



# Small Business Barometer

Q3 2022



# Executive summary

Small business founders expect to work longer hours and take fewer days off as they watch their profits slide in Q3.

Heading into the busiest quarter of the year for retail and food and drink businesses, the report found businesses are already working an average of 51-hour weeks, up three hours per week from Q2. They also expect to take fewer days off over the year, with holiday quotas down to an average of 20 days a year from 21.

Growth expectations for the next quarter have settled slightly. Just over a third (36%) of businesses said they expect to grow in the run-up to Christmas, down 4% on the last quarter. But that followed a 20% drop in growth expectations from Q1 to Q2.

Some areas and sectors recorded different pictures, with almost half (49%) of businesses in the West Midlands saying they expected to grow. The next highest were businesses in London (39%) and Scotland (38%). Firms in the East of England were most likely to say they were going to shrink (45%), the highest in the UK.

With rising costs and falling sales, 78% of businesses said they had been impacted by the cost of doing business, up 3%. The number of businesses experiencing a drop in sales went up by 4% last quarter to an average of 41%, with 49% of firms in the North West saying sales had fallen, the worst-hit in the UK. Fashion, food and drink, and general retail sectors were the hardest hit by a drop in sales – all reporting sales were down by more than 50%.

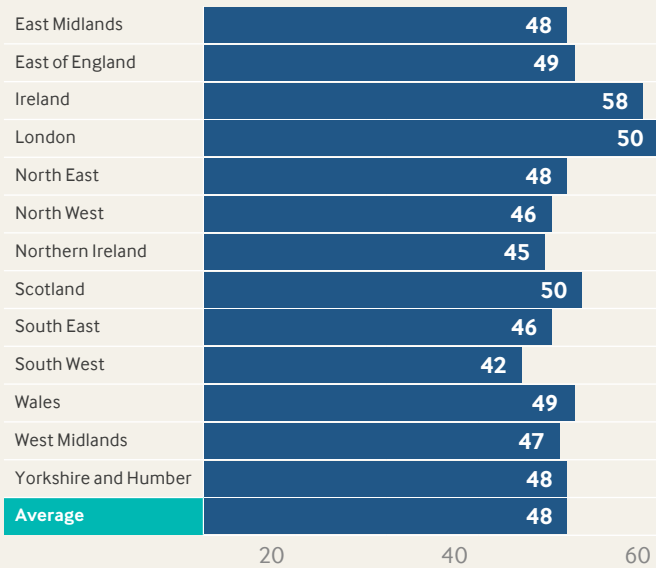
But the majority say they are still resisting putting up their prices, with 61% saying they had swallowed the extra costs, albeit 3% down on the last quarter.

Fewer businesses were expecting to take on staff than in the last quarter, with a third (31%) saying there was ‘no chance’ of increasing employment compared to 25% in June.

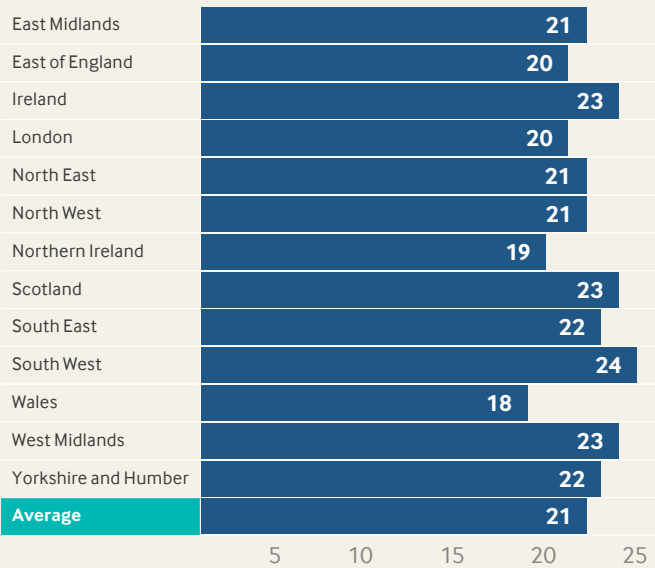
# Research findings

## Regional stats

How many hours do you work per week?

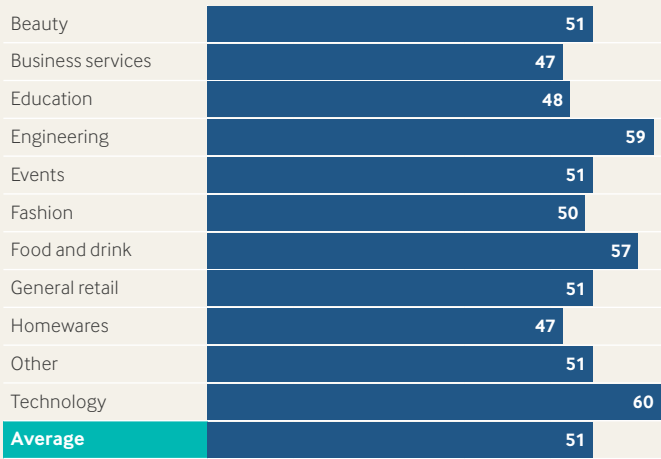


How many days of holiday do you expect to take per year?

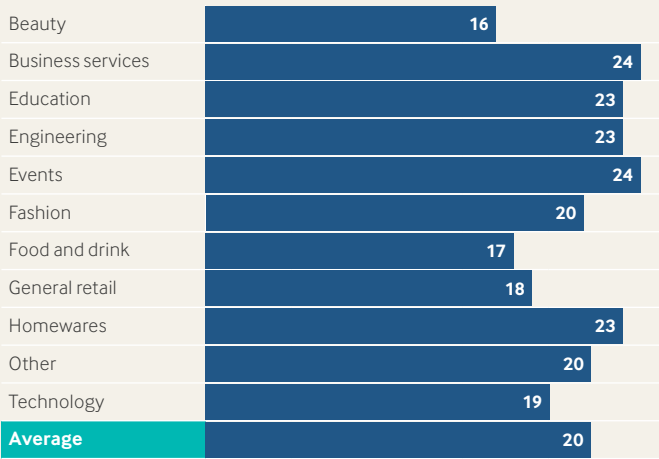


Sector

How many hours do you work per week?

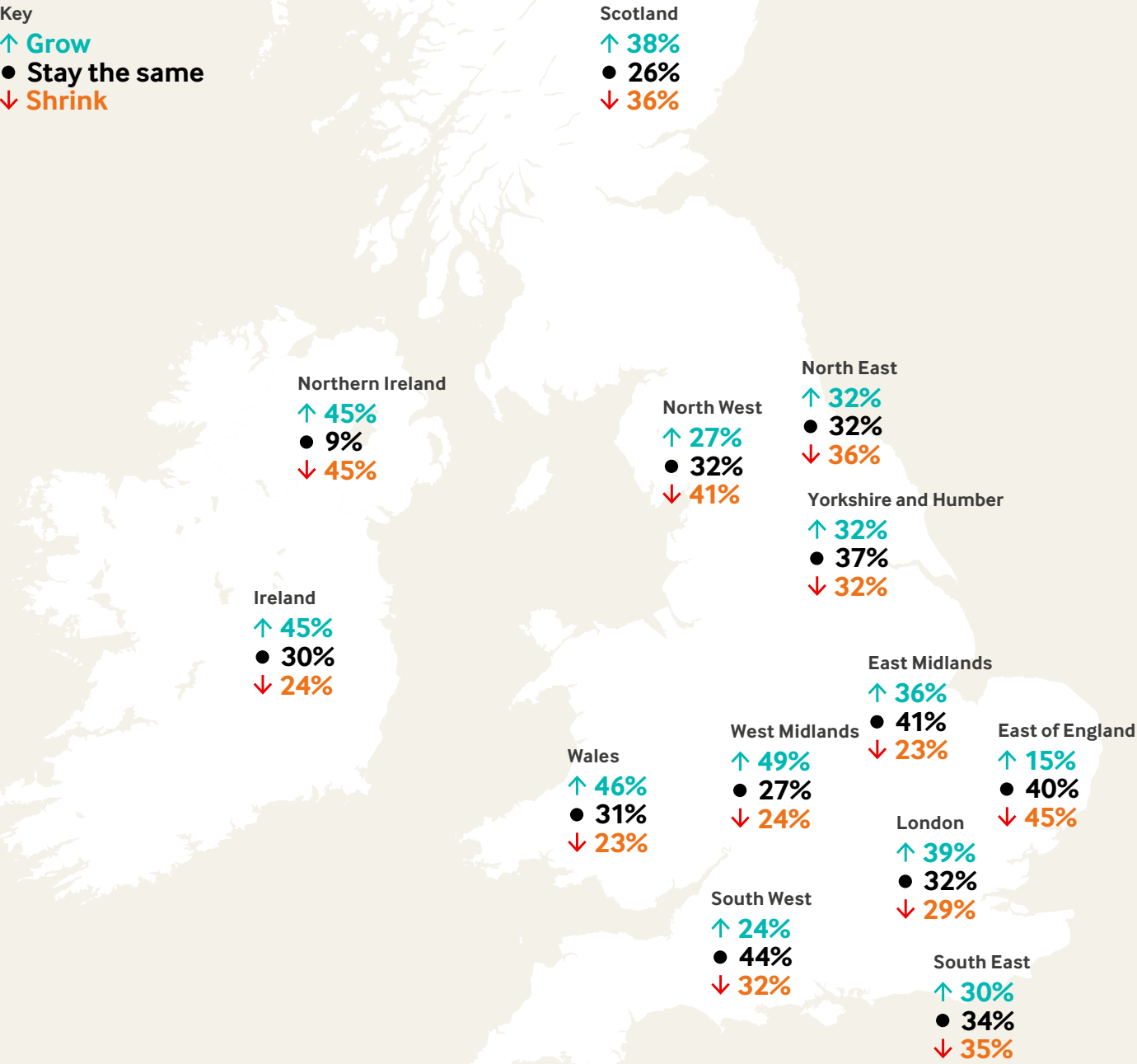


How many hours do you work per week?



Business confidence map

Business growth expectations for Q4 2022





Tech and food and drink

Tech, retail and food and drink businesses were the most likely to be working longer hours. Founders of tech firms worked the longest hours, pulling 60-hour weeks, with food and drink firms following swiftly behind on 57 hours. Food and drink took the least holiday at just 17 days a year.

Food and drink and homewares firms were the most likely to have increased their prices to their customers, with 58% of food and drink businesses and 56% of homewares firms hiking prices.

Profitability

A drop in profitability was seen across the board, put down to the increasing cost of doing business. An average 45% pf businesses expected to see a drop in profit, with 23% anticipating that drop to be severe.

Businesses in the North West were most nervous about profits, with 76% (up from 65% in Q2) saying costs would impact profits. The next highest were firms in the South East (69%, up 18% on the last quarter) and the West Midlands (72%, up from 56% in Q2).

Confidence

Overall long-term growth expectations fell from 51% in Q2, with 43% of businesses saying they expect to expand in the final quarter of 2022. Expectations for growth in the next quarter are stabilising, but still down by 4%. That followed a dramatic 20% drop between Q1 and Q2. This is the third Small Business Barometer that has seen an increase in operating costs, and there is still an expectation that costs will further increase, despite the government's pledges of support with energy bills. For the first time, inflationary pressures and the current economic backdrop are now considered to be equal to the pandemic in terms of the financial challenge they present.

Analysis



**Emma Jones**  
Founder of business support platform and provider, Enterprise Nation

The penultimate quarter of 2022 has seen the small business economy responding to a culmination of a year of rising costs and political turbulence. They are still bracing for further price rises and have downgraded growth expectations for the next quarter. But there is a chink of light – growth is still on the agenda, with 36% of businesses expecting to grow in Q4.

Emma Jones CBE, founder of Enterprise Nation, said: “The last barometer revealed small businesses were standing firm and doing their best not to pass on costs to their customers. We’re seeing that again this time, but it seems in order to do that they are working longer hours and taking less time out.

“As we head into the most challenging macroeconomic environment for decades, small businesses will need firm guidance and support and should consider leaning on their local leader-led peer groups or finding a mentor to help them navigate the coming months.”

Enterprise Nation is a pioneer in small business support.

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