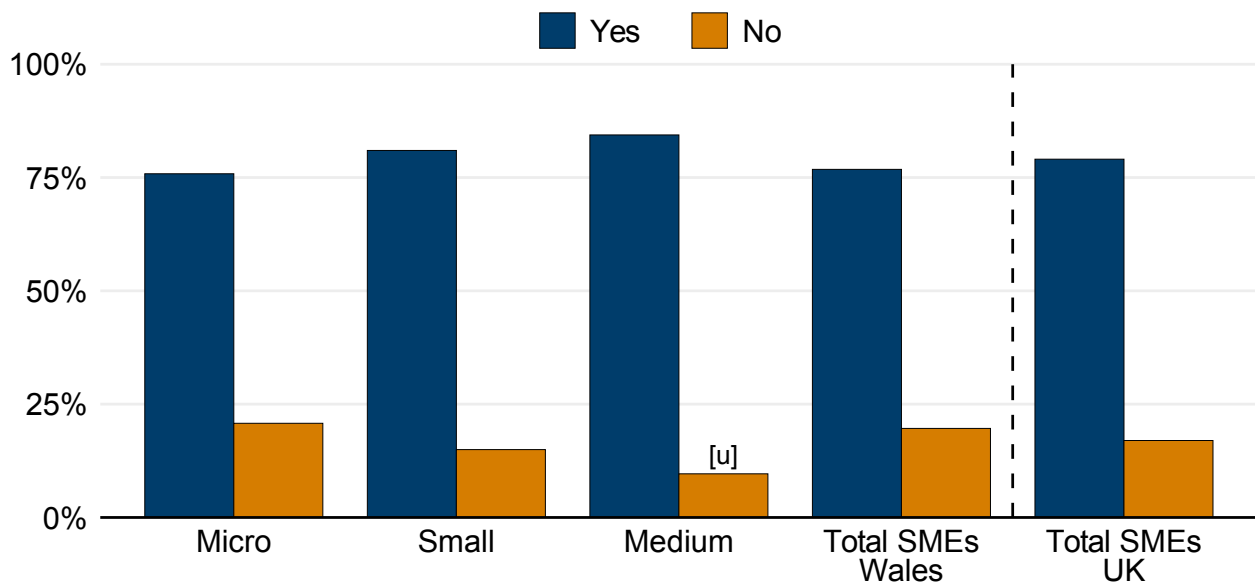
Source: Welsh Government analysis of the Longitudinal Small Business Survey

Profits

76.8% of SME employers in Wales reported making a profit in the year prior to their interview. The proportions of SME employers reporting a profit were similar to the UK as a whole (79.0%).

Welsh businesses were similarly profitable regardless of business size (**Figure 14** (<https://www.gov.wales#figure-14>)), with 75.8% of micro businesses, 81.0% of small businesses and 84.4% of medium businesses reporting a profit in the previous year.

(<https://www.gov.walesnull>) **Figure 14: Profitable in the previous year, SME employers in Wales by business size, 2022**



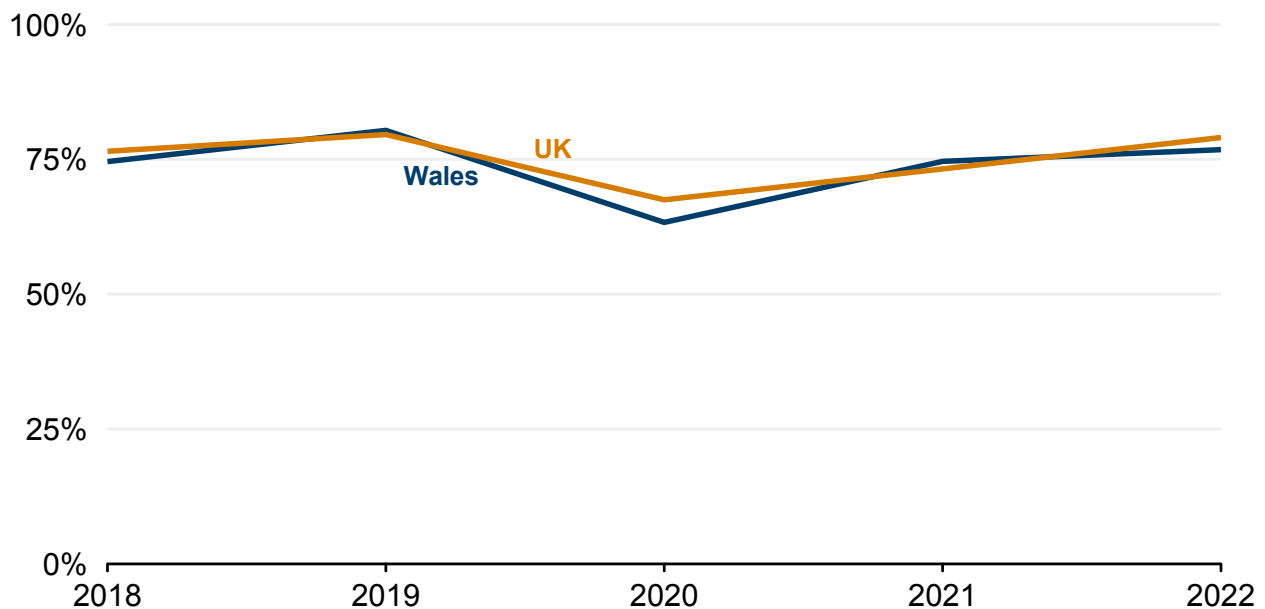
Description of Figure 14: A column chart showing the proportion of SME employers reporting a profit in the previous year was similar between Wales and the UK.

[u]: Indicates data that was based on less than 30 business responses and should be treated with caution as it may not be robust.

Source: Welsh Government analysis of the Longitudinal Small Business Survey

Since 2018, the proportion of SME employers reporting a profit in the previous year has remained around 75% for both Wales and the UK, other than a drop in 2020 to 63.3% for Wales and 67.5% for the UK (**Figure 15** (<https://www.gov.wales#figure-15>)).

(<https://www.gov.wales>) **Figure 15: Percentage of SME employers reporting a profit in the previous year for Wales and the UK, 2018 to 2022**



Description of Figure 15: A line chart showing the percentage of SME employers in Wales and the UK reporting a profit from 2018 to 2022.

Source: Welsh Government analysis of the Longitudinal Small Business Survey

Growth plans

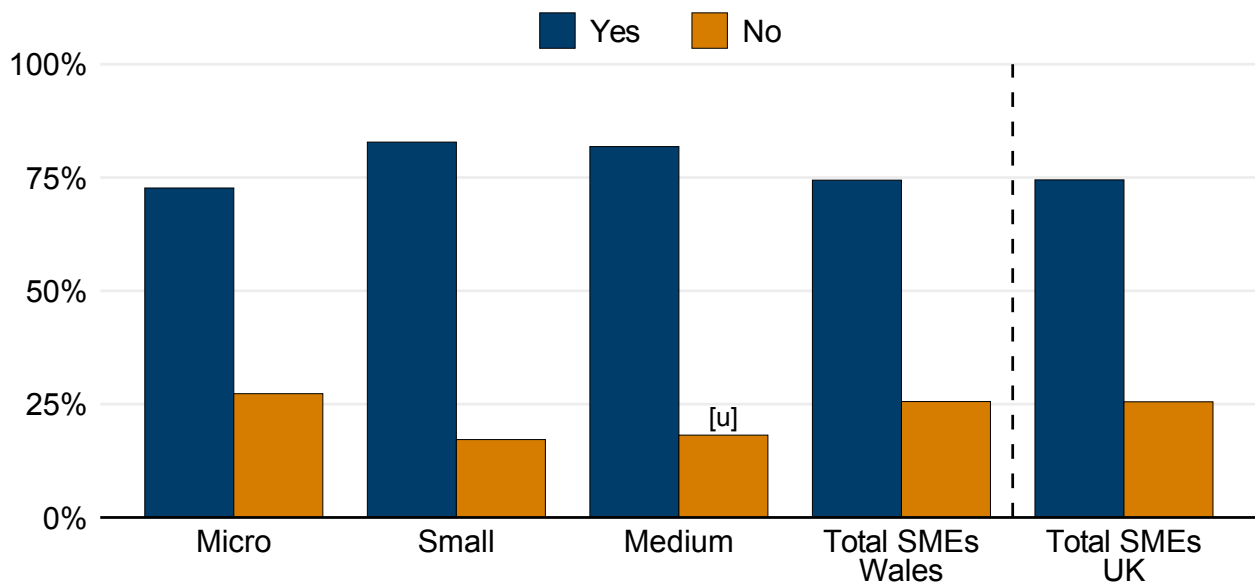
A quarter (25.6%) of Welsh businesses reported having no ambition to grow the sales of their business over the next three years, similar to the UK as a whole (25.5%). Ambition was slightly lower amongst micro businesses, 27.3% of which report no growth plans compared with 17.2% of small and 18.2% of medium sized businesses as shown in **Figure 16** (<https://www.gov.wales#figure-16>).

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(<https://www.gov.wales>) **Figure 16: Growth plans over the next 3 years, SME employers in Wales by business size, 2022**



Description of Figure 16: A column chart showing the percent of SME employers reporting having growth plans for the next 3 years was similar between Wales and the UK.

[u]: Indicates data that was based on less than 30 business responses and should be treated with caution as it may not be robust.

Source: Welsh Government analysis of the Longitudinal Small Business Survey

Quality and methodology information

Accuracy

This report focuses on 2022 data from the longitudinal small business survey (LSBS) for businesses with between 1 and 249 employees ('SME employers'). Findings for businesses without employees are not included because their behaviours and performance tend to be very different from those reported by businesses with employees. **The Department for Business and Trade (DBT) also publish a separate report detailing LSBS findings for businesses without employees** (<https://www.gov.uk/government/statistics/small-business-survey-2022-businesses-with-no-employees>).

The statistics are calculated based on weighted bases to adjust for the sampling methodology and to present data that are more representative. The weighted and unweighted bases for the statistics are presented for each chart in the **related data tables** (<https://gov.wales/sites/default/files/statistics-and-research/2025-01/longitudinal-small-business-survey-2022-main-points.xlsx>).

While the LSBS sample is generally large enough to provide very reliable data for the UK as a whole, the achieved samples for the UK nations (**Table 1a** (<https://www.gov.wales#table-1a>)) are smaller and, in some instances, the findings need to be treated with caution. This is particularly the case where analyses relate to sub-sets of the overall business population. For example, LSBS data can be analysed by sector, but such analyses are not included here because the samples for Wales are too small for this to be done reliably.

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(<https://www.gov.walesnull>) **Table 1a: Total achieved sample by UK nations, 2022**

Nation	All businesses unweighted	All businesses weighted	SME employers unweighted	SME employers weighted
England	7,377	8,363	5,929	2,171
Northern Ireland	579	194	493	65
Wales	662	371	546	98
Scotland	906	572	750	167
UK	9,524	9,500	7,718	2,501

The UK business population includes a high number of very small businesses and a correspondingly very small number of medium sized businesses. The LSBS deals with this unbalanced structure by oversampling medium sized businesses and then weighting the data to provide representative findings (**Table 1b** (<https://www.gov.wales#table-1b>)). This is necessary because a representative sample of UK businesses would include too few medium sized businesses to provide reliable results. For example, **Welsh Government estimates show that in 2022, medium sized businesses accounted for just 0.9% of all businesses in Wales** (<https://statswales.gov.wales/v/QT7x>). Accordingly, with an overall sample of 500 businesses in Wales, without over sampling, the achieved sample of medium sized businesses would be just five.

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(<https://www.gov.wales>) **Table 1b: Achieved sample by size-band in Wales and the UK, 2022 [Note 1]**

Business size	Wales unweighted	Wales weighted	UK unweighted	UK weighted
Zero employees	114	273	1,782	6,999
Micro (1 to 9)	268	81	3,712	2,061
Small (10 to 49)	199	15	2,851	377
Medium (50 to 249)	79	2	1,155	62
Large (250+)	2	-	24	-
Total	662	371	9,524	9,500
SME employers	546	98	7,718	2,501

[Note 1]: Large business were SMEs in the longitudinal panel that have since grown to 250+ employees.

Accessibility and clarity

Additional data is available in the [data tables accompanying this report](https://gov.wales/sites/default/files/statistics-and-research/2025-01/longitudinal-small-business-survey-2022-main-points.xlsx) (<https://gov.wales/sites/default/files/statistics-and-research/2025-01/longitudinal-small-business-survey-2022-main-points.xlsx>).

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Comparability and coherence

The results can be considered alongside other sources of data on SMEs in Wales such as the **Business Insights and Conditions Survey (ONS)** (<https://www.ons.gov.uk/economy/economicoutputandproductivity/output/datasets/businessinsightsandimpactontheukeconomy??>), **The Employer Skills Survey** (<https://www.gov.wales/employer-skills-survey>) and **Economic Intelligence Wales reports** (<https://developmentbank.wales/other-services/economic-intelligence-wales>).

Table 2a (<https://www.gov.wales#table-2a>) and **Table 2b** (<https://www.gov.wales#table-2b>) set out the business population structure for Wales in 2022. As is the case throughout the UK, this structure is dominated by SMEs (0 to 249 employees) which account for more than 99% of the business population in Wales. 24.0% of enterprises (approximately 61,000) are SME employers (businesses with 1 to 249 employees) in Wales. These businesses account for 44.7% of employment and 36.4% of turnover in Wales.

<https://www.gov.walesnull> **Table 2a: Business population structure in Wales, 2022 [Note 1]**

Business size	Enterprise	Employment	Turnover (£m)
Zero employees	192,155	208,300	7,139
Micro (1 to 9)	49,560	186,500	13,175
Small (10 to 49)	9,475	180,000	12,985
Medium (50 to 249)	2,200	146,000	16,145

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Business size	Enterprise	Employment	Turnover (£m)
Large (250+)	1,665	425,200	66,937
SME employers	61,230	512,500	42,306

Source: **Business structure in Wales by size-band and measure on StatsWales** (https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Businesses/Business-Structure/Headline-Data/latestbusinessstructureinwales-by-sizeband-measure?_ga=2.238482816.1856406472.1692625075-1981883858.1673358321)

(<https://www.gov.walesnull>) **Table 2b: Business population structure in Wales by percentage of total, 2022 [Note 1]**

Business size	Enterprise	Employment	Turnover (£m)
Zero employees	75.30%	18.20%	6.10%
Micro (1 to 9)	19.40%	16.30%	11.30%
Small (10 to 49)	3.70%	15.70%	11.20%
Medium (50 to 249)	0.90%	12.70%	13.90%
Large (250+)	0.70%	37.10%	57.50%
SME employers	24.00%	44.70%	36.40%

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Source: **Business structure in Wales by size-band and measure on StatsWales** (<https://statswales.gov.wales/Catalogue/Business-Economy-and-Labour-Market/Businesses/Business-Structure/Headline-Data/latestbusinessstructureinwales-by-sizeband-measure>)

[Note 1]: data on SME employers are calculated from unrounded data, so there may be slight differences when compared to the published, rounded data. Enterprise data are counts of enterprises that are active in Wales, including multi-region enterprises registered outside Wales. Turnover figures exclude turnover in the financial and business services sector.

Statement of compliance with the Code of Practice for Statistics

Our statistical practice is regulated by the Office for Statistics Regulation (OSR). OSR sets the standards of trustworthiness, quality and value in the Code of Practice for Statistics that all producers of official statistics should adhere to.

All of our statistics are produced and published in accordance with a number of statements and protocols to enhance trustworthiness, quality and value. These are set out in the Welsh Government's **Statement of Compliance** (<https://www.gov.wales/about-statistics-and-research#Statementofcompliance>).

These official statistics demonstrate the standards expected around trustworthiness, quality and public value in the following ways.

Trustworthiness

The main source of data used in this statistical release is the **Longitudinal Small Business Survey (Department for Business and Trade (DBT))** (<https://www.gov.uk/government/collections/small-business-survey-reports>), a large-

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scale telephone survey of UK small business owners and managers led by DBT. Additional data is sourced from the Welsh Government **Size Analysis of Businesses report** (<https://www.gov.wales/size-analysis-businesses>), which gives estimates of the size structure of all enterprises that are active in Wales.

Quality

The published figures provided are compiled by professional analysts using the latest data and applying methods using their professional judgement and analytical skillset. Statistics published by Welsh Government adhere to the Statistical Quality management Strategy which supplements the Quality pillar of the Code of Practice for Statistics and the European Statistical System principles of quality for statistical outputs.

Data for the LSBS is collected by BMG Research, an independent social research company, on behalf of DBT. Survey microdata is provided to Welsh Government through a secure web data transfer system.

Validation checks are performed by Welsh Government statisticians and queries referred to DBT where necessary. The statistical release is drafted, signed off by senior statisticians and DBT and published in line with the statement on confidentiality and data access which is informed by the trustworthiness pillar contained in the **Code of Practice for Statistics (UK Statistics Authority)** (<https://code.statisticsauthority.gov.uk/>).

Value

The purpose of the statistical release is to provide evidence for policy development and to inform the wider public about the characteristics and activity of small business employers in Wales.

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The LSBS provides a wide range of reliable data on SME performance and the factors that are associated with this. Much of the data provided by the LSBS is not available in any other government datasets.

The fieldwork for LSBS 2022 took place between November 2022 and April 2023. Fieldwork for the 2022 survey was impacted by the coronavirus pandemic to an extent. The **DBT report on SMEs** (<https://www.gov.uk/government/statistics/small-business-survey-2022-businesses-with-employees>) was published in August 2023. A more detailed explanation of the survey methodology can be found in the **LSBS (2022) methodology report (DBT)** (<https://www.gov.uk/government/publications/small-business-survey-2022-methodology>).

The timeliness of the data provides the most recent update using reliable data.

You are welcome to contact us directly (see below) with any comments about how we meet these standards. Alternatively, you can contact OSR by emailing regulation@statistics.gov.uk (<https://www.gov.walesmailto:regulation@statistics.gov.uk>) or via the OSR website.

Well-being of Future Generations Act (WFG)

(<https://www.gov.walesnull>)

The Well-being of Future Generations Act 2015 is about improving the social, economic, environmental and cultural wellbeing of Wales. The Act puts in place seven wellbeing goals for Wales. These are for a more equal, prosperous, resilient, healthier and globally responsible Wales, with cohesive communities and a vibrant culture and thriving Welsh language. Under section (10)(1) of the Act, the Welsh Ministers must (a) publish indicators (“national indicators”) that must be applied for the purpose of measuring progress towards the achievement of the wellbeing goals, and (b) lay a copy of the national indicators before Senedd Cymru. Under section 10(8) of the Well-being of Future Generations

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Act, where the Welsh Ministers revise the national indicators, they must as soon as reasonably practicable (a) publish the indicators as revised and (b) lay a copy of them before the Senedd. These national indicators were laid before the Senedd in 2021. The indicators laid on 14 December 2021 replace the set laid on 16 March 2016.

Information on the indicators, along with narratives for each of the wellbeing goals and associated technical information is available in the **Wellbeing of Wales report** (<https://www.gov.wales/wellbeing-wales>).

Further information on the **Well-being of Future Generations (Wales) Act 2015** (<https://www.gov.wales/well-being-future-generations-wales-act-2015-guidance>).

The statistics included in this release could also provide supporting narrative to the national indicators and be used by public services boards in relation to their local wellbeing assessments and local wellbeing plans.

Contact details

Statistician: Emma Horncastle

Email: economic.stats@gov.wales

(<https://www.gov.walesmailto:economic.stats@gov.wales>)

Media: 0300 025 8099

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