



To: **Jobs and the Economy Thematic Board**

On: **1<sup>st</sup> June, 2016**

Report by:  
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## **EU Referendum SCC Business Survey Results**

### **1. Summary**

- 1.1 On 10<sup>th</sup> May Scottish Chambers of Commerce published the results of their third survey of business opinion on the forthcoming referendum on the UK's continued membership of the EU. In doing so, SCC has maintained its impartial stance on the outcome of the referendum, whilst ensuring that the views of Chamber members and the business community are reported.
- 1.2 There are two aspects to the attached survey results:
  - A Scotland wide survey and a localised report relevant to Renfrewshire, East Renfrewshire and Inverclyde business responses.

### **2. Recommendations**

- 2.1 It is recommended that the Board notes the report.



MAY 10, 2016



# EUROPEAN UNION REFERENDUM SURVEY: PHASE THREE

SCOTTISH CHAMBERS OF COMMERCE  
ECONOMIC DEVELOPMENT INTELLIGENCE UNIT

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## Key Findings



- 68.3% of respondents would vote to remain a member of the EU if a vote was held tomorrow (Compared to 69.4% survey between Jan-Feb 2016 and 73.5% in 2015). 22.9% stated that they would vote to leave the EU, 0.8% indicated that they would not vote, and 8.0% stated that they don't know.
- When asked how committed they were to their voting intentions, 57.3% stated that they were completely committed, 32.7% indicated that they were quite committed (but unlikely to change their mind), 9.7% said that they were only slightly committed (and could change their mind), and 0.3% are uncommitted.
- In terms of the areas in which businesses believed there would be a negative impact, if the UK were to leave the EU, the top three were:
  - o The company's profitability (39.3%)
  - o Overall growth strategy (36.1%)
  - o Import/Supply Chain Strategy (34.4%)
- The majority of respondents reported that the referendum debate so far has had no material impact on the following aspects of their business:
  - o Business orders and sales (76.5%)
  - o Ability to recruit new staff (88.1%)
  - o Ability to attract investment (78.7%)
  - o The total costs incurred by their business e.g. overheads, staff costs etc. (79.8%)
- Businesses were asked to what extent they understand the long-term business implications of the UK voting to remain a member of the EU as well as if the UK votes to leave the EU. In both instances the majority of businesses stated that they either completely understand the business implications, have a good understanding, or have some understanding.

## VOTING INTENTIONS

The Scottish Chambers of Commerce network have surveyed businesses in Scotland throughout the course of the European Union referendum debate. For each of the three surveys which have taken place, respondents were asked how they would vote if an in-out referendum on the UK's membership of the European Union "if the poll were held tomorrow". The most recent results indicate that 68.3% of respondents would vote to remain a member of the EU. This represents a marginal decline in support for remaining a member of the European Union of 1.1% from February 2016. Over the course of the three surveys, the percentage of respondents stating that they would vote to remain a member of the EU has fallen from 73.5% in September 2015 (Figure 1).

Support for leaving the EU has increased, rising from 13.5% in September 2015 to 22.9% of firms stating that they would vote to leave the EU in the most recent survey of Scottish businesses (April 2016). This could be attributed to the number of respondents that stated "don't know" in previous surveys now intended to vote to leave the EU. The number of businesses signaling that they did not know how they would vote has declined from 12.5% in September 2015 to 8.0% in April 2016. The majority of businesses are completely committed to their voting intentions as stated by 57.3% of respondents (Figure 2).

From the most recent survey results (Apr 2016), it can be shown that medium and large businesses are more in favour of remaining a member of the EU, with 78.3% of medium business respondents stating that they would vote to remain a member of the EU and 73.1% of large businesses wishing to remain a member. Conversely, micro and small businesses were less likely to vote to remain a member with 69.9% and 63.6% indicating that they would vote to remain a member of the EU. Additionally, there were a higher number of micro and small businesses stating that they would vote to leave the EU, with 27.1% of small businesses indicating that they would vote to leave- higher than any other business size. (Figure 3).

Figure 1: Voting intentions

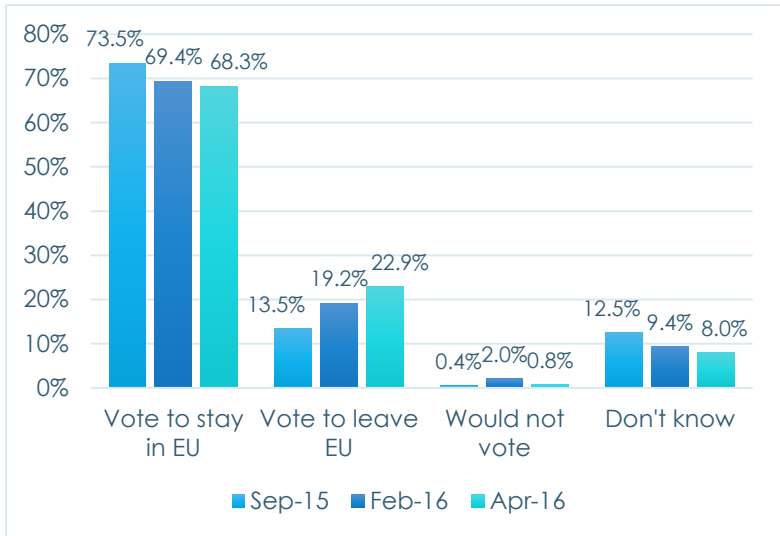


Figure 2: Commitment to voting intentions

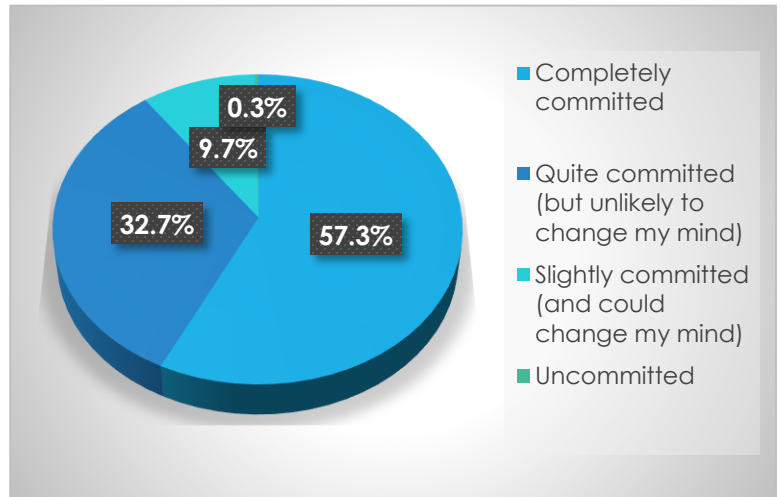
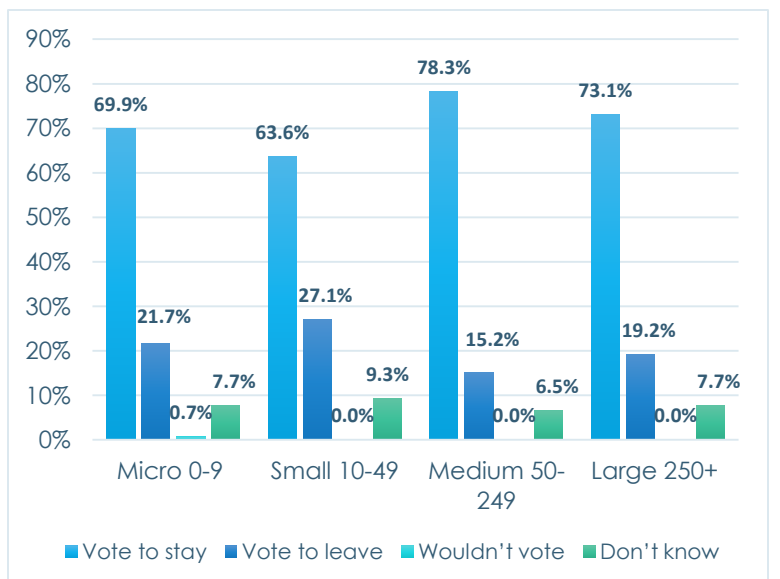


Figure 3: Voting intentions by business size



# VOTING INTENTIONS

## Exporters

Respondents were asked if they were importers or exporters in order to evaluate the voting intentions in terms of how active they were with regards to international trade. From this, it can be shown that the majority of respondents either import or export to/from the EU, with 60.5% of firms highlighting that import goods/products and/or services from countries inside the EU, and 57.5% stating that they export goods/products and or services to countries inside the EU. Fewer businesses stated that they were importers/exporters to countries outside the EU, with 40.8% indicating that the export to countries outside the EU, and 36.3% stating that they import from countries outside the EU. (Figure 4)

Overall, exporters were more supportive of Britain remaining a member of the EU than non-exporters, with 68.8% indicating that they would vote to stay in the EU and less than one quarter (23.7%) of businesses stating that they would vote to leave. Conversely, fewer non-exporters stipulated that they would vote to remain a member of the EU (63.9%), and just over one fourth of non-exporting businesses specified that “if the poll were held tomorrow” they would vote to leave the EU. Highlighting that non-exporters were marginally less supportive of remaining a member of the EU than businesses that currently export. (Figure 5)

Unsurprisingly, results show that businesses that export to countries inside the EU are more supportive of remaining a member of the EU than those who export to countries outside the EU and those businesses that do not export. 69.7% of businesses that export to EU member countries stated that they would vote to remain a member of the EU. From the businesses that currently export to countries outside of the EU, 64.7% indicated that they would vote to remain a member of the EU. (Figure 6).

In summary, those trading with both EU and non-EU markets express the strongest support for Remain, with the strongest levels of support for Leave among those that either do not export or only export out with the EU.

Figure 4: International Trade

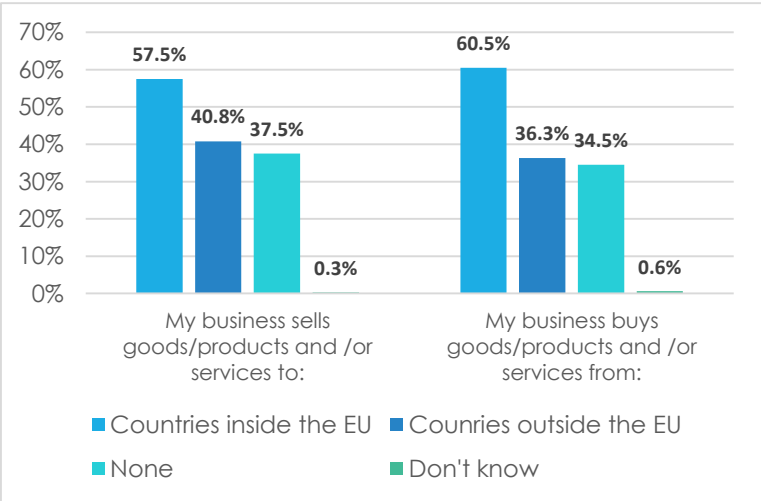


Figure 5: Voting intention by exporter

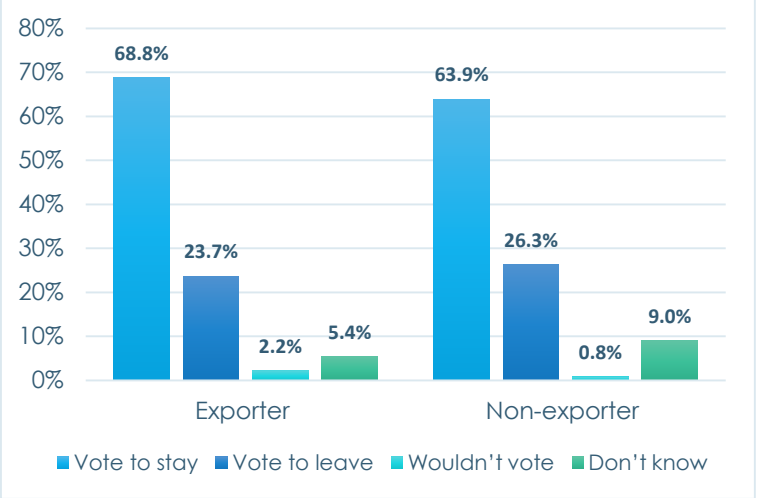
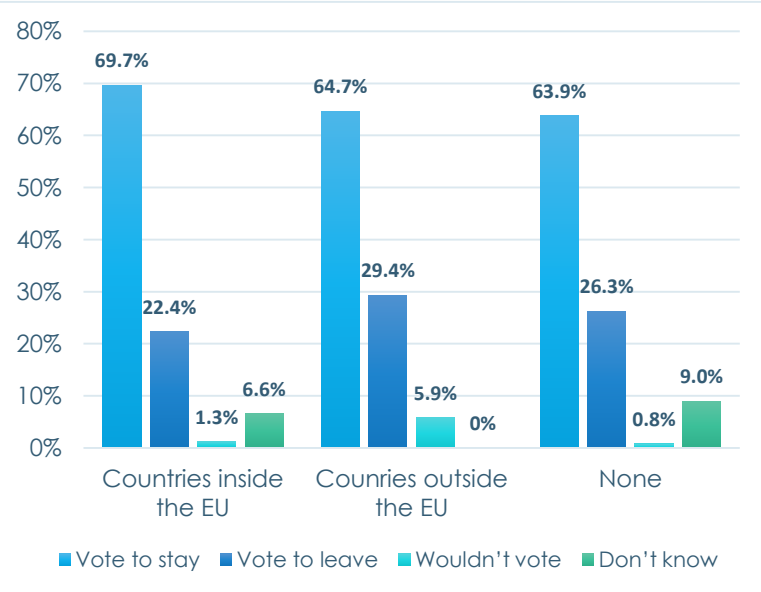


Figure 6: Voting intention by export location



## BUSINESS IMPLICATIONS

Businesses were asked what impact the planned referendum has had on their business to date. From this it can be identified that the majority of respondents reported that the referendum debate so far has had no material impact on the following aspects of their business: Business orders and sales (76.5%), ability to recruit new staff (88.1%), ability to attract investment (78.7%), and the total costs incurred by their business e.g. overheads, staff costs etc. (79.8%).

### Remain member of the EU

Respondent were then asked what the long-term business implications were if the UK votes to remain a members of the EU. Firstly, firms were asked to what extent they understand the long-term implications in terms of; access to skilled labour, trade with countries inside the EU, trade with countries outside the EU, the effect on the prices their business buys and sells goods at, and the effect on the UK's political governance arrangements. The majority of respondent indicated that they understood the implications on all of the above aspects to some extent (as shown in Figure 7). Businesses highlighted that they have a better understanding with regards to the implications that remaining a member of the EU would have on their businesses access to skilled labour than on any of the other aspects mentioned above, with 61.2% indicating they either completely understand or have a good understanding of the implications.

Additionally, respondents were asked if the UK voted to remain a member of the EU what do they believe the impact on their businesses strategy and profitability would be. The majority of businesses believe that remaining a member of the EU would have no impact on the following aspects:

- Import / supply chain strategy (62.4%)
- Export / international sales strategy (65.5%)
- Treasury / cash management (64.2%)
- Recruitment strategy (68.8%)
- Investment strategy (68.1%)
- Tax management strategy (70.1%)
- Overall growth strategy (53.2%)
- Profitability (53.2%)

Figure 7: Impact if UK votes to remain a member of the EU

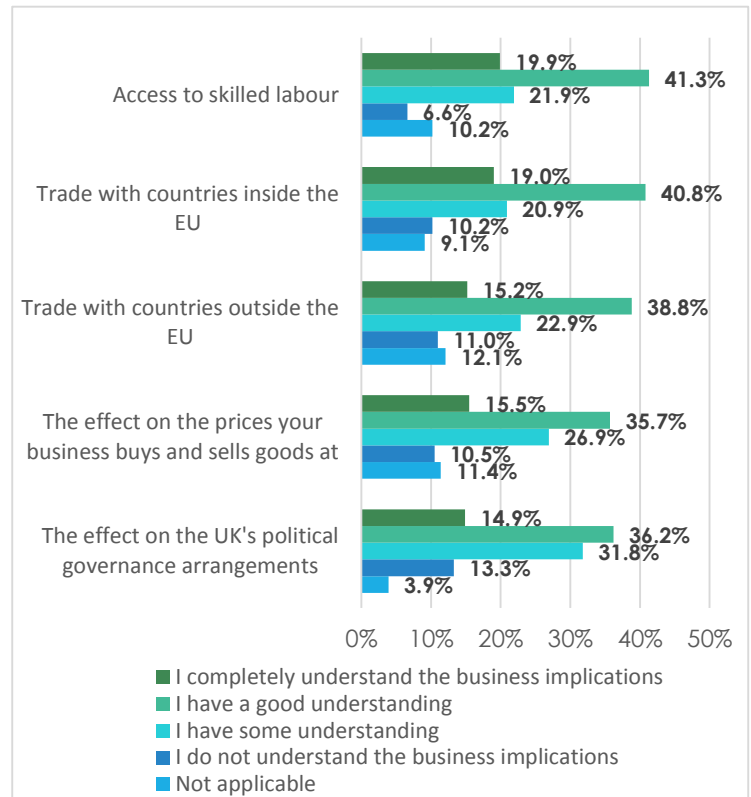


Figure 8: Impact if UK votes to remain a member of the EU on strategy and profitability





## BUSINESS IMPLICATIONS

### Leave the EU

Businesses highlighted that they have less of an understanding in terms of the businesses implications in the event that the UK votes to leave than if the UK were to vote to remain a member, as displayed in figure 9. This can be shown by the higher number of businesses stating that they **do not understand the business implications**, if the UK were to leave the EU, on the following aspects of their businesses:

- Access to skilled labour (15.8%)
- Trade with countries inside the EU (26.2%)
- Trade with count outside the EU (21.1%)
- Effect on the prices they charge (13.9%)
- Effect on the UK's political governance arrangements (29.2%)

The majority of businesses stated that in the event that the UK voted to leave the EU, there would be no impact on the following aspects of their business: Treasury/ cash management (52.2%), recruitment strategy (57.3%), investment strategy (52.8%), and tax management strategy (55.6%) (Figure 10). In terms of the areas in which businesses believed there would be a negative impact, if the UK were to leave the EU, the top four were:

- The company's profitability (39.3%)
- Overall growth strategy (36.1%)
- Import/Supply Chain Strategy (34.4%)
- Export / international sales strategy (32.8%)

Figure 9: Impact if the UK votes to leave the EU

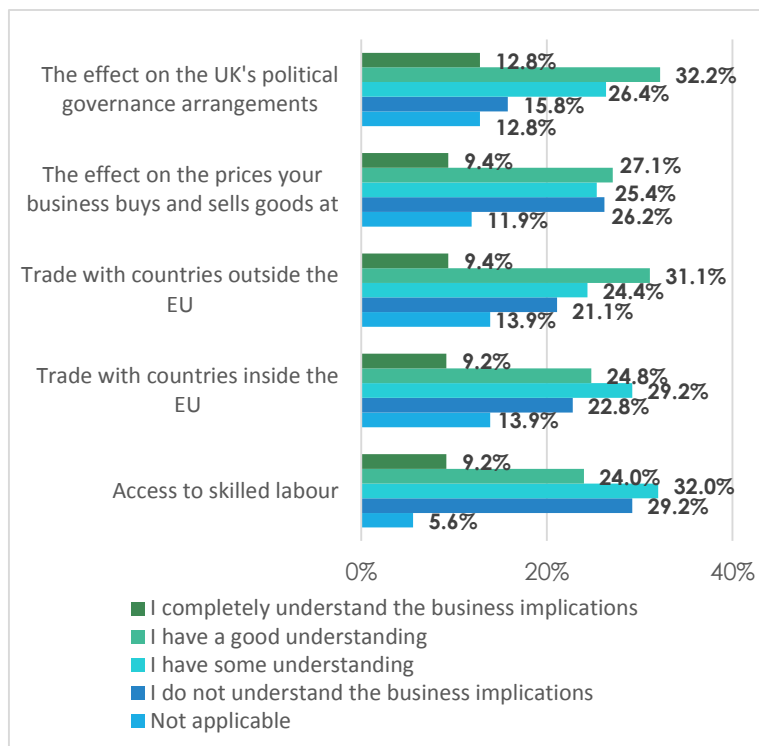


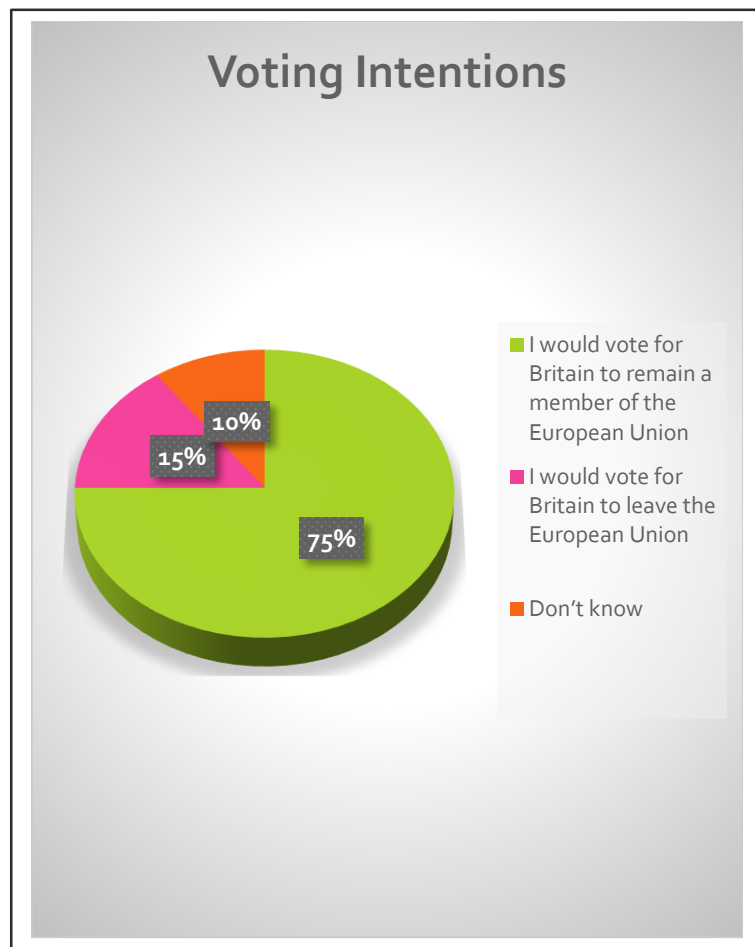
Figure 10: Impact if UK votes to leave the EU on strategy and profitability







- From the businesses that responded from the East Renfrewshire, Renfrewshire and Inverclyde areas, the business size break down was as follows: Micro (38.9%), Small (38.9%), Medium (0%), and Large (22.2%).
- 75% of respondents from East Renfrewshire, Renfrewshire and Inverclyde would vote to remain a member of the EU if a vote was held tomorrow, 15% stated that they would vote to leave the EU, and 10% did not know how they would vote.
- When asked how committed they were to their voting intentions, 50% of East Renfrewshire, Renfrewshire and Inverclyde businesses stated that they were completely committed, and 40% indicated that they were quite committed (but unlikely to change their mind).
- In terms of the areas in which businesses believed there would be a negative impact if the UK were to leave the EU, the top two were:
  - Import/supply chain strategy (35%)
  - Export/international sales strategy (35%)
- The majority of respondents reported that the referendum debate so far has had no material impact on the following aspects of their business:
  - Business orders and sales (75%)
  - Ability to recruit new staff (80%)
  - Ability to attract investment (70%)
  - Total costs incurred (70%)



Businesses were asked to what extent they understand the long term business implications of the UK voting to remain a member of the EU as well as if the UK votes to leave the EU. In both instances the majority of businesses stated that they either completely understand the business implications, have a good understanding, or have some understanding.

	Vote to stay	Vote to leave
Access to skilled labour	75%	65%
Trade with countries inside the EU	70%	50%
Trade with countries outside the EU	65%	55%
The effect on the prices your business buys and sells goods at	70%	45%
The effect on the UK's political governance arrangements	70%	35%