

2015

European Union Referendum Survey

SCOTTISH CHAMBERS OF COMMERCE
ECONOMIC DEVELOPMENT INTELLIGENCE UNIT



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Summary

- 73.5% of respondents would vote to remain a member of the EU if a vote was held tomorrow. 13.5% stated that they would vote to leave the EU.
- Support to remain in the EU stood at 71.8% for small businesses and increased to 79.2% medium sized businesses and 90.5% for large companies.
- 49.9% of respondents who would vote to remain were completely committed to that view with 25.4% of those who would vote to leave were similarly committed.
- 72.9% of respondents are following the debate through reading about it at least once every two weeks. Only 4.7% indicated that they are currently not following it.
- 50.2% of respondents tell us that they believe a change in the UK's status in the EU would have a negative impact on their business. Only 10.4% thought such a change would result in a positive impact.
- In terms of the areas in which businesses believed there would be a negative impact, the top three were:
 - Overall growth strategy (40.5%)
 - Import/Supply Chain Strategy (36.6%)
 - Export/International Sales Strategy (35%)
- More than 80% of respondents reported that the referendum debate so far has had no material impact on their business.
- 70.4% of respondents said that they were not at all familiar or only a little familiar with the Prime Minister's proposed renegotiation package.
- In terms of what businesses believe should be the Prime Minister's focus for reform, the top three were:
 - Greater powers for UK Parliament to block proposed EU legislation (45%)
 - Allowing the UK to opt-out from "ever closer union" between EU member states (32.3%)
 - Greater UK control over migration (27.6%)
- In terms of the reforms that businesses believed would have the most beneficial impact on their business, the top three were:
 - Reducing business regulation/red tape (61.4%)
 - Changing the balance of power between Brussels and member countries (43%)
 - Changing the way the EU budget is spent (23.1%)

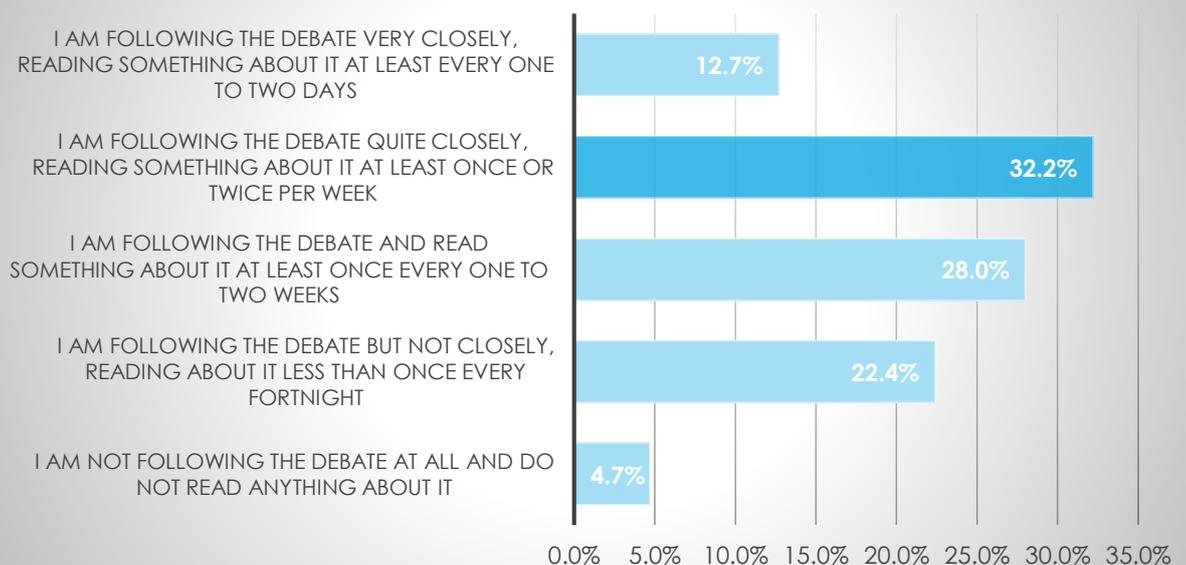
Engagement with Debate

The European Union Referendum Bill is currently going through UK Parliament. If passed, it will commit the UK to an in-out referendum on the UK's membership of the European Union by the end of 2017. Prime Minister David Cameron has stated that he will renegotiate the UK's status in the EU, although full details of a renegotiation package are not known at this stage.

The Scottish Chambers of Commerce (SCC) have surveyed members of the chamber network throughout Scotland to examine business views and attitudes towards the reform of the EU, and the UK's future relationship with the EU. SCC is examining the issues which business are currently facing with regards to the potential referendum and EU reform, as well as examining voting intentions.

By first of all analysing the level of engagement among businesses throughout Scotland, differences in engagement levels can be identified. Survey results illustrate that 95.3% of respondents are following the debate to some extent, with only 4.7% of businesses not following the debate at all. It is clear that Scottish business is engaged and will be contributing to this important discussion.

How closely would you say that you are following the debate around the UK's membership of the EU?

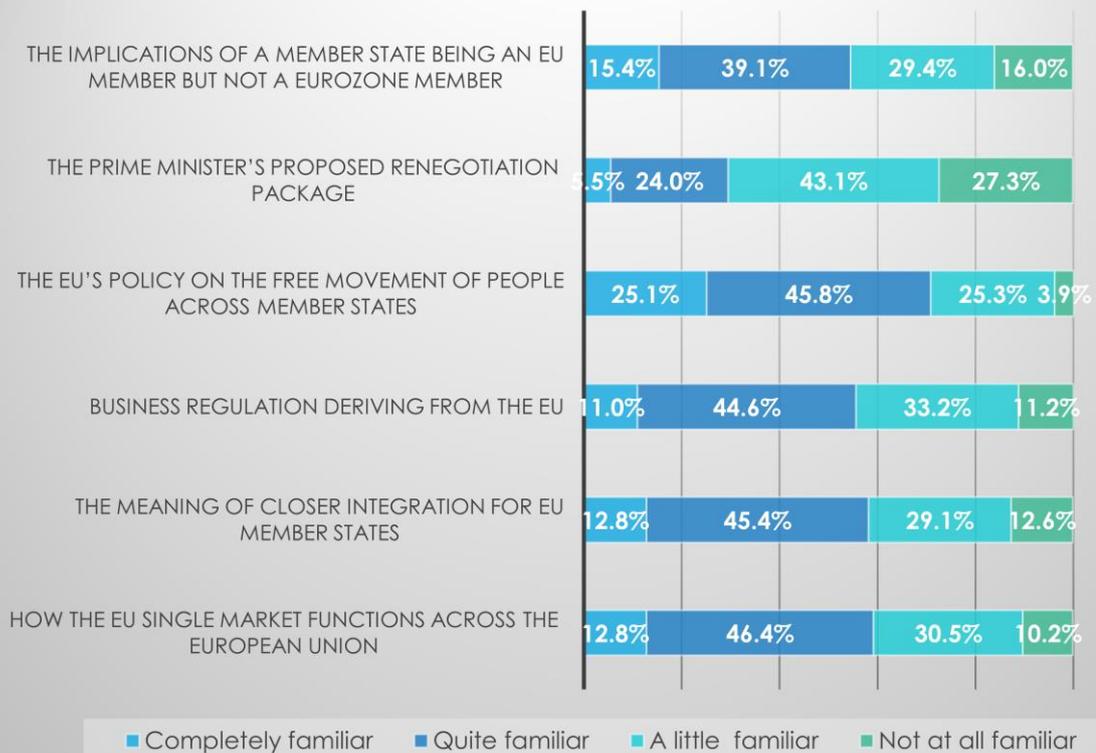


Engagement with Debate

Businesses were asked how familiar they were with the with a range of issues, including; the implications of a member state being an EU member but not a Eurozone member, the Prime Minister’s proposed renegotiation package, the EU’s policy on the free movement of people across member states, business regulation deriving from the EU, the meaning of closer integration for EU member states, and How the EU Single Market functions across the European Union.

From the range of issues that may arise, respondents were most familiar with the EU’s policy on the free movement of people across member states with 25.1% with stating that they were completely familiar with issue, and 45.8% indicating that they were quite familiar. Conversely, respondents were least familiar with the Prime Minister’s proposed renegotiation package with 27.3% of respondents stating that they were not at all familiar with the package.

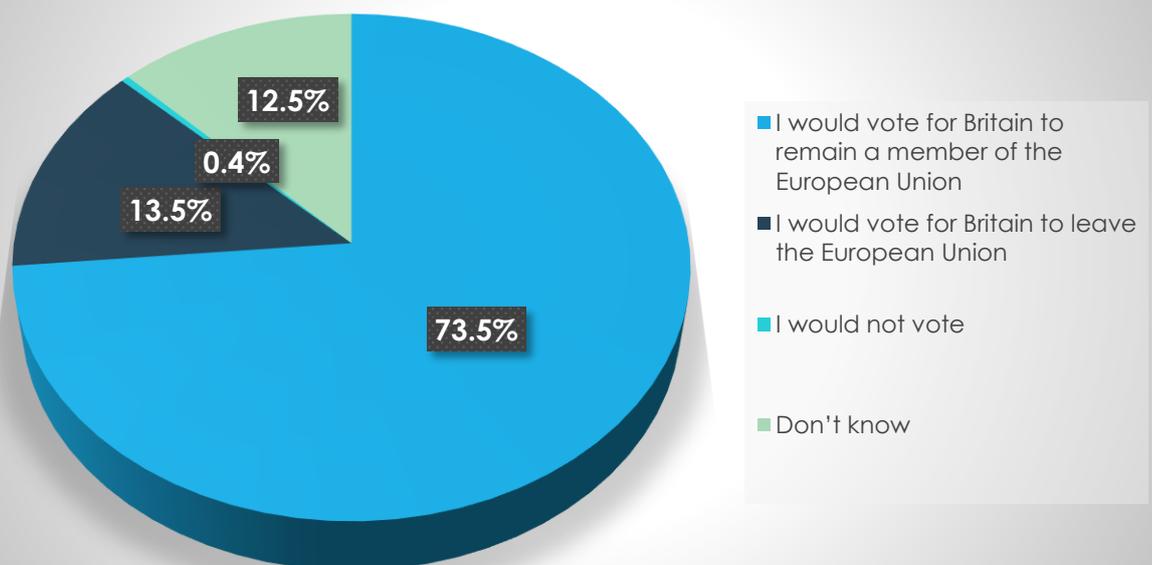
When thinking about some of the issues that may arise for business from the EU referendum, how familiar are you with the following?



Voting Preferences

Respondents were then asked how they would vote if an in-out referendum on the UK's membership of the European Union were held tomorrow. From this, an overwhelming majority of respondents (73.5%) stated that if a referendum was held tomorrow, they would vote for the UK to remain a member of the European Union. Conversely, 13.5% of businesses would vote for Britain to leave the EU, while 12.5% said that they did not know how they would vote, and only 0.4% of respondents revealed that they would not vote

If an in-out referendum on the UK's membership of the European Union were held tomorrow, how would you vote?

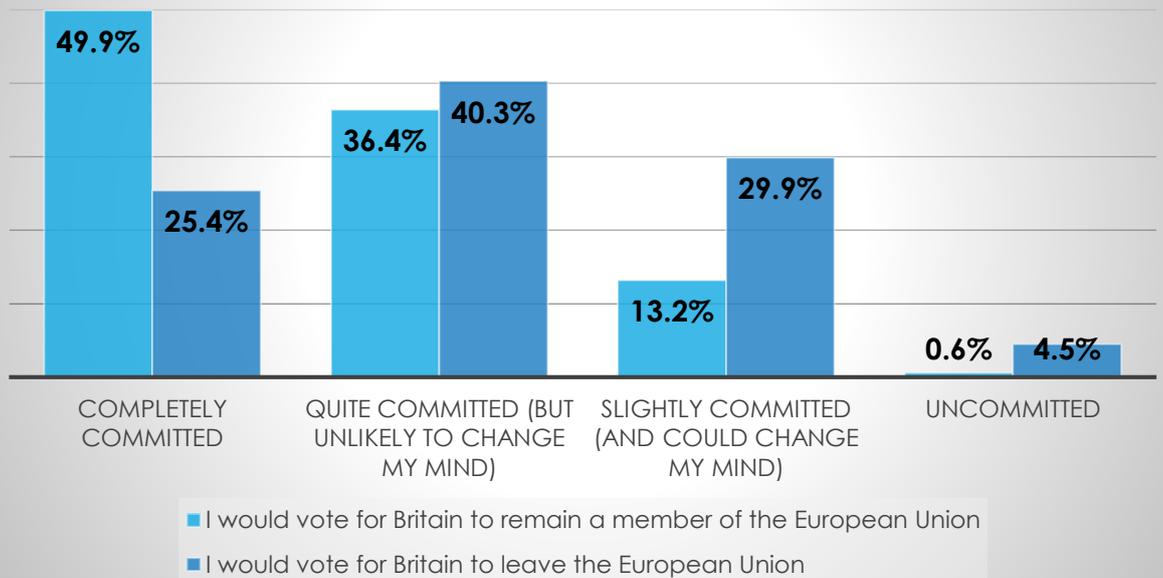


"My business revolves around EU-funded opportunities and exchanges for continuing professional and further education- without access to this funding we would lose the core of our business."- survey respondent

Voting Preferences

Further to examining voting preferences if asked to vote tomorrow, respondents were asked how committed they are to their voting intention. Results indicate that those which stated that they would vote to remain a member of the EU are more committed to their voting preference with 49.9% stating that they are completely committed in comparison to the 25.4% of respondents that would vote for Britain to leave the EU.

Commitment to voting intention



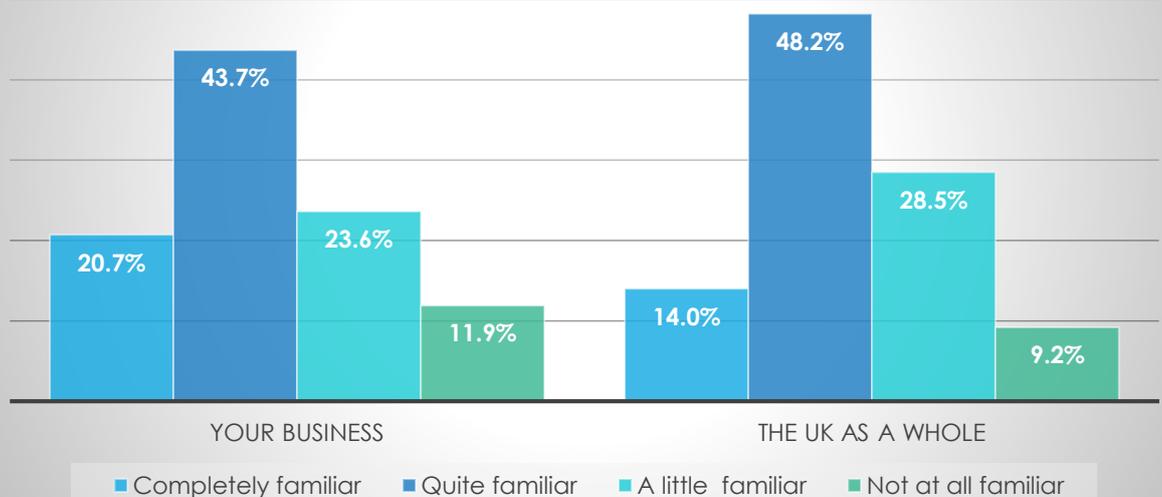
“Unless we get unbiased information that we can trust, it is very difficult to know how to plan or how it is going to affect our business.” - survey respondent

“Leaving the EU will cause some short term upheaval but longer term the benefits that develop will outweigh the disadvantages.” - survey respondent

Impact on Business

Having highlighted the extent to which businesses in Scotland are engaged in the debate surrounding the EU referendum and reform, businesses were then asked to what extent they were aware of the implications of an in-out referendum would have on both their business and the UK as a whole. Results from this show that more businesses are completely familiar with implications on their business (20.7%) in comparison to the implications on the UK as a whole (14.0%).

How familiar are you with the implications of the possible outcomes of an in-out referendum for your business? And for the UK as a whole?



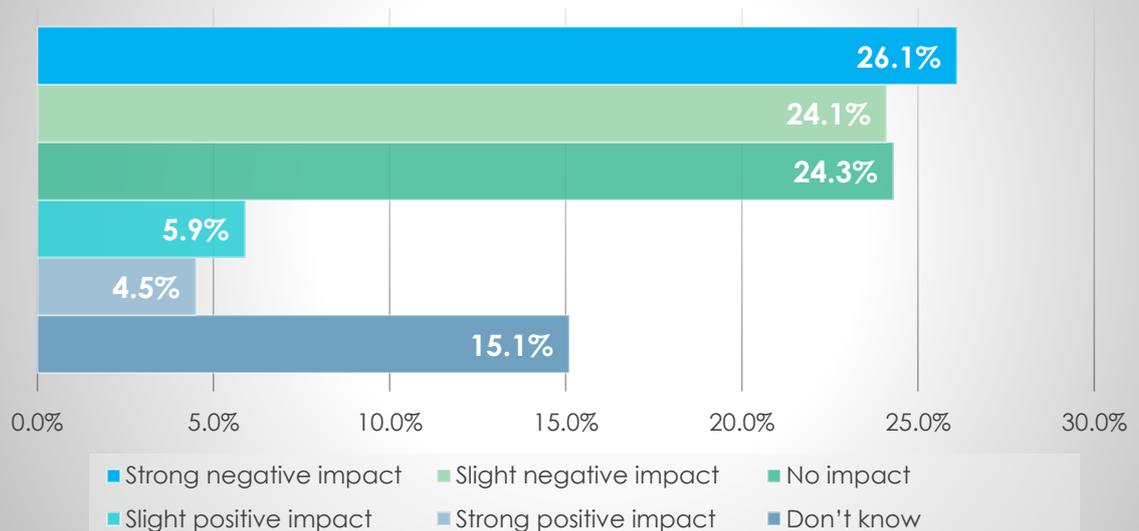
“As a business we look outwards and appreciate the ease with which goods can transit within the EU. If the UK were to exit the EU, the sale of our goods within the EU would attract additional taxes and other quota barriers with no compensating new markets becoming available”- survey respondent

Impact on Business

In order to analyse the effect that potential changes to constitutional structures can have on businesses, respondents were asked what impact they believe any change in the UK's status in the EU could have on their business. From the results, it can be shown that just over 50% of businesses that responded felt that the impact on their business would be negative, with 26.1% stating that any change would have a strong negative impact and 24.1% believing there would be a slight negative impact.

Almost one in four businesses believe that a change in the UK's status in the EU would have no impact on their business. However with 15.1% of respondents stating that they did not know what the impact on their businesses would be, it is important to ensure that more information is provided to enable effective decision making to take place.

What level of impact do you think any change in the UK's status in the EU is likely to have on your business?



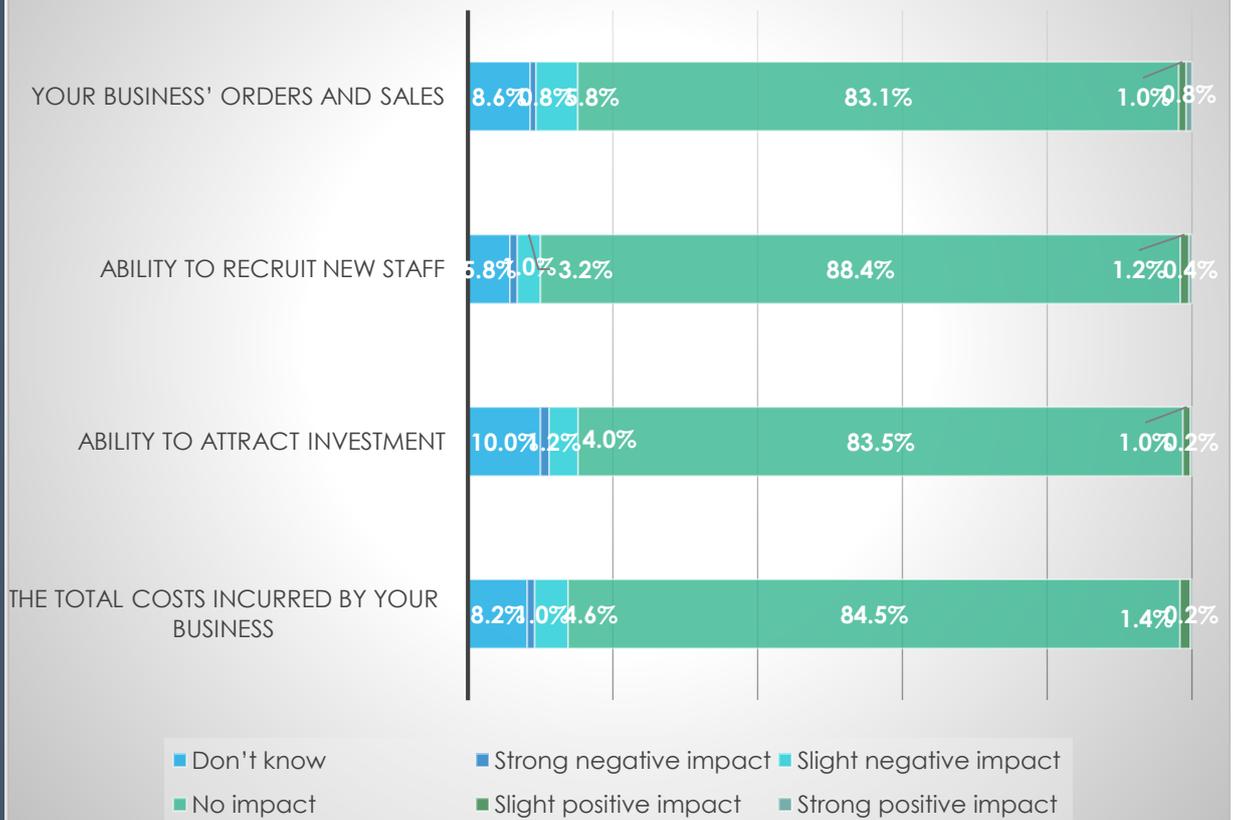
“Exit from the EU would mean that we are unable to compete for EU consultancy contracts. In recent years these have formed a small but lucrative and very high profile part of our work. They have also been very positive for international networking.” - survey respondent

Impact on Business

Further to examining the overall impact any change in the UK's status with the EU would have on business, respondents were asked what impact the planned EU referendum has had on aspects of their business, including: orders and sales, ability to recruit new staff, ability to attract investment, and the total costs incurred by their business.

Over 80% of respondents stated that the planned referendum on the UK's membership had so far had no impact on their business (business' orders and sales (83.1%), ability to recruit new staff (88.4%), ability to attract investment (83.5%), and the total costs incurred by their business (84.5%).

What impact has the planned referendum on the UK's membership of the EU had on the following aspects of your business to date, if any?

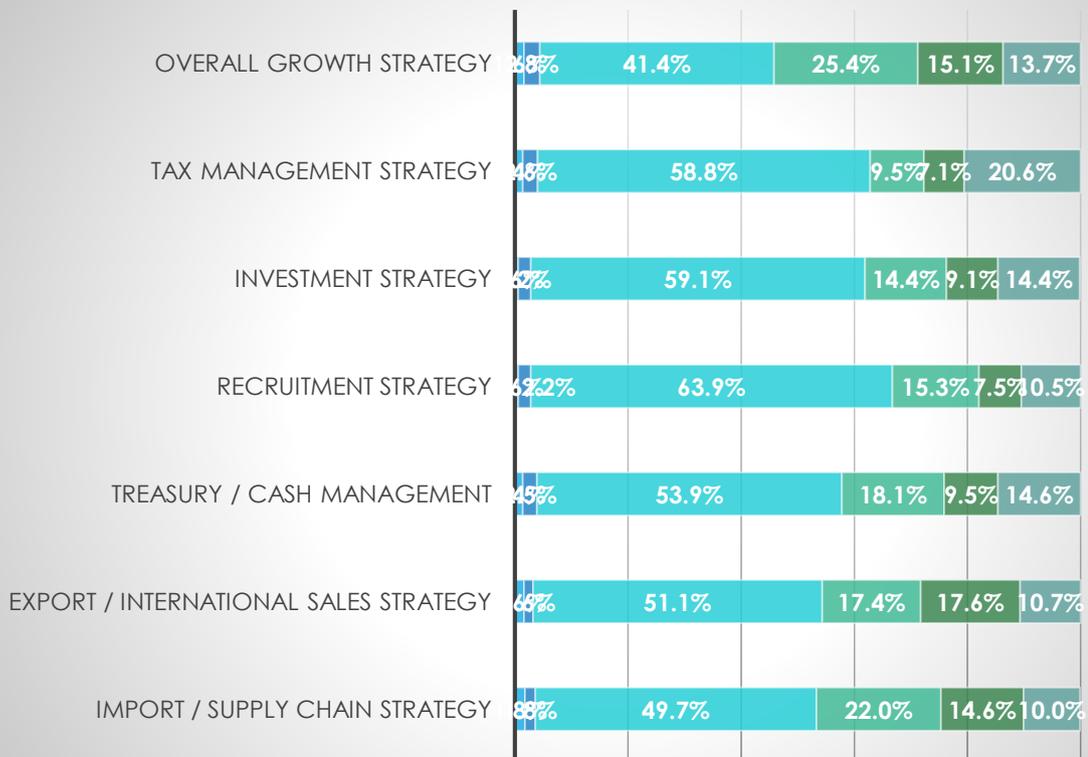


Impact on Business Strategy

To fully examine the impact that the UK leaving the EU would have on businesses, respondents were asked what the impact of the UK exiting the EU would be on the following aspects of their business strategy: overall growth strategy, tax management strategy, investment strategy, recruitment strategy, treasury/cash management, export/international sales strategy, and import/supply chain management.

Whilst a considerable number of businesses believed that there would be no impact on each aspect, 40.5% of respondents believed that leaving the EU would have a negative impact on their overall growth strategy, 36.6% stated it would have a negative impact on their import/supply chain strategy, and 35.0% indicated that it would have a negative impact on their export/international sales strategy.

If the UK were to leave the EU, what do you believe the impact on the following aspects of your business strategy would be?



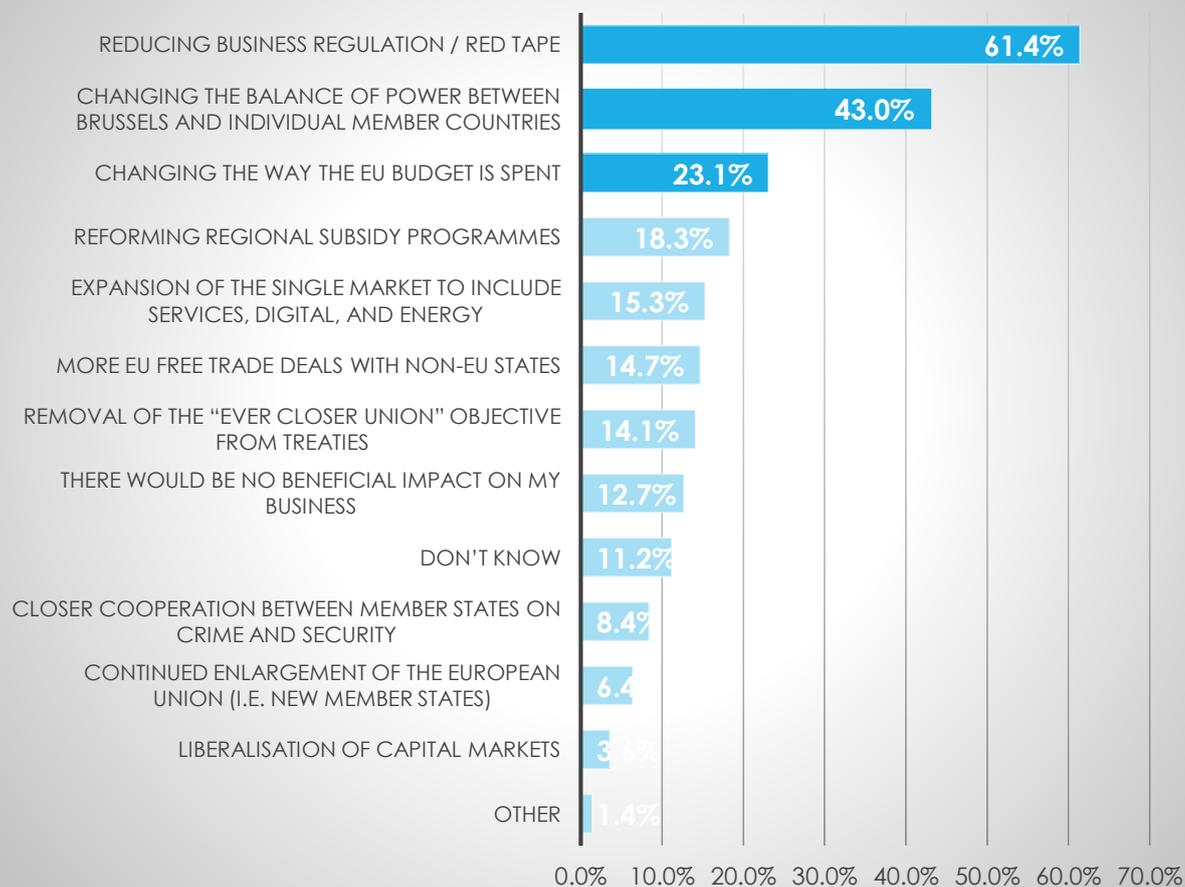
■ Strong positive impact
 ■ Slight positive impact
 ■ No impact
■ Slight negative impact
 ■ Strong negative impact
 ■ Don't know

Impact of EU Reform

Members of the chamber network were then asked their view on what areas of EU reform they anticipate having the most beneficial impact on their business. The top benefit associated with EU reform identified by businesses was reducing business regulation/red tape as highlighted by 61.4% of respondents. Additionally, 43.0% of firms stipulated that changing the balance of power between Brussels and individual member countries (e.g. enabling national parliaments to block new EU legislation) would have a beneficial impact on their business.

Other benefits denoted by members included: Changing the way the EU budget is spent (23.1%), reforming regional subsidy programmes (18.3%), and expansion of the Single Market to include services, digital, and energy (15.3%).

Which, of the following, do you anticipate would have the most beneficial impact on your business?

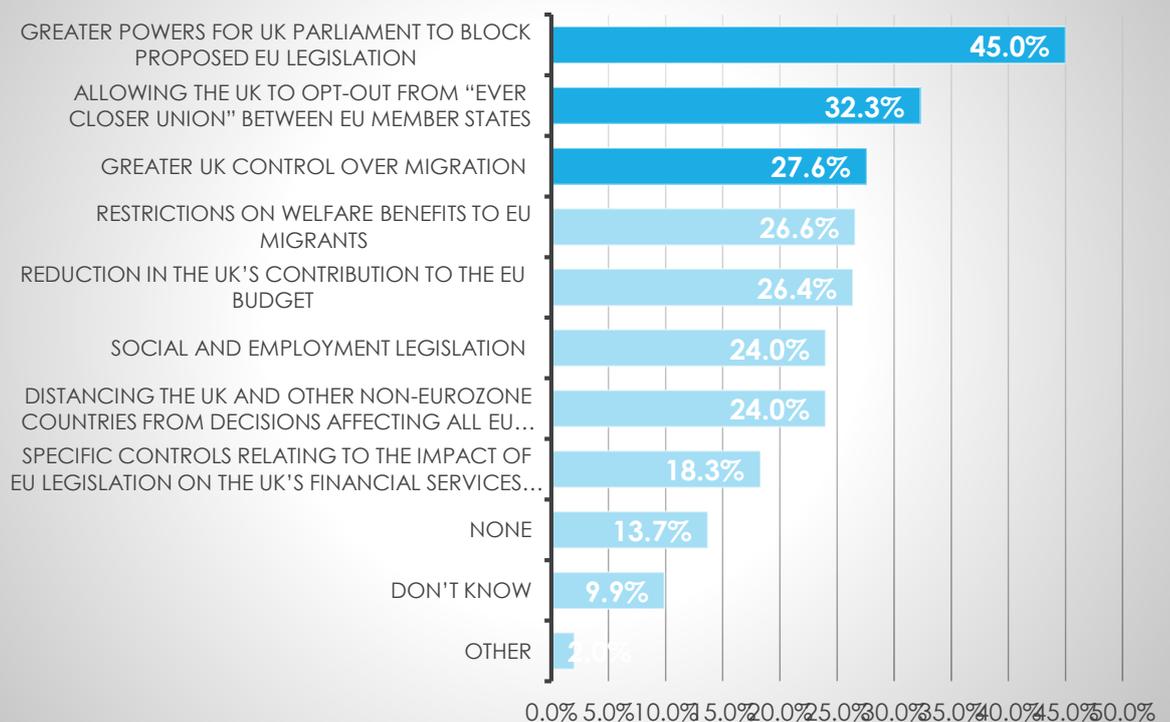


Renegotiation Package

Scottish businesses have highlighted the need for more clarity surrounding the proposed renegotiation package, as 27.3% of businesses have stated that they are not at all familiar with it. For those businesses that are familiar with the renegotiation package, 43.1% are a little familiar, 24.0% are quite familiar and only 5.5% are completely familiar.

With businesses having identified potential benefits that EU reform could bring to their business, respondents were then asked to identify areas which they thought ought to be the focus of the Prime Minister's renegotiation package. As displayed in the graph below, the three main areas that respondents believe should be the focus of the renegotiation package include: Greater powers for UK Parliament to block proposed EU legislation (45.0%), allowing the UK to opt-out from "ever closer union" between EU member states (32.3%), and greater UK control over migration (27.6%).

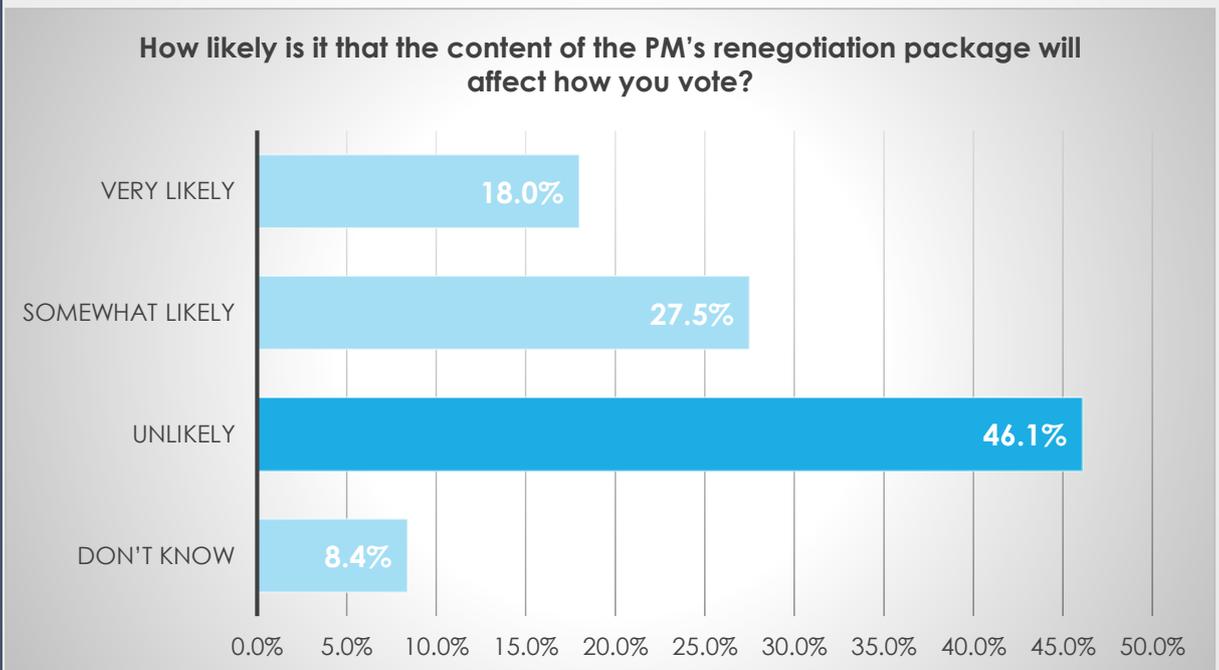
Which of the following ought to be the focus of the Prime Minister's renegotiation of the UK's relationship with the EU, if any?



Renegotiation Package- Impact on Voting Intentions

When asked whether or not the content of the renegotiation package would ultimately affect voting intentions, 46.1% of respondents stated that it was unlikely to affect how they vote- confirming that views at this stage appear to be firmly held for many businesses.

However, 18.0% of respondents stated that the content of the renegotiation package is very likely to affect how they vote, with a further 27.5% stating that it is somewhat likely, and 8.4% revealing that they did not know what impact it would have.



“The emphasis must be on cutting and simplifying regulation, not adding to it.” - survey respondent

Methodology

This European Union Referendum Survey is owned and produced by the Scottish Chambers of Commerce Economic Development Intelligence Unit.

504 firms in Scotland responded to the Survey, with fieldwork period from 4th- 17th of August 2015. Data from this survey contributed to a wider UK survey, which achieved 2,077 respondents.

The Economic Development Intelligence Unit is available to be commissioned for a wide range of economic and business related research.

For more information on the Unit, further information on the Quarterly Economic Indicator results, or details of sponsorship availability, please contact:

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