

**SELF ASSESSMENT AS A TOOL TO
MEASURE THE ECONOMIC
IMPACT OF BERR POLICIES**

Stage one cognitive testing

SEPTEMBER 2009

On 5 June 2009, following completion of this report, the Department for Business, Enterprise and Regulatory Reform (BERR) and the Department for Innovation, Universities and Skills (DIUS) merged to form the Department for Business, Innovation and Skills (BIS).

Self assessment as a tool to measure the economic impact of BERR policies – Stage one cognitive testing

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1 Background

The Department for Business, Enterprise and Regulatory Reform (BERR) commissions research that is designed to evaluate the impact of its policies, programmes and projects on improving the productivity and competitiveness of UK businesses and the UK economy, among other things. In particular, this research aims to determine whether the policy brought about the desired changes or had the desired impact, or whether these changes or impacts would have happened anyway, irrespective of the policy being introduced. Such research questions can be difficult to answer and the BERR, in recognising these difficulties commissioned the Questionnaire Development and Testing (QDT) Hub at NatCen to design and test a survey methodology for measuring the impact of its policies, programmes and projects on businesses that would address these.

1.1 Research design

This study involved the evaluation of existing practices for collecting information on economic change and measuring the counterfactual within BERR and developing and testing a methodology for collecting this information. First, a desk review was undertaken of three surveys selected by the BERR project steering group, using a set of best practice criteria designed for this purpose. Second, questions concerned with collecting information on economic change and measuring the counterfactual, asked as part of the Business Support Cross Product Monitoring Survey (also known as the 'Beneficiaries' Survey) were subject to cognitive testing. Finally, taking on board the findings from both these stages of work, a final set of recommendations were made on the methodology that should be used. A report containing details of all three stages of work is available.¹

This report is concerned with the initial cognitive testing of the existing questions on economic impact asked as part of the fifth wave of the 'Beneficiaries' Survey and contains the findings of this testing and the recommendations that were made.

1.2 Business Support Cross Product Monitoring ("Beneficiaries") Survey

The Beneficiaries Survey covers businesses that have applied to use various BERR **Support Products**. Six products covering grants, loans and support and advice activities were evaluated at the fifth wave and are described below.

- 1. Knowledge Transfer Partnerships (KTP)** – This product aims to increase knowledge transfer into UK businesses from further/higher education institutions and research organisations (the 'knowledge base') in the UK. The knowledge transfer is achieved through a project undertaken by a good quality, recently qualified, individual working in the company and supervised by staff from the knowledge base and company partners. Projects are part funded by government and the participating company.
- 2. The Grant for Investigating an Innovative Idea (GIII)** – This scheme is aimed at businesses or individuals who have an idea to develop an innovative product, process or service, but are not sure whether they are ready to take it forward successfully. Those that submit a successful application are awarded a grant, which reimburses some of the costs of a project mentor and/or consultant.

¹ See McGee A, Collins D, Legard R (2009) *Self Assessment as a tool to measure the Economic Impact of BERR Policies – a best practice guide*.

3. **Grant for Research and Development (GRD)** – This product replaced SMART and is designed to provide grants towards the research and development costs of technologically innovative products and processes. Four types of products are supported: micro projects, research projects, development projects and exceptional projects.
4. **Support to Implement Best Business Practice (SIBBP)** – There are a number of stages to this scheme. Firstly the Business Performance Diagnostic or Best Practice Diagnostic, delivered through Business Links, aims to help businesses identify and implement best practice techniques relevant to them. The next stages are the formulation of a strategic action plan and potentially the involvement of a part-funded consultant in helping to implement the plan.
5. **Small Firms Loan Guarantee (SFLG)** – This is a joint venture between the Department for Business, Enterprise and Regulatory Reform and a number of approved lenders. The scheme provides a guarantee to encourage banks and other financial institutions to lend money when small firms are unable to raise conventional finance for viable projects because of a lack of security or established track record.
6. **Selective Finance for Investment in England (SFIE)** – This scheme is designed for businesses that are looking at the possibility of investing in an Assisted Area but need financial help to go ahead. This scheme provides a grant towards a project's capital cost. Support is available for businesses investing in manufacturing, as well as businesses in service industries that supply a national rather than local market.

1.3 Beneficiaries Survey topics

The Beneficiaries Survey covered a number of topics including: general participation in the product, the profile of participants, the goals and motivations for participation, alternatives available to business participants, how satisfied businesses were with the intervention and its impact and effectiveness.

The first round of cognitive testing focused on the existing questions designed to measure the economic impact of the schemes.

1.4 Report structure

This report describes the findings from the cognitive testing and sets out our recommendations for revisions to be made to the 17 questions tested. Proposed wording changes are highlighted in red italics. The findings from the cognitive testing raised, in places, wider possibilities for the Department to consider that do not fall within the scope of the second round of cognitive testing. In addressing these wider possibilities this report puts forward a number of additional points for the Department to consider in terms of developing a methodological approach to collecting evaluative information from businesses.

2 Cognitive Interview Findings

This chapter sets out the findings from the first round of cognitive testing which took place in February 2007. Each section shows:

1. the group of questions that were cognitively tested;
2. an outline of the cognitive test findings for that question; and
3. recommendations for (a) the second round of cognitive testing, (b) the proposed new questions and (c) a set of other factors to be considered by the Department. Question numbering throughout this section reflects the wave 5 Beneficiaries Survey questionnaire numbering first, shown in **blue** and test question numbering second, shown in **red** and in (brackets). Where recommendations were specifically made by Alex Bryson at PSI this is stated explicitly².

2.1 Benefits resulting from the intervention Q1-3 (Q1-3)

The intervention's contribution to the business Q1 (Q1)

Question cognitively tested

Q1 "Which of the following best describes your view on the contribution (your participation in the scheme/receiving the grant) has made to your firm, or is expected to make to your firm?"

READ OUT

We would (have) achieve(d) similar results anyway	1
We would (have) achieve(d) similar results, but not as quickly	2
We would (have) achieve(d) some but not all of the results	3
We probably would not (have) achieve(d) similar results	4
We definitely would not (have) achieve(d) similar results	5
(None of these)	6
(DK)	7
(Refused)	

Findings

What information the question is asking for

Respondents generally felt that the question was asking about the effect that the BERR initiative had had on their business. Where the support received had been financial, in the form of a grant or loan, the principal focus of the question was perceived to be the effect on business performance. How business performance was interpreted depended on the type of initiative received and the purpose for which it was intended. The following are examples of how recipients of different initiatives interpreted the question:

² Suggestions from Alex Bryson were, in part, based on the difficulties respondents had in estimating costs highlighted in an Inland Revenue report on Tax Credits - Coleman, N., Peters, M., Bryson, A. and Bewley, H. (2004) *Working Families' Tax Credit and Disabled Persons Tax Credit: A Survey of Employers'* Inland Revenue. <http://www.hmrc.gov.uk/research/report4-employersquantitativemainreport.pdf>

“The question wants to know about the performance contribution that the grant has made – in terms of timing and business growth” (SFIE, small, single-site)

“It was trying to gauge the value of the grant received and its effect on the business” (SIBBP, large, multi-site)

“It was trying to establish how helpful the grant had been in getting the company to go where it wanted to go” (GRD, small, single-site)

In certain cases the question could be seen as asking whether the business would have been able to implement the task or changes at all:

“I think it was asking whether we could have done this anyway without the help or might it have taken longer” (KTP, small, single-site)

Decisions about what to answer

The response options to Question 1 invited respondents to indicate the likelihood of them achieving similar results without the BERR business support programme. Understanding of the term “results” differed according to the type of business support programme received. Organisations that had received a BERR grant (GRD, GIII) thought of the extent to which this had enabled a project or prototype to get off the ground.

Where the grant had been specifically hypothecated toward investment in the company’s infrastructure (SFIE), results could mean either increased sales and profitability or the physical development of the business in terms of assets and processes. Businesses that had received a loan guarantee (SFLG) saw “results “ in terms of the business’s ability to make improvements to the way it functioned. The loan could have been used to refurbish a site or to free up a manager to spend more time on selling and less on administration.

Where the organisation had received funding directed towards implementing best business practice (SIBBP), the term “results” meant the extent to which the organisation had benefited from professional help or management restructuring. The understanding of the term “results” where the business had received assistance in the form of skills and expertise (KTP), focused on the extent to which this programme had provided consultancy that improved the organisation’s efficiency.

Deciding which response option to select proved easier in some cases than others. Some respondents found it difficult to select between option 2 and option 3. Answers to option 2 tended to be where the company would have gone ahead with the project anyway but on a much longer timescale. These were cases where respondents found it difficult to decide between this option and option 3. Both options really fitted their views in that they would have achieved similar results and it was unclear whether the timescale would have made a difference as to whether they would have achieved identical results. In other cases, timescale was clearly the determinant factor in choosing option 3.

Where respondents selected option 5, it was because they felt sure that without the BERR initiative, they would almost certainly have not been able to proceed with the project and definitely could not have achieved the same results. Where respondents were less certain about whether or not the project would have gone ahead but were certain that without the BERR help, the results would not have been as positive, option 4 was the nearest response category.

Ease or difficulty of answering the question

Respondents for the most part found this question easy to answer. This was particularly the case where the respondent had been involved with the BERR initiative and was conversant with the company performance.

Where difficulties did occur in deciding on the response option, it was for one of three reasons. Firstly, the answer which the respondent wanted to provide could fall into more than one category. A respondent who had received support under SIBBP could not decide whether to select option 2 or option 3 – was it timescale or results? Secondly, it was difficult to decide on any one option because the contribution was complex in its effect and it was difficult to attribute any results specifically to it. For example:

“It is very difficult to say what effect things have had although it is easy to say that without the BERR’s involvement, without KTP, you would not have done the work we did. To say what effect that work had is more difficult” (KTP, large, single-site)

The third reason was based on recall of the response options which were read out rather than listed on a show card. The interviewer was then required to repeat the list of response options.

What respondents thought about when answering the question

The fact that respondents had received different types of BERR support, and for different purposes, meant that there were different terms of reference used deciding which answer category to select.

Factors taken into account included:

- the extent to which the project might not have gone ahead at all or at least might have had to be deferred;
- effect on the timescale of a project;
- effect on expanding the business and contribution to increased growth and turnover;
- assistance to run a project in a way that would otherwise would not have been possible; and
- improving skills and techniques within the business.

Q1 (Q1) Recommendations for cognitive testing

- Improve terminology, tailoring the question wording to each intervention.
- Reword the question to ask about ‘your business’ rather than ‘your firm’ for consistency throughout the questions.
- Reword the second and third response options to make a clear distinction between timescale and results.

Proposed question(s)

I am now going to run through some of the questions you might be asked as part of a BERR survey about the scheme you took part in or the grant you received. I'd like you to try and answer them and as you do so talk me through any issues they raise. We'll then talk about these issues a bit more.

The first few questions are about the benefits you might have experienced that resulted from...

GRD, GIII, KTP, SIBBP - *your participation in <read out> and whether you would have experienced these regardless of this participation.*

SFIE - *receiving a grant from <SFIE> and whether you would have experienced these regardless of the grant.*

SFLG - *receiving a loan guaranteed by the <SFLG> scheme and whether you would have experienced these regardless of the scheme.*

Q1 *Which of the following best describes your view on the contribution...*

GRD, GIII, KTP, SIBBP - *your participation in <read out> has made to your business, or is expected to make to your business...*

SFIE - *receiving a grant from <SFIE> has made to your business, or is expected to make to your business?*

SFLG - *receiving a loan guaranteed by the <SFLG> scheme has made to your business, or is expected to make to your business?*

We would (have) achieve(d) similar results anyway	1
We would (have) achieve(d) similar results but it would have taken longer	2
We would only (have) <i>partially</i> achieve(d) similar results	3
We probably would not (have) achieve(d) similar results	4
We definitely would not (have) achieve(d) similar results	5
(None of these)	6
(Don't Know)	7
(Refused)	8

Options for the Department to consider

- Consider including a show card with the response options on them. This is discussed more fully in section 2.4.
- Consider the timing of the questions on economic impact in terms of how long after the intervention has come to an end should these questions be asked. This is discussed in detail in section 2.4.

Whether the intervention provided something unique

Question cognitively tested

Q2 “To what extent would you agree with the statement ‘the <scheme/grant> has provided me with something, or will provide me with something I could not have got from any other source’? Please use a scale of 1 to 5 where 5 is agree strongly and 1 is disagree strongly”.

1 - Disagree strongly

2

3

4

5 - Agree strongly

(Don't know)

(Refused)

Q3 “What was it that the <scheme/grant> provided you with, or is expected to provide you with that you couldn't have got elsewhere?”

Findings

What thinking of when answering question

Where it was clear that the BERR support had provided real ‘added value’ to the organisation, respondents selected option 5 – agree strongly. For example:

“The grant gave us a head start over the competition” (GIII, medium, single-site)

“It gave us access to a person with unique knowledge and experience” (KTP, medium, multi-site)

Respondents who selected this category were asked to rate from 1-10 how strongly they felt. Responses ranged from 8 to 10.

However, in one case this option was deliberately avoided on the grounds that the respondent would never select it on principle. The respondent selected option 4 although it was supported by the following statement which seems to indicate real added value:

“The grant provided us with a vehicle to bring to fruition an idea about how we should structure and develop a management team for the company” (SIBBP, medium, multi-site)

When option 1 - disagree strongly - was selected, respondents did so on the basis that what BERR gave was money in the form of a loan. A loan could have been obtained from elsewhere. However, what BERR did provide, which would not have been obtained elsewhere, was a guarantee of paying back the loan had the business gone bankrupt.

Other sources thought about: definition of other sources

The term “from any other source” did not seem to be problematic. Respondents were clear what the term meant and were able to offer examples. Potential sources of support included banks,

venture capital and other agencies offering grants. In the case of KTP, universities or other consultancies were thought likely to be other potential suppliers of support.

Extent to which agree that scheme had provided support which could not have been obtained from another source

Options 1 and 2 tended to be selected when respondents clearly understood that there were a number of potential sources of alternative support that would have enabled them to undertake the project.

Respondents selecting option 5 – agree strongly – tended to be of the opinion that no other comparable support was available. When the support was financial, it was in some cases the only possible funding source available to the organisation. In others, it was not the only funding source available but the only one that gave the support on terms that made it unique. Other forms of support – such as KTP – also provided something that was not available from any other source.

A potential ambiguity arose when deciding how to rate the statement when another source of support was potentially available – but on much less favourable terms. Respondents might select option 4 or option 3. The deciding factor would appear to be whether respondents put more weight on the nature of the support provided (e.g. grant or loan) or the terms under which it was provided, as the two following examples illustrate.

Option 4 selected: *“We could have used another source of support but it would have taken a large part of the revenue”* (GRD, small, single-site).

Option 3 selected: *“There are other consultancies available but they give different help and at a greater cost”* (KTP, large, single-site).

Ease or difficulty of answering the question

Respondents varied in the extent to which they found it easy to answer this question. Whereas those with a clearly defined answer – e.g. option 5 – managed to answer immediately, others needed to take their time. A couple of areas of difficulty were identified.

- Applying a rating on a scale. This could be difficult either because of an intrinsic dislike of being asked to select a rating or because of the need to reflect on the different factors that needed to be taken into consideration in formulating a rating score.
- Difficulty with recall. There was an expressed preference for being able to read the response options rather than having to recall them, especially when the answer was not clear cut.

Q2-3 (Q2-3) Recommendations for cognitive testing

- Improve terminology, tailoring the question wording to each intervention.
- Rephrase the question to ask about a “support package” for clarity.
- Reverse the number order so 1 is ‘Agree strongly’ and 5 is ‘Disagree strongly’. This is more in line with scales used on other surveys and is expected to be easier for respondents to understand and answer.

Proposed question(s)

Q2 To what extent would you agree with the statement:

GRD, GIII, KTP, SIBBP, SFIE – The <read out> has provided, or will provide, a support package that I could not have got from any other source? Please use a scale of 1 to 5 where 1 is agree strongly and 5 is disagree strongly.

SFLG - Receiving the loan guaranteed by the <SFLG> scheme has allowed us to achieve something that we could not have achieved in any other way? Please use a scale of 1 to 5 where 1 is agree strongly and 5 is disagree strongly.

1 - Agree strongly

2

3

4

5 - Disagree strongly

(Don't Know)

(Refused)

The next question (3a or 3b) is not asked of those in receipt of **SFLG**

If **SFLG** go to Q4

If Q2= 1,2,3:

Q3a

GRD, GIII, KTP, SIBBP, SFIE - What was it that the <read out> provided you with, or is expected to provide you with that you couldn't have got elsewhere?

INTERVIEWER: WRITE IN:

If Q2=4,5:

Q3b

GRD, GIII, KTP, SIBBP, SFIE - What or who could have provided you with the same as the <read out>?

INTERVIEWER: WRITE IN:

Options for the Department to consider

- Consider adding text to the response options if important to differentiate between 'something unobtainable elsewhere' and 'something obtainable on the same terms'.
- Consider including a show card with the response options on them. This is discussed more fully in section 2.4.
- Consider the timing of the questions on economic impact in terms of how long after the intervention has come to an end should these questions be asked. This is discussed in detail in section 2.4.

2.2 Financial profile of the company Q4-10 (Q4-7c)

Annual turnover Q4-5 (Q4-5b)

Question cognitively tested

“The next few questions are about the financial performance of your company. These questions are designed to enable BERR to assess the impact or likely impact of your participation in <scheme/grant>”.

Q4 “Firstly, can I ask, what is the current annual turnover of your business? You may also refer to turnover as income, sales, invoices or receipts”

£

(Don't know)

(Refused)

If Don't Know:

Q5 “If you had to estimate your current annual turnover, roughly into which of the following bands would you put your business?”

READ OUT

£0	1
Less than £100,000	2
£100,000 - £500,000	3
£500,000 - £2million	4
£2million - £10million	5
£10million - £50million	6
More than £50million	7
(Don't know)	8
(Refused)	9

Findings

Regardless of whether respondents had received a loan, grant or support, they were able to give answer Question 4 and provide what they felt to be an accurate one, often stating that it is part of their job to know what the company's annual turnover was.

The term 'current annual turnover' was understood as referring to:

- how much money has come into the business;
- the sales and gross turnover for the business;
- figure of sales;
- global turnover;
- VAT exclusive (i.e. not including the 17.5%); or,
- the revenue created in a year.

Not only was there variability between different companies, but some respondents felt that if another company worker had been answering the question, they would have thought of something

different. For example one respondent thought of his answer in terms of sales, whereas his wife would have answered in terms of invoices.

Although the question asked about the 'current' annual turnover, respondents often thought of the time period of their last financial year, be it April to March, January to December, October to September, or June to May. Occasionally, respondents would think of the current financial year, although this tended to be in cases where the financial year was coming to an end. In the case of where the company was no longer trading, the respondent based his answer on the previous two years.

The annual turnover figure was easily accessible to respondents if an exact figure was needed, although generally respondents could provide off-the-top-of-their-heads, what they considered to be, a reasonably accurate estimate.

Among multi-site companies there was variation in the way in which answers were reported, with some providing an annual turnover figure for the site at which the respondent was based whilst others provided a figure for the company as a whole.

As respondents were able to answer Q4 with relative ease, no respondents in this test were asked Q5. However, one respondent mentioned when he read the question, that the figure bands were too broad.

Q4-5 (Q4-5b) Recommendations for cognitive testing

- Improve terminology, tailoring the question wording to each intervention.
- Add a question before Q4 which asks when the businesses financial year starts and finishes. This will help respondents think about this time frame when answering the questions.
- Change the wording of Q4 and Q5 to refer to a specific time frame (last complete financial year).
- Reduce the broadness of the bands in Q5 by adding in two extra categories (11 categories as opposed to nine). The decision surrounding the number of answer categories to use is often a compromise, trading off length of list versus level of accuracy. Wide answer bands can imply that precise data are not required and this was supported by the comments respondents gave during the cognitive testing.

Proposed question(s)

Q4 Please can you tell me when your business's financial year starts and finishes?

Interviewer: if financial year varies ask for the last complete financial year.

INTERVIEWER: PLEASE CODE THE START MONTH.

January	01
February	02
March	03
April	04
May	05
June	06
July	07
August	08
September	09
October	10
November	11
December	12

INTERVIEWER: PLEASE CODE THE END MONTH.

January	01
February	02
March	03
April	04
May	05
June	06
July	07
August	08
September	09
October	10
November	11
December	12

The next few questions are about the financial performance of your business. These questions are designed to enable BERR to assess the impact or likely impact of your participation in <read out>.

Q5a What was the annual turnover of your business in the last complete financial year? You may also refer to turnover as income, sales, invoices or receipts.

£
(DK or Ref)

If Q5a=DK:

Q5b If you had to estimate the annual turnover of your business in the last complete financial year, roughly into which of the following bands would you place it?

READ OUT

£0	01
Less than £100,000	02
£100,000 but less than £500,000	03
£500,000 but less than £1million	04
£1million but less than £2million	05
£2million but less than £5million	06
£5million but less than £10million	07
£10million but less than £25million	08
£25million but less than £50million	09
More than £50million	10
(Don't Know)	11
(Refused)	12

Options for the Department to consider

- Consider including a show card with the response options on them. This is discussed more fully in section 2.4.
- Consider the timing of the questions on economic impact in terms of how long after the intervention has come to an end should these questions be asked. This is discussed in detail in section 2.4.

Staff/labour costs Q6-7 (Q6a-b)

Questions cognitively tested

Q6 “Approximately what are your current overall annual staff / labour costs?”

AS NECESSARY “Please include all employee costs, such as salaries, pensions, social security, and dividends paid to Directors”.

£

(Don't know)

(Refused)

IF Don't Know

Q7 “If you had to estimate your overall staff / labour costs, into which of the following bands would you place your business?”

READ OUT

£0	1
Less than £100,000	2
£100,000 - £500,000	3
£500,000 - £2million	4
£2million - £10million	5
£10million - £50million	6
More than £50million	7
(Don't know)	8
(Refused)	9

Findings

Respondents were generally able to give an answer at these questions although it was reported that Q6 and Q7 were harder to answer than the previous questions (Q4 and Q5). There were three strategies employed by respondents for answering this question: thinking of the last financial year; thinking of the current financial year; and thinking about the monthly costs and multiplying them to get an annual figure. The cognitive findings suggested that respondents did not generally think in terms of proportions or percentages.

Respondents understood 'current overall annual staff costs' in a variety of ways. These included:

- Annual salary and direct labour costs;
- Payroll costs, e.g. salaries, National Insurance and bonuses;
- Employees costs, National Insurance, pensions and dividends;
- Combination of payment to the inland revenue and direct payment salaries added together; and,
- The fully amortised cost of people – salary, NHI, and the cost of the building “*The cost associated with each individual in terms of light, heat, buildings etc*” (SFLG, small, single-site).

There was some uncertainty as to what should be included in staff costs, with respondents questioning whether the following should be included or not:

- subcontractor costs;
- dividends;
- directors salary (as it is accounted for separately); and,
- National Insurance (as it is accounted for separately).

Those who had received SFLG were able to answer without needing the bands in Q7. One respondent reported that she found it “very easy” to answer as she deals with the accounts for the business.

Respondents who had received a grant (SFIE, KTP, GRD, GIII) were able to either give an answer at Q6, or were able to choose a banded amount at Q7. An accurate figure would be obtainable by either looking it up, or asking another worker. Respondents’ willingness to look up these figures would depend on the length of time it would take to do so.

Companies which had received subsidised consultancy services from the BERR (SIBBP) were unable to give an answer to this question. Reasons for this were that they did not think of things such as staff labour costs in those terms, or that the overall figure did not exist as costs are broken down. Answers offered by these respondents were either ‘don’t know’ or were estimates at Q7.

Multi-site companies gave a figure for the company as a whole and not just one site. This meant that they were not thinking specifically of a figure for the site that had received the product (either a loan or a grant). The accuracy of the figures given was generally assessed by respondents as being reasonable (with ± 5 -10 per cent) although some admitted that they felt their answer was probably not very accurate.

Access to an exact figure was deemed possible, though willingness to go and look it up was variable. Those that were not willing did not see it as beneficial to the business and did not want to over the telephone. Some respondents were unable to give an answer. One respondent said:

“If I was doing this questionnaire on my own I would get that number to within three or four pounds” (KTP, medium, multi-site).

The option bands for Q6 were seen as too broad, with comments on the wide margin in the bands £100,000 - £500,000, and £500,000 - £2million.

Q6-7 (Q6a-b) Recommendations for cognitive testing

- Improve terminology, tailoring the question wording to each intervention.
- Replace 'overall annual staff/labour costs' with 'total employment costs' (suggestion from Alex)
- Change the wording at Q6 and Q7 so they refer to a particular time frame (last complete financial year).
- Remove the 'AS NECESSARY' instruction so that all interviewers read it out.
- Reduce the broadness of the bands at Q7 by adding in extra categories (11 categories instead of 9).

Proposed question(s)

Q6a *Approximately what were your total employment costs in the last complete financial year? Please include all employee costs, such as salaries, pensions, social security, and dividends paid to Directors.*

£
(DK or Ref)

If Q6a=DK:

Q6b *If you had to estimate your total employment costs in the last complete financial year, into which of the following bands would you place them?*

READ OUT

£0	01
Less than £100,000	02
£100,000 but less than £500,000	03
£500,000 but less than £1million	04
£1million but less than £2million	05
£2million but less than £5million	06
£5million but less than £10million	07
£10million but less than £25million	08
£25million but less than £50million	09
More than £50million	10
(Don't Know)	11
(Refused)	12

Options for the Department to consider

- Consider including a show card with the response options on them. This is discussed more fully in section 2.4.
- If a show card was used, include a description of current annual staff/labour costs at the top of the card: "Please include all employee costs, such as salaries, pensions, social security, and dividends paid to Directors".
- Consider the timing of the questions on economic impact in terms of how long after the intervention has come to an end should these questions be asked. This is discussed in detail in section 2.4.

Annual profits/losses Q8-10 (Q7a-c)

Questions cognitively tested

Q8 "Is your company currently making an annual profit or loss?"

Profit	1
Loss	2

Q9 "Approximately what are your current annual bottom line <profits/losses>?"

READ AS NECESSARY: "You may also refer to bottom line profit as pre-tax profit"

£
(Don't know)

IF Don't Know

Q10 "If you had to estimate your annual bottom line <profits/losses>, into which of the following bands would you place your business?"

READ OUT

£0	1
Less than £100,000	2
£100,000 - £500,000	3
£500,000 - £2million	4
£2million - £10million	5
£10million - £50million	6
More than £50million	7
(Don't know)	8
(Refused)	9

Findings

In order to answer the question adequately, evidence from the cognitive testing suggested that the respondent must be able to sufficiently understand it, and to be the most appropriate contact person. Respondents suggested that ideally this would be the person who deals with the accounts. Multi-site companies gave a figure for the company as a whole and not just for one site.

Understanding what information the question is seeking is important if respondents are to be able to provide an accurate answer. The term 'bottom line profit' needs more clarity as it is open to interpretation by different people. Respondents understood 'bottom line profit/loss' in a variety of ways.

- Turn over before tax and after all operating costs.
- How much money has been made after tax.
- Net profit before tax.
- First turnover minus all the overheads.
- Net profit after depreciation and interest and tax.
- After taxation: includes cost of sales, running expenses (expenses, salaries, building, rent, rates, advertising), tax and dividends).
- What the company has made before paying interest and tax.

As with the previous questions (Q4 and Q5), respondents thought of a variety of time frames when answering these questions, including the current uncompleted financial year, and the last complete financial year.

In the main Q8 was found by respondents to be straightforward to answer. However when an answer could not be given this was because either:

- the company was 'breaking-even' (*"It was negligible"*); or
- that it had been making a loss but was now about to start making a profit.

Those who had received the KTP grant reported that they would feel uncomfortable answering the question if the company had been making a loss. One reason suggested for this was that it seems like BERR are checking up on whether they are profitable and whether they should put more money into them. Those who had received the GIII grant did not want to give out the information. For example:

"It is a bit too searching and it is confidential to different companies" (GII, medium, single-site).

Respondents who found Q9 impossible to answer commented that the banded Q10 made it possible to provide an estimate. However the relevance of such a wide bands was questioned by some, for example one respondent said:

"I don't know what the relevance that would give to a researcher as the actual gap between the figures is so wide" (GII, medium, single-site).

Q8-10 (Q7a-c) Recommendations for cognitive testing

- Improve terminology, tailoring the question wording to each intervention.
- Reword Q8 to ask about 'your business' rather than 'your firm' for consistency throughout the questionnaire.
- At Q8 add the spontaneous answer category: *"(Neither a profit nor a loss)"*. This should only be used when the respondent offers this information unprompted, rather than it being read out.
- At Q9 remove the interviewer instruction 'read as necessary' and add a definition of what bottom line refers to "This is the <profit/loss> made before tax" as part of the question stem.
- Change the wording of Q9 and Q10 to refer to a particular time frame (*"last complete financial year"*).
- Reduce the broadness of the bands by adding in extra categories (11 categories instead of 9).

Proposed question(s)

Q7a *Is your business currently making an annual profit or loss?*

Profit	1
Loss	2
(Neither a profit nor a loss)	3

Q7b *Approximately what was your annual bottom line <profits/losses> for the last complete financial year? This is the <profit/loss> made before tax*

£

(Don't know)

If Q7b=DK:

Q7c *If you had to estimate your annual bottom line <profits/losses> for the last complete financial year, into which of the following bands would you place them?*

READ OUT

£0	01
Less than £100,000	02
£100,000 but less than £500,000	03
£500,000 but less than £1million	04
£1million but less than £2million	05
£2million but less than £5million	06
£5million but less than £10million	07
£10million but less than £25million	08
£25million but less than £50million	09
More than £50million	10
(Don't Know)	11
(Refused)	12

Options for the Department to consider

- Consider including a show card with the response options on it. This is discussed more fully in section 2.4.
- If a show card is used, include a description of bottom line profit/loss at the top of the card: "This is the <profit/loss> made before tax".
- Consider the timing of the questions on economic impact in terms of how long after the intervention has come to an end should these questions be asked. This is discussed in detail in section 2.4

2.3 Financial impact of participating in the scheme Q11-17 (Q8a-11b)

Costs of participating in the intervention Q11-12 (Q8a-f)

Questions cognitively tested

"I'd now like to move on to thinking specifically about the financial impact of participating in the scheme".

Q11 "What has been, or will be, the total costs to your business of participating in the scheme, including the cost of any subsequent action you may have taken or be planning to take? This might include extra staff costs and the costs of capital equipment as well as out of pocket expenses or other cash costs?"

PLEASE CODE NULL FOR TOO EARLY TO TELL

Write in amount in £ (MAY BE ZERO)

(Null)

(Don't know)

(Refused)

If DK

Q12 "If you had to estimate these total cash or out-of-pocket costs, into which of the following bands would you put them?"

READ OUT

PLEASE CODE NULL FOR TOO EARLY TO TELL

Zero/nothing	1
Up to £500	2
£501 -£1,000	3
£1,001 -£2,000	4
£2,001 -£5,000	5
£5,001 -£10,000	6
£10 001 -£20 000	7
£20 001 -£50 000	8
£50 001 -£100,000	9
£100,001 -£500,000	10
£500,001 -£1million	11
£1,000,001 -£5million	12
More than £5million	13
(Null)	16
(Don't know)	14
(Refused)	15

Findings

Respondents found this question more difficult than the earlier questions. The wording was felt to be quite long and some respondents requested it be re-read. Respondents' ability to answer this question depended on their involvement in (a) the intervention; and (b) the company finances. Generally answers fell into three categories:

- (1) unable to provide an answer at all (Don't Know);
- (2) able to provide an answer at Q11 though qualifying it with a degree of doubt surrounding the accuracy; and
- (3) able to provide an answer at Q12, placing the amount into one of the bands, though again feeling unsure about the accuracy.

Guesstimates

Respondents who fell into categories (2) and (3) commented that their answer was a guess, expressing differing levels of certainty as to the accuracy of their answers. One respondent said:

"[It would] perhaps [be] slightly more than £50,000 but if I was to make a guess, that would be the best guess" (KTP, medium, multi-site).

Financial bands

The bands at Q12 made it somewhat easier to answer though respondents would question the relevance of these bands, sceptical of what the Department would be able to glean from such a wide band.

Where the information comes from and what to include

Accounts containing this kind of information did not exist in the same way as the more usual information of annual turnover and staff/labour costs, collected at earlier questions. The concept (the costs to the company of the intervention) may have been considered at the time of applying for the scheme but the information would now be out of date. Some respondents said they could possibly work the figure out but it would take time and would be difficult depending on exactly how the company would categorise their expenditure on the intervention. The large costs would be relatively easy to calculate (e.g. repayments of the loan itself (SFLG), the cost of preparing and charging for courses (SIBBP) or the purchase of a piece of equipment (GIII) but smaller tasks such as time spent in meetings, on telephone calls and mentoring or training other staff would be lost as no record of them is kept.

Too early to tell

Companies who were unable to give a figure felt it was too early into the process to tell what the total costs to their company would be. Companies were at different stages in terms of how much money they had spent. Those who had not yet finished the work involving the intervention still had money to spend and so were unable to say what the costs would be. In these cases companies were able to say very roughly how much they had spent to date.

In illustrating these points, comments at this question included:

"If the scheme cost £5,000 and the BERR provided 40%, then it cost us 60% which is £3,000" (SIBBP, medium, multi-site).

“We don’t always keep tabs on costs that go into a particular project... and sometimes we don’t know what something is going to cost until we have actually done it because it is so new” (Gill, medium, single-site).

Data inconsistency

The interviewer instruction at Q11-12 states: ‘CODE NULL FOR TOO EARLY TO TELL’. The potential problem this raises is that the fact that it is too early to give an answer may not be communicated explicitly to the interviewer and instead of coding Null an uninformed guess is coded or a ‘Don’t Know’ response. This range of three different types of responses will then lead to inconsistencies in the data.

Q11-12 (Q8a-f) Recommendations for cognitive testing

- Improve terminology, tailoring the question wording to each intervention.
- Shorten the question wording as it is currently seen to be overlong and can require re-reading.
- Divide Q11 into two parts, asking firstly for the costs to date and secondly for the expected total costs (for those companies where the intervention is complete the question about future costs would not need to be asked).
- Begin with an opening question determining respondents overall feel for the costs they have incurred to date (*significant, moderate, minimal, none*) (suggestion from Alex).
- Add a further question to establish exactly what the significant costs were (*staff time, salaries, consultancy, materials and equipment, training and mentoring*) (suggestion from Alex).
- Then ask for the total costs incurred to date for each of these specific items and add a last question asking about any remaining costs (suggestion from Alex). Asking about each cost separately will help respondents think more deeply about each aspect rather than attempting to think about all costs and then add them up to give a total.
- Shorten the list of answer bands to reduce cognitive burden. It is currently overlong and respondents can forget the earlier bands as the list is so long (13 bands instead of 16).
- Alter the first and second bands to ‘£0’ and ‘Less than ...’ for consistency.
- Alter the list of answer bands to read ‘£500,000 but less than £1million’ rather than ‘£500,001-£1million’ as the current version takes so long to read out.
- Relate the second part (future costs) to the next five years to make it easier for the respondent to think ahead. This approach is recommended as it is expected that asking respondents to apply a time frame to their answer will help them think more clearly.
- Reword the second question to ask for the **direction** the respondent expects the costs to move in (*rise, remain constant, diminish or cease*). It is unlikely that respondents will be able to estimate a figure or give a band, when thinking about the future, and the reliability of the answers is questionable. Instead asking respondents to give an idea of the direction the costs will move in will enable the creation of a typology, e.g. businesses who have incurred significant costs but these will diminish in the next 5 years and so on (suggestion from Alex).

Proposed question(s)

Now I'd like you to move on to think specifically about the financial impact of...

GRD, GIII, KTP, SIBBP - *your participation in <read out>.*

SFIE - *receiving a grant from <SFIE>.*

Q8a *Overall, do you feel that the costs to your business, to date...*

GRD, GIII, KTP, SIBBP – *of your participation in <read out> have been...*

SFIE – *from receiving a grant from <SFIE> have been...*

- Significant 1
- Moderate 2
- Minimal 3
- (No costs to date incurred) 4

Q8b *Can I just check, have any of the following incurred significant costs, to date....*

- Staff time? 1
 - Salaries? 2
 - Consultancy? 3
 - Materials and equipment? 4
 - Training and Mentoring? 5
 - Other? WRITE IN: 6
-

Q8c1 To date, what have been the total costs to your business of <1st answer at Q8b>? WRITE IN:

£

(Don't Know) _____

If Q8c1=DK:

Q8c2 If you had to estimate the total costs to your business of <1st answer at Q8b>, into which of the following bands would you place them?

READ OUT

£0	01
Less than £100,000	02
£100,000 but less than £500,000	03
£500,000 but less than £1million	04
£1million but less than £2million	05
£2million but less than £5million	06
£5million but less than £10million	07
£10million but less than £25million	08
£25million but less than £50million	09
More than £50million	10
(Don't Know)	11
(Refused)	12

Questions Q8c1 and Q8c2 repeated for each significant cost coded at Q8a

Q8d Now thinking about any other remaining costs, in addition to those you have already given me, to date, what have these remaining costs been?

£

Don't Know

If Q8d=DK:

Q8e If you had to estimate any remaining costs to your business, in addition to those you have already given me, into which of the following bands would you place them?

READ OUT

£0	01
Less than £100,000	02
£100,000 but less than £500,000	03
£500,000 but less than £1million	04
£1million but less than £2million	05
£2million but less than £5million	06
£5million but less than £10million	07
£10million but less than £25million	08
£25million but less than £50million	09
More than £50million	10
(Don't Know)	11
(Refused)	12

Q8f Now thinking about the costs to your business of...

GRD, GIII, KTP, SIBBP - your participation in <read out> over the next 5 years, that is till <April 2012>, do you expect these costs to...

SFIE - receiving a grant from <SFIE> over the next 5 years, that is till <April 2012>, do you expect these costs to...

...rise	1
...remain constant	2
...diminish; or	3
...cease?	4

Options for the Department to consider

- Consider whether 'five years time' is an appropriate time frame.
- Consider including a show card with the response options on them. This is discussed more fully in section 2.4.
- If a show card is used, consider including a list of possible expenditures for respondents to think about on the card, tailoring this list to each type of intervention.
- Consider the timing of the questions on economic impact in terms of how long after the intervention has come to an end should these questions be asked. This is discussed in detail in section 2.4.

Whether financial gains are greater than the costs **Q13 (Q9a-d)**

Questions cognitively tested

Q13 "Considering the financial gains, in terms of your bottom line profit, to your business of participating in the scheme and still including any subsequent action you may have taken or be planning to take, would you say that the gains were greater than the costs, about the same as the costs or less than the costs?"

Greater than the costs	1
About the same as the costs	2
Less than the costs	3
(None apply)	4
(Don't know)	5
(Null)	6

Findings

Respondents were generally able to give an answer at this question though cognitive probing showed that they approached the subject from two different angles:

1. the amount of money spent and actual gains to date; and
2. expected/forecasted gains over a longer or unspecified period.

Time frame

The two strategies shown above indicate the problem caused by a lack of time frame at this question, highlighted throughout the cognitive interviews. As the question gives no specific reference period respondents are left to consider the time period of their choice. Time frames varied considerably with respondents thinking about their position now, others about the situation in two or three years and others about time frames at an unspecified point into the future.

Respondents who found the question difficult or impossible to answer commented that they needed a time frame to refer to as they were unsure what to consider when answering this question. These respondents felt their current position to be likely to change over time and thus saw no answer as being an accurate reflection of their true situation.

The second strategy (thinking about expected rather than achieved gains) raises the issue of the accuracy of this prediction. Companies are likely to be optimistic about the intervention which may lead to highly speculative responses.

Perhaps unsurprisingly, the question was easier for respondents whose involvement in the intervention had come to an end or had already been very successful. For example one respondent who had used the money to set up and run some specific courses interpreted the question as meaning:

“£5,000 was spent between us [the business and BERR] and are we going to get £5,000 worth of value out of the courses or will it add £5,000 or more to the bottom line profit?” (SIBBP, medium, multi-site).

A second respondent who had been awarded a loan said:

“It has brought forward the point at which we became profitable. So it has enabled the business to thrive” (SFLG, small, single-site).

The following comments were made by respondents who felt it was difficult to be specific at this question because it was too early to say whether the gains were greater or less than the costs:

“When you start a project it doesn't stop, it evolves. So coming back in the future would result in a different answer to the question” (GIII, medium, single-site).

“In my business life I've never done something today and had my reward tomorrow...It's got to be greater than the cost but it's not a reward straight away. It's somewhere down the line” (GIII, large, single-site).

Those who were unable to answer at all commented that the situation would change over time and so it would be difficult to say either way.

Documentation

Whether the company gains were greater than what had been spent on the intervention did not appear to be a subject that had been documented. As shown, it was thought to be a quickly changing situation and one that was not easy to pin down.

Q9c (Now thinking about the financial gains to your business to date, resulting from...)

GRD, GIII, KTP, SIBBP – (your participation in <read out>,) A/are these gains greater than the costs, about the same as the costs or less than the costs?

SFIE – (receiving a grant from <SFIE>,) A/are these gains greater than the costs, about the same as the costs or less than the costs?

Greater than the costs	1
About the same as the costs	2
Less than the costs	3
(None apply)	4
(Don't Know)	5
Refused)	6

Q9d And now thinking about the financial gains to your business, resulting from...

GRD, GIII, KTP, SIBBP - your participation in <read out>, over the next 5 years, that is till <April 2012>, do you expect these gains to be greater than the costs, about the same as the costs or less than the costs?

SFIE - receiving a grant from <SFIE>, over the next 5 years, that is till <April 2012>, do you expect these gains to be greater than the costs, about the same as the costs or less than the costs?

Greater than the costs	1
About the same as the costs	2
Less than the costs	3
(None apply)	4
(Don't Know)	5
(Refused)	6

Options for the Department to consider

- Consider whether 'over the next five years' is an appropriate time frame for respondents to consider.
- Consider the timing of the questions on economic impact in terms of how long after the intervention has come to an end should these questions be asked. This is discussed in detail in section 2.4.

Financial gain as a result of the intervention Q14-15 (Q10a-f)

Questions cognitively tested

Q14 "I would now like you to consider the financial gain to your business, in terms of its bottom line profit, of <receiving the grant/participating in the scheme>, including any subsequent action you may have taken or be planning to take. Please could you estimate what the gross financial gain has been or will be in £s".

ADD IF NECESSARY: "Please just give me your best estimate".

PLEASE CODE NULL FOR TOO EARLY TO TELL.

THIS FIGURE IS ANNUAL AS OPPOSED TO TOTAL GAIN.

INSERT NUMBER (May be Zero)

(Don't know)

(Refused)

(Null)

If Don't Know

Q15 "If you had to estimate the total financial gains, into which of the following bands would you put them?"

READ OUT

Zero/nothing	1
Up to £500	2
£501 -£1,000	3
£1,001 -£2,000	4
£2,001 -£5,000	5
£5,001 -£10,000	6
£10 001 -£20 000	7
£20 001 -£50 000	8
£50 001 -£100,000	9
£100,001 -£500,000	10
£500,001 -£1million	11
£1,000,001 -£5million	12
More than £5million	13
(Don't know)	14
(Refused)	15
(Null)	16

Findings

Cognitive testing of Q13 showed that respondents experienced difficulty in determining whether the costs their business had incurred as a result of the intervention were greater or less than the gains the intervention brought. As Q14 and Q15 take this issue further in asking the respondent to go on to actually quantify the financial gain to the company resulting from the scheme, understandably respondents had trouble with producing this figure.

Respondents fell into two categories at this question:

- (1) unable to provide an answer at all; and,
- (2) able to fit a response into a band though the answer comes with a large degree of uncertainty.

The problems respondents experienced were similar to those raised at Q11, Q12 and Q13. Respondents found this question to be a great deal more complicated than some of the earlier ones.

Time frame

Those respondents who fell into the first category again raised the problem of lack of a specific time frame. Respondents felt it to be too early to know what the total costs will be as the situation is currently unknown. Some projects were so new that the concepts had not yet been established; the potential yet to be explored. The time periods respondents thought about in answering these questions ranged from 18 months to five years. Some respondents felt unable to give a time frame at all. One respondent said he had been required to give this kind of information in a KTP report but at that time a time period was given to refer to. An interviewer instruction exists at this question, stating 'THIS FIGURE IS ANNUAL AS OPPOSED TO TOTAL GAIN'. This is felt to be confusing as it is unclear whether the interviewer should instruct the respondent to think about a specific annual period or an average. The instruction as it stands is not seen as helpful.

Respondents' initial reactions to the question included:

"Ask in two years time" (GIII, medium, single-site).

"Until we get the product to market we can't see any impact at this moment in time" (GIII, small, single-site).

"I would say in two to three years time, we could get ourselves around £1million worth of sales with a bottom line addition to us, I would imagine, of 10% of the £1million..." (GIII, medium, single-site).

Bands

Respondents who formed the second category felt the answer bands at Q15 again to be helpful as providing an actual figure at Q14 was too difficult.

What to include

Respondents were not always sure what kinds of things they should include at these questions, for example whether they should think about their financial gain in terms of profits before or after tax. It was also difficult to ascertain which financial gains resulted directly from the intervention and often these gains overlapped with other factors within each company and therefore were difficult to disentangle.

Respondent comments to illustrate these points include:

“My feeling is that I have brought the company benefits by being involved with the scheme and the profits are now higher not just because of the scheme but because it was part of a strategy and plan” (KTP, large, single-site).

“I just can't put a figure on it, just can't...For a small growing business what it has done is on occasions kept the company afloat, on occasions has enabled us to forward plan, to make purchases or to commit to things that we wouldn't ordinarily been able to do...to quantify is nigh impossible” (SFLG, small, single-site).

A lack of existing documentation

Standard company records did not exist on this topic. Some respondents felt it might be possible to work the financial gains out but that it would take a lot of time to sit down with pen and paper and go through everything. It would be unlikely that respondents would be willing to do this on behalf of the survey. Other respondents felt it to be impossible to come up with a figure at all.

Comparisons with rivals

Respondents did not compare their situation with that of another company at these questions, instead tending to think only of their own situation and progress over a period of time.

Confidentiality concerns

Concerns about the confidentiality of the data were raised, specifically the Department's rationale for wanting this kind of information. The sceptical view point was put forward that the Department want to ascertain which companies are performing badly so it can withhold money from these companies.

Respondent suggestions for improvement

At Q14 and Q15 respondents put forward a number of suggestions of their own regarding improvement to the questions. These included the following.

- The question should be split into three sections. (1) Do you anticipate that your participating in the scheme will increase your turnover? (2) Will you be able to maintain your profit margins in the timeframe? (3) What do you anticipate the result will be?
- Split the question into two sections first asking about present benefit and the second about future benefit.
- Use wider criteria to assess the impact of the scheme (other than financial)
- Rephrase the question to read: “As a consequence of the project what has been the increase in annual profit and how much grant did you receive towards the cost of the project?”
- Consider comparing one financial year with another at a particular company to assess the change in finances over time.

Q14-15 (Q10a-f) Recommendations for cognitive testing

- Improve terminology, tailoring the question wording to each intervention.
- Shorten the question wording as it is currently seen to be overlong and can require re-reading.
- Replace “bottom line profit” with “*profit made before tax*”.
- Route these questions based on the answers at Q13. If respondents are unable to say whether the gains are greater than the costs, about the same as the costs or less than the costs, they are unlikely to be able to answer these questions.
- Again, in order to establish whether it is ‘too early to tell’ include two lead-in questions for businesses where the intervention is not complete.
- Divide Q14 into two parts, asking firstly for the financial gain to the company (resulting from the intervention) to-date and secondly for the anticipated financial gain in the future (for those companies where the intervention is complete the question about future gains would not need to be asked).
- Use answer bands at the first question as cognitive testing showed that respondents are unlikely to be able to provide an exact figure.
- Shorten the list of answer bands to reduce cognitive burden. It is currently overlong and respondents can forget the earlier bands as the list is so long (13 categories instead of 16).
- Alter the list of answer bands to read ‘£500,000 but less than £1million’ rather than ‘£500,001-£1million’ as the current version takes so long to read out.
- Alter the first and second bands to ‘£0’ and ‘Less than ...’ for consistency.
- Relate the second part (future costs) to the next five to make it easier for the respondent to think ahead.
- Reword the second part to ask for the **direction** the respondent expects the gains will move in (rise, remain constant, diminish or cease). It is unlikely that respondents will be able to estimate a figure or give a band, when thinking about the future, and the reliability of the answers is questionable. Instead asking respondents to give an idea of the direction the financial gains will move in will enable the creation of a typology (e.g. businesses who have made significant gains to date but which will diminish in the next 5 years and so on) (suggestion from Alex).
- Add a question about non-financial gains (e.g. networking opportunities, better informed staff) and collect what these were to attempt to generate a list (suggestion from Alex).

Proposed question(s)

Now I would like you to consider the financial gains to your business to date, in terms of profit made before tax, resulting from...

GRD, GIII, KTP, SIBBP - your participation in <read out>.

SFIE - receiving a grant from <SFIE>.

SFLG - receiving a loan guaranteed by the <SFLG>.

Q10a Would you be able to estimate what the gross financial gains, resulting from...

GRD, GIII, KTP, SIBBP - your participation in <read out>, have been to date?

SFIE - receiving a grant from <SFIE>, have been to date?

SFLG - receiving a loan guaranteed by the <SFLG> scheme, have been to date?

Yes (I can) 1 (Go to Q10c)

No (I can't) 2 (Go to Q10b)

Q10b Is the reason you are unable to say because...

...you don't have the information available? 1 (Go to Q10d)

...it is too early to tell? 2 (Go to Q10d)

...or another reason? (WRITE IN) 3 (Go to Q10d)

Q10c (Now thinking about the financial gains to your business to date, in terms of profit made before tax, resulting from...)

GRD, GIII, KTP, SIBBP – (your participation in <read out>.) Into which of the following bands would you put these gross financial gains?

SFIE – (receiving a grant from <SFIE>.) Into which of the following bands would you put these gross financial gains?

SFLG – (receiving a loan guaranteed by the <SFLG> scheme.) Into which of the following bands would you put these gross financial gains?

£0	01
Less than £1000	02
1,000 but less than £5,000	03
£5,000 but less than £10,000	04
£10,000 but less than £20,000	05
£20,000 but less than £50,000	06
£50,000 but less than £100,000	07
£100,000 but less than £500,000	08
£500,000 but less than £1million	09
£1million but less than £5million	10
More than £5million	11
(Don't know)	12
(Refused)	13

Q10d Now please think about financial gains to your business over the next 5 years, that is till <April 2012>, in terms of profit made before tax, resulting from...

GRD, GIII, KTP, SIBBP - your participation in <read out>. Do you expect these gains to...

SFIE - receiving a grant from <SFIE>. Do you expect these gains to...

SFLG - receiving a loan guaranteed by the <SFLG> scheme. Do you expect these gains to...

...rise	1
...remain constant	2
...diminish; or	3
...cease?	4

Q10e Now thinking about non-financial gains your business will receive, do you anticipate any significant non-financial gains resulting from...

GRD, GIII, KTP, SIBBP - your participation in <read out>? For example, networking opportunities and better-informed staff.

SFIE - receiving a grant from <SFIE>? For example, networking opportunities and better-informed staff.

SFLG - receiving a loan guaranteed by the <SFLG> scheme? For example, networking opportunities and better-informed staff.

Yes	1
No	2

If Q10e=Yes:

Q10f What were these non-financial gains?

WRITE IN: _____

Options for the Department to consider

- Consider including a show card with the response options on them. This is discussed more fully in section 2.4.
- Consider the timing of the questions on economic impact in terms of how long after the intervention has come to an end should these questions be asked. This is discussed in detail in section 2.4.

Whether would have achieved financial gain regardless of intervention:
constructing the counterfactual Q16-17 (Q11a-b)

Questions cognitively tested

Q16 “Thinking again about the earlier figure of [Q14/15], had you not <received the grant/participated in the scheme> approximately what proportion of this financial gain would you expect to realise anyway, in the same timeframe?”

REASSURE AS NECESSARY “Please just provide me with your best estimate”.

Proportion:

(Don't know)
(Refused)

If Don't Know

Q17 “If you had to estimate this proportion, into which of the following bands would it fall?”

READ OUT

All of it (100%)	1
More than 80% of it	2
60%-80% of it	3
40%-60% of it	4
20%-40% of it	5
Less than 20% of it	6
None of it (0%)	7
(Don't know)	8

Findings

Respondents fell into three groups at this question:

- (1) those who were unable to give an answer at all;
- (2) those who managed to give an answer but admitted it was a wild guess; and,
- (3) those who were able to give an answer because they saw the involvement of the intervention at their company as being uncomplicated.

Respondents falling into the first category described the question as arbitrary and unreasonable. They were unable to think realistically about what would have happened or what they would have done as there were a number of different paths that could have been taken. To give a flavour of how respondents reacted to the question, initial responses included:

“[The answer would] have no meaning” (GIII, medium, single-site).

“I would just be guessing...a finger in the air” (SFLG, small, single-site).

“If your uncle was a woman she would be your aunt, wouldn't she?” (SFIE, small, single-site).

Some respondents felt that rather than providing a financial gain, the intervention had given them time, in that the plans would have gone ahead but over a longer period of time. One respondent said:

“I think, to me, it relates more to time than money. We would have done it but rather than doing the project over two years, without the grant we’d have probably had to spread it over three or four” (GIII, small, single-site).

Those that formed the second category either answered in terms of a proportion or gave an actual figure. As stated these figures were accompanied by a large degree of doubt and respondents freely expressed that their answers were speculative guesses.

Respondents who were able to answer the question were those to whom the answer appeared very simple, for instance those who would not have been able to take any action at all without the intervention, for example one respondent said:

“We wouldn’t have made any of it...because we wouldn’t have had any resource to apply to making these improvements” (KTP, medium, multi-site).

Respondents who had received SIBBP (advice and support) felt the question did not fit their situation and that the question was more suited to companies who had produced a specific product and therefore could relate this question to sales, profit and loss.

There was no strong evidence to suggest that respondents who had received SFLG (loan) felt the questions to not relate to their situation though one commented that it was difficult to apply fiscal measurement to loans.

Respondents were also asked about their understanding of the question and whether they could put it into their own words. Some were able to describe what they thought the question was asking. Interpretations included:

“Did the scheme basically hasten our development towards a greater profit and turnover?” (KTP, small, single-site).

“Assuming I have made money how much of that profit would I have made without the grant?” (GRD, small, single-site).

“If we hadn’t have moved would we have realised a similar gain, that we couldn’t identify anyway, as we have having moved...I think it’s trying to say if we had remained where it was and didn’t spend on relocating would we be better or worse off than we are now?” (SIBBP, large, single-site).

“If funding had not been available, would the project have gone ahead to the same specification and to the same timescale?...If you had not received the funding, how would the business performance have grown within the same timescale?” (SFIE, small, single-site).

"If I hadn't had the grant, would I have got to the same position?"
(GIII, small, single-site).

Q16-17 (Q11a-b) Recommendations for cognitive testing

- Evidence showed the quality of the data collected at these questions to be highly questionable.
- Smith et al³ question whether respondents are able to accurately construct the counterfactual, their findings providing strong support for the view that respondents avoid the cognitive burden this task demands and instead employ simple heuristic (short cut) methods to arrive at an answer.
- The proportion of item missing data at these questions at wave 5 of the Beneficiaries Survey was 82 per cent. This figure includes respondents who did not provide an adequate answer and those who were routed past the question (those who were unable to provide an answer at Q14/15).
- As the Department are keen to attempt to measure the 'counterfactual' we propose testing two new revised questions.
- The first question asks the respondent to measure on a scale of 1-10 how well their business is performing in comparison to other similar businesses.
- The second question then asks the respondent to provide a further score, this time for how they expect they would be performing if they had not received the intervention. We hope that these questions will enable respondents to think more clearly about each scenario.

Proposed question(s)

Q11a *On a scale of 1-10, where 1 is performing very badly and 10 is performing very well, how well is your business performing, to date, in comparison to other similar businesses?*

1 2 3 4 5 6 7 8 9 10

Q11b *Again, on a scale of 1-10, where 1 is performing very badly and 10 is performing very well, how well do you think your business would be performing in comparison to other similar businesses, to date, if you had not*

GRD, GIII, KTP, SIBBP - participated in <read out>?

SFIE - received a grant from <SFIE>?

SFLG - received a loan guaranteed by the <SFLG> scheme?

1 2 3 4 5 6 7 8 9 10

^{3 3} Smith J, Whalley A and Wilcox N (2006) 'Are Program Participants Good Evaluators?' Web working paper.
http://faculty.ucmerced.edu/awhalley/web/smithwhalleywilcox_082006.pdf

Options for the Department to consider

- Consider removing the questions on the counterfactual as respondents find them difficult and the data are not shown to be of a high quality.
- Consider including a show card with the response options on them. This is discussed more fully in section 2.4.
- Consider the timing of the questions on economic impact in terms of how long after the intervention has come to an end should these questions be asked. This is discussed in detail in section 2.4.

2.4 General findings

At the end of the interviews, respondents were asked to give their opinions in general about the questionnaire. It should be borne in mind that these views may be subject to context effects (i.e. they were expressed following a cognitive interview in which rapport will have been built) and thus we cannot base recommendations on these alone.

Questions

The length of the questions was seen as something that affected the responses given by respondents. One view was that the questions should be broken down into smaller chunks, whereas another view was that the wording was “fairly concise”. A suggestion previously mentioned would be having something in front of the respondent that they could refer to (for example a show card with the answer options on). The questions also needed to make it clearer what information the BERR required.

The answer categories given, respondents felt, forced them to use answer options that do not always fit with how they would choose to describe their situation. Respondents who had received the support product SIBBP felt that many of the questions did not reflect their situation. They came across as ‘one size fits all’. Other respondents who had received grants (KTP) also reported feeling that the questions did not always feel relevant. Those who had received loans had an opposite view to this, expressing that they felt that the questions were aimed at people who had received grants and not loans.

Taking part

Suggestions were made for how to increase the likelihood of businesses taking part in the survey. These included:

- sending out an advance letter, outlining the type of information required. This would enable respondents to look up in advance the information required, although there is a concern that it might deter respondents from taking part;
- ensuring that the interview was not too long;
- giving a monetary incentive to respondents for taking part; and,
- making participation in the survey a mandatory condition of the scheme.

Respondents seemed happy to take part in the survey, one stating that “*It’s a two way thing*”, and that they would expect to take part in a survey having received the benefits of the intervention. Companies who have benefited from an intervention would have no hesitation in taking part; however those who may have made losses as a result would be less likely to take part.

Survey mode

A range of views were expressed concerning how the survey should be carried out. These included:

- by telephone;
- face-to-face;
- via the Internet (including via email); and,
- as a paper questionnaire.

Written questionnaires were seen as a good mode by respondents willing to look up the information, *“because then I’ve got time to go and find the information”* (KTP, medium, multi-site). However it has been shown that self-completion surveys are more likely to yield lower response rates and this must be taken into account when considering the most suitable mode.

Telephone surveys were seen as being an effective way of carrying out the survey because they are quick, easy, and easier to organise. Respondents felt that it would need to be made clear at the beginning of the interview that the BERR are not trying to ‘sell’ them anything. Not all respondents felt that a telephone survey would work; saying that they are impersonal and the questions would be more difficult to ask over the phone.

Accuracy

The accuracy of the figures given were described as being:

- within £5,000;
- 50 per cent of responses would be inaccurate; and
- the first figure that popped into the head.

In order to achieve accurate answers, respondents would need to look up the information in company records. Willingness to do this would vary depending on the amount of time it took to find the information. Respondents would be more likely to provide accurate information if they felt the survey was worthwhile, and would need to be persuaded that their time is valuable and their input is useful for the BERR. Respondents, who had more important things to be getting on with, are more likely to give a quick and not always accurate answer.

Who should be contacted

Contacting the correct person is important. Answers may vary from person to person in the same company. In most instances BERR had the correct contact details for the person most suitable in the company to take part. These included; Finance Directors, Managing Directors, Technical Directors, and Directors. The respondent should be someone who was involved with the grant/loan and has knowledge of both the company’s finances and the application process.

Options for the Department to consider

- Consider making participation in the BERR survey a mandatory condition of applying for the intervention.
- Consider sending advance information to respondents explaining that they will be asked to take part in a telephone survey and outlining the detail of the questions that will be asked. This approach could be tested through an experiment with a control group that received a letter containing fewer details.
- Consider conducting an experiment to assess the impact show cards have on respondents' answers. These would need to be sent out in advance of the telephone interview and should be seen as a helpful prop rather than being essential. The experiment would aim to test specifically: (a) whether being able to visualise the information and answer categories assisted in providing an answer; and (b) whether respondents were able to locate and use the show cards after they had been sent to them in the post).
- Consider asking the questions on economic impact after the intervention is complete (or more advanced), separately from the earlier questions on implementation. This would allow a more informed self-reported answer. The survey would take the form of a panel design.

2.5 Next steps

This report has outlined the recommendations for the second round of cognitive testing of questions on economic impact of BERR policies and interventions. These were considered by the Department and incorporated into the questions tested in this second round; see McGee A et al (2009) for details⁴.

⁴ McGee A, Andrews F, Legard R. (2009) *Self Assessment as a tool to measure the Economic Impact of BERR policies: findings from stage two cognitive testing*.

Appendix A Technical details of cognitive phase

This appendix describes in further detail the design and conduct of the cognitive testing.

Study Design

This project was designed to test the questions on economic impact that are currently asked as part of the fifth wave of the Business Support Cross Product Monitoring (Beneficiaries) Survey. The study has been designed in a three-stage research programme. Firstly to review and critically assess three different BERR surveys and recommend a methodology for collecting economic impact information. Secondly to cognitively test the existing questions on economic impact, then to revise and test a new set of survey questions, and thirdly, to make final recommendations on the methodology used taking on board findings and reaction to the earlier stages.

Cognitive respondents were asked the questions asked in the fifth wave of the Business Support Cross Product Monitoring Survey on economic impact.

Interviews were recorded, with respondent consent, and were conducted by NatCen researchers and field interviewers trained in cognitive interviewing methods. Recordings were partly transcribed⁵, and reviewed so that detailed notes could be made. Notes were analysed using a content analysis approach described below.

The aim was to conduct 14 interviews covering a range of different types of respondent, whose characteristics were thought to have an influence on the way in which they might go about answering the questions being tested. In particular, three sets of characteristics were identified as potentially have a bearing on response to the test survey questions:

- the product received (at least one respondent who had received each of the six products);
- whether they were a small, medium or large company; and,
- whether they were based on a single site, or a multi-site.

These characteristics were used to set quotas as shown in table 1.

Table 1 Illustration of recruitment quota to achieve 14 interviews

	Small (1-24 people)		Medium (25-99 people)		Large (100+ people)	
	Single	Multi	Single	Multi	Single	Multi
Number of interviews set to achieve	4	0	4	1	2	3

Cognitive Methods

Cognitive interviewing methods, which are derived from cognitive psychology, enable researchers to examine (in greater detail) the question and answer process, helping to identify problems with questions and possible solutions. Cognitive interviewing techniques focus on four main processes:

- how respondents understand and interpret questions;
- how respondents recall the information required to answer questions;
- the judgements they make as to what information to use when formulating their answers; and

⁵ The think aloud part of the interview was transcribed verbatim. Respondents' answers to the interviewers' probes were summarised.

- how to respond to the questions.

The two most frequently used cognitive interviewing techniques are ‘think aloud’ and probing. In this study, a mixture of think aloud and probing techniques were used. In the think aloud technique, respondents were asked to say out loud what they are thinking as they go about answering completing the task. For example, respondents would be encouraged to articulate what they think a particular data item means, what information they are drawing on to complete each section, what decisions they make about what they are being asked to provide or what information is required to answer it and how they provide their (final) information for each item.

In the probing technique the interviewer will ask specific, usually scripted, questions which provide similar information. These ‘probes’ are partly pre-scripted and provide a guide to the topics to be covered in the cognitive interview. Probing was carried out after each question had been asked and the respondent had been asked to think aloud as they attempted to answer the test question. A copy of the cognitive probes used can be found in Appendix B.

Recruitment

Recruitment of respondents was carried out by NatCen’s Telephone Unit (TU). The sample was made up of people who had received one of the six products the Beneficiaries Survey aims to evaluate. The TU were given sample lists for three different geographical areas, and were asked to fill the quota set by the research team using the cognitive recruitment quota sheet (Appendix B). The areas in which interviewing took place were:

- Leeds;
- Manchester; and,
- Birmingham.

Once the TU had recruited respondents based on the quota set for the cognitive testing, they were sent a letter explaining in more detail about the study and the name of the interviewer who was going to contact them to set up the appointment for the interview. A copy of the letter sent to respondents is contained in Appendix C.

Some quotas were not filled because particular types of respondent were quite rare (see Table 2). In total 13 interviews were conducted.

Table 2 Number of respondents required in each quota and number interviewed in each quota

	Small (1-24 people)		Medium (25-99 people)		Large (100+ people)	
	Single	Multi	Single	Multi	Single	Multi
Number of interviews set to achieve	4	0	4	1	2	3
Number of interviews achieved	6	0	2	2	1	2

Table 3 Characteristics of respondents - product received and number of interviews conducted

Product	Small (1-24 people)		Medium (25-99 people)		Large (100+ people)	
	Single	Multi	Single	Multi	Single	Multi
GRD	1					
KTP	1				1	1
GIII	1		2			
SFLG	2			1		
SFIE	1					
SIBBP				1		1

Conduct of Interviews

Cognitive interviews took place in respondents' place of business, and conducted face-to-face, on a one-to-one basis, to ensure respondent confidentiality, except in the case of one interview which was carried out over the telephone.

Analysis

The members of the research team and the field interviewers, all of whom were trained in cognitive methods, made detailed notes on their cognitive interviews, with reference to the recording of the interview. These notes, recordings of the interviews and the completed test questionnaires were reviewed as part of the analysis process.

The think-aloud section of the interviews were transcribed, from which summary notes were made. Notes were analysed using a content analysis approach based on Framework, an analytic tool developed by the Qualitative Research Unit at NatCen. A matrix was set up, which listed the respective areas of the questionnaire we tested across the page and cases down the page. The matrix included a summary of the characteristics of respondents; such as the product they received and whether they were based at a single or multi site. Under each question, a summary was made of each respondent's understanding of the question, recall strategies used, judgements made in formulating an answer and the answer provided. Any other problems were also recorded. Thus data could be read horizontally as a complete case record for an individual, or vertically by question, looking across all cases.

Once the matrix was completed the data were reviewed. In reviewing the matrix the full range of problems with the economic impact questions were explored.

Appendix B Cognitive interview probe sheet



P2916

Assessing the economic impact of BERR policies: cognitive interviews round 1

Stage One – Introduction

You need to introduce the survey to the respondent.

- It is an evaluation study on behalf of BERR (The Department for Business, Enterprise and Regulatory Reform)
- To understand the difficulties respondents face in providing information on economic impact
- To identify potential sources of error in the information provided
- To map the factors that can affect respondents' willingness to participate in the survey
- The survey methodology being tested is with specific reference to an existing BERR survey – the “*Business Support Cross Product Monitoring Survey*” (also known as the “*Beneficiaries Survey*”).

Stage Two – Respondent Details

- Respondent title
- Length of time in post
- Principal activities
- Nature, size and age of company
- Which intervention received/ participated in (KTP, GIII, GRD, SIBBP, SFLG, SFIE)
- How respondent refers to this scheme (project, scheme, grant, loan or some other way) – ensure terminology is familiar to them and use this consistently through the interview
- Whether involvement in scheme or work involving grant is not complete – or when it's due to be completed

Stage Three – Explain ‘think-aloud’ process

Explain the **'think aloud' technique**. Explain to your respondent that you would like them to talk you through how they are thinking about their answer to the question and why they chose the answer that they did. Run through the windows example with them giving a demonstration - **'How many windows are there in your home?'** and ask them to describe what they are thinking as they work through their answer.

Stage Four - Questions

INTERVIEWER: READ WORDING BELOW EXACTLY AS WRITTEN.

- "I am now going to run through some of the questions you might be asked as part of a BERR survey about the scheme you took part in or the grant you received. I'd like you to try and answer them and as you do so talk me through any issues they raise. We'll then talk about these issues a bit more"
- "The first few questions are about the benefits you might have experienced that resulted from the <scheme/grant> and whether you would have experienced these regardless of the <scheme/grant>"

Q1 INTERVIEWER: READ WORDING BELOW EXACTLY AS WRITTEN.

"Which of the following best describes your view on the contribution (your participation in the scheme/receiving the grant) has made to your firm, or is expected to make to your firm?"

READ OUT

We would (have) achieve(d) similar results anyway

We would (have) achieve(d) similar results, but not as quickly

We would (have) achieve(d) some but not all of the results

We probably would not (have) achieve(d) similar results

We definitely would not (have) achieve(d) similar results

(None of these)

Probes:

- What information is the question asking for?
- How did you decide/work out what to answer?
- What did you think about when you answered?
- How easy or difficult did you find answering the question?

Q2 INTERVIEWER: READ WORDING BELOW EXACTLY AS WRITTEN.

- "To what extent would you agree with the statement 'the <scheme/grant> has provided me with something, or will provide me with something I could not have got from any other source'? Please use a scale of 1 to 5 where 5 is agree strongly and 1 is disagree strongly".

1 - Disagree strongly

2

3

4

5 - Agree strongly

(Don't know)

Q3 "What was it that the <scheme/grant> provided you with, or is expected to provide you with that you couldn't have got elsewhere?"

Probes:

- What sorts of things were you thinking about?
- What 'other sources' did you think about? What did you think 'other sources' meant?
- Where else could have provided you with the same the <scheme/grant>?
- How did you decide on your answer to this question?
- How easy or difficult did you find answering the question?
- *If answered Agree strongly: Can you rate from 1-10 how strongly you feel?*

INTERVIEWER: READ WORDING BELOW EXACTLY AS WRITTEN.

“The next few questions are about the financial performance of your company. These questions are designed to enable BERR to assess the impact or likely impact of your participation in <scheme/grant>”.

Annual Turnover

Q4 INTERVIEWER: READ WORDING BELOW EXACTLY AS WRITTEN.

“Firstly, can I ask, what is the current annual turnover of your business? You may also refer to turnover as income, sales, invoices or receipts”

£

(Don't know)

(Refused)

If Don't Know:

Q5 “If you had to estimate your current annual turnover, roughly into which of the following bands would you put your business?”

READ OUT

£0

Less than £100,000

£100,000 - £500,000

£500,000 - £2million

£2million - £10million

£10million - £50million

More than £50million

(Don't know)

(Refused)

Probes:

- What information did you think the question was asking for?
- How easy or difficult did you find answering the question? Why?
- What time period were you thinking about? From when to when?
- How did you go about coming up with an answer to this question? Explore Rs involvement and knowledge of financial matters within the company
- *If a multi site org:* is the R answering for this site or the company as whole?
- Are there records R could refer to? How accessible is the information?
- How accurate do you think your answer is?

Q6 Staff labour costs

INTERVIEWER: READ WORDING BELOW EXACTLY AS WRITTEN.

“Approximately what are your current overall annual staff / labour costs?”

AS NECESSARY “Please include all employee costs, such as salaries, pensions, social security, and dividends paid to Directors”.

£

(Don't know)

(Refused)

IF Don't Know

Q7 “If you had to estimate your overall staff / labour costs, into which of the following bands would you place your business?”

READ OUT

£0

Less than £100,000

£100,000 - £500,000

£500,000 - £2million

£2million - £10million

£10million - £50million

More than £50million

(Don't know)

(Refused)

Probes:

- What information did you think the question was asking for?
- How easy or difficult did you find answering the question? Why?
- What time period were you thinking about? From when to when?
- How did you go about coming up with an answer to this question? Explore Rs involvement and knowledge of financial matters within the company
- *If a multi site org:* is the R answering for this site or the company as whole?
- Are there records R could refer to? How accessible is the information?
- How accurate do you think your answer is?

Q8 Annual bottom line profits/losses

INTERVIEWER: READ WORDING BELOW EXACTLY AS WRITTEN.

“Is your company currently making an annual profit or loss?”

Profit 1

Loss 2

Q9 “Approximately what are your current annual bottom line <profits/losses>?”

READ AS NECESSARY: “You may also refer to bottom line profit as pre-tax profit”

£

(Don't know)

IF Don't Know

Q10 “If you had to estimate your annual bottom line <profits/losses>, into which of the following bands would you place your business?”

READ OUT

£0

Less than £100,000

£100,000 - £500,000

£500,000 - £2million

£2million - £10million

£10million - £50million

More than £50million

(Don't know)

(Refused)

Probes:

- What information did you think the question was asking for?
- What do you think ‘bottom line profits/losses means? Would you describe this in another way?
- How easy or difficult did you find answering the question? Why?
- What time period were you thinking about? From when to when?
- How did you go about coming up with an answer to this question? Explore Rs involvement and knowledge of financial matters within the company
- *If a multi site org:* is the R answering for this site or the company as whole?
- Are there records R could refer to? How accessible is the information?
- How accurate do you think your answer is?

INTERVIEWER: READ WORDING BELOW EXACTLY AS WRITTEN.

“I’d now like to move on to thinking specifically about the financial impact of participating in the scheme”.

Costs of participating in scheme

Q11 INTERVIEWER: READ WORDING BELOW EXACTLY AS WRITTEN.

“What has been, or will be, the total costs to your business of participating in the scheme, including the cost of any subsequent action you may have taken or be planning to take? This might include extra staff costs and the costs of capital equipment as well as out of pocket expenses or other cash costs?”

PLEASE CODE NULL FOR TOO EARLY TO TELL

Write in amount in £ (MAY BE ZERO)

(Null)

(Don’t know)

(Refused)

If Don’t Know

Q12 “If you had to estimate these total cash or out-of-pocket costs, into which of the following bands would you put them?”

READ OUT

PLEASE CODE NULL FOR TOO EARLY TO TELL

Zero/nothing	1
Up to £500	2
£501 -£1,000	3
£1,001 -£2,000	4
£2,001 -£5,000	5
£5,001 -£10,000	6
£10 001 -£20 000	7
£20 001 -£50 000	8
£50 001 -£100,000	9
£100,001 -£500,000	10
£500,001 -£1million	11
£1,000,001 -£5million	12
More than £5million	13
(Null)	16
(Don’t know)	14
(Refused)	15

Probes:

- What information did you think the question was asking for?
- Please can you put the question into your own words? Is there another way you would describe what it is asking?
- How easy or difficult did you find answering the question? Why?
- How did you go about coming up with an answer to this question? Explore Rs involvement and knowledge of financial matters within the company
- *If a multi site org:* is the R answering for this site or the company as whole?
- Are there records R could refer to? How accessible is the information?
- How accurate do you think your answer is?

INTERVIEWER: READ WORDING BELOW EXACTLY AS WRITTEN.

Q13 “Considering the financial gains, in terms of your bottom line profit, to your business of participating in the scheme and still including any subsequent action you may have taken or be planning to take, would you say that the gains were greater than the costs, about the same as the costs or less than the costs?”

Greater than the costs	1
About the same as the costs	2
Less than the costs	3
(None apply)	4
(Don't know)	5
(Null)	6

Probes:

- What information did you think the question was asking for?
- How easy or difficult did you find answering the question? Why?
- How did you go about coming up with an answer to this question? Explore Rs involvement and knowledge of financial matters within the company
- *If a multi site org:* is the R answering for this site or the company as whole?
- Are there records R could refer to? How accessible is the information?
- How accurate do you think your answer is?

Q14 INTERVIEWER: READ WORDING BELOW EXACTLY AS WRITTEN.

"I would now like you to consider the financial gain to your business, in terms of its bottom line profit, of <receiving the grant/participating in the scheme>, including any subsequent action you may have taken or be planning to take. Please could you estimate what the gross financial gain has been or will be in £s".

ADD IF NECESSARY: "Please just give me your best estimate".

PLEASE CODE NULL FOR TOO EARLY TO TELL.

THIS FIGURE IS ANNUAL AS OPPOSED TO TOTAL GAIN.

INSERT NUMBER (May be Zero)

(Don't know)

(Refused)

(Null)

If Don't Know

Q15 "If you had to estimate the total financial gains, into which of the following bands would you put them?"

READ OUT

Zero/nothing	1
Up to £500	2
£501 -£1,000	3
£1,001 -£2,000	4
£2,001 -£5,000	5
£5,001 -£10,000	6
£10 001 -£20 000	7
£20 001 -£50 000	8
£50 001 -£100,000	9
£100,001 -£500,000	10
£500,001 -£1million	11
£1,000,001 -£5million	12
More than £5million	13
(Don't know)	14
(Refused)	15
(Null)	16

Probes:

- What information did you think the question was asking for?
- Please can you put the question into your own words? Is there another way you would describe what it is asking?
- How easy or difficult did you find answering the question? Why?
- How did you go about coming up with an answer to this question? Explore Rs involvement and knowledge of financial matters within the company
- *If a multi site org:* is the R answering for this site or the company as whole?
- Are there records R could refer to? How accessible is the information?
- Did you compare your company's situation with another company when working out your answer? How?
- How accurate do you think your answer is?
- Were you thinking about profits or turnover?
- Were you thinking of an annual or total figure?

Q16 INTERVIEWER: READ WORDING BELOW EXACTLY AS WRITTEN.

"Thinking again about the earlier figure of [E5a/E5b], had you not <received the grant/participated in the scheme> approximately what proportion of this financial gain would you expect to realise anyway, in the same timeframe?"

REASSURE AS NECESSARY "Please just provide me with your best estimate".

Proportion:

(Don't know)

(Refused)

If Don't Know

Q17 " If you had to estimate this proportion, into which of the following bands would it fall?"

READ OUT

All of it (100%)	1
More than 80% of it	2
60%-80% of it	3
40%-60% of it	4
20%-40% of it	5
Less than 20% of it	6
None of it (0%)	7
(Don't know)	8

Probes:

- What information did you think the question was asking for?
- Please can you put the question into your own words? Is there another way you would describe what it is asking?
- How easy or difficult did you find answering the question? Why?
- How did you go about coming up with an answer to this question? Explore Rs involvement and knowledge of financial matters within the company
- *If a multi site org:* is the R answering for this site or the company as whole?
- Are there records R could refer to? How accessible is the information?
- How accurate do you think your answer is?

Stage Five – PROBE ABOUT FOLLOWING ISSUES IF NOT EXPLORED WHEN ASKING SURVEY SPECIFIC QUESTIONS

- General follow up to questions
- Which questions were easy to answer? Why?
- Which questions were difficult to answer? Why?
- Counterfactual: How easy or difficult did you find thinking about what might have happened?
- Question order, how well did it work, improvements

Accuracy

- Where does this information come from (company records, top of head, guesstimate)
- Accuracy of information (very accurate, reasonable ballpark assessment, not at all confident in accuracy of figures given)
- Whether conducted any calculations on the <scheme/grants> impact on costs and financial gains prior to the interview

Motivation

- Motivation to provide an accurate answer (how motivated, what would make respondent more motivated, face to face, letter in advance stating information required)

Taking part

- Reactions to request to participate in this study
- Factors affecting participation in a BERR survey about its products/grants that you have applied for (mode, length of interview, timing, whether successful with application, views on successful of product for business, concerns about confidentiality)
- Expectations about what information might be asked for (kind of information required)
- Who would/ should we talk to if we want to know about:
- decision making process about applying for grant/loan, using product
- financial impact on company of grant/loan, using product
- *Probe for details of person/people (job title, location, why them)*
- Experience of taking part in previous surveys (telephone v face to face, preference, time involved)

Suggestions for improvements

- To the way we make contact with businesses
- How we contact them and conduct the interview
- Amount of information collected
- Type of information collected
- Confidentiality
- Other issues

END

Thank respondent for their time. Reiterate confidentiality.

Appendix C Letter to respondents



Dear

Assessing policy impact on businesses

Thank you for agreeing to take part in this study we are carrying out on behalf of the Department for Business, Enterprise and Regulatory Reform (BERR). The National Centre for Social Research (NatCen) is the UK's largest independent institute specialising in social policy research, primarily on behalf of Government departments. The BERR has commissioned us to develop and test a survey methodology for measuring the economic impact of its policies and programmes on businesses. The methodology will be intended to measure the costs to organisations, as well as the benefits derived by them, from participating in BERR initiatives.

Your help is greatly appreciated. This letter confirms the name of the interviewer who will be coming to see you. They will contact you shortly to arrange a convenient time. This letter also provides some more information about the study and who to contact if you have any questions or concerns.

The purpose of these interviews is to obtain the perspective of potential survey recipients about the ease of providing the type of information sought for the survey, and their views about the proposed methodology. Naturally, participation is entirely voluntary and the information collected will be dealt with in strictest confidence by the research team. With your permission, the interview will be recorded. The recording will be kept within the research team. The data will be used purely to inform our methodological design and nothing will be passed on to BERR or any other individual or organisation.

Please feel free to contact me with any questions you may have.

Yours sincerely

Alice McGee
Questionnaire Development and Testing Hub

<p>The Interviewer who will be contacting you is:</p> <p>Name:.....</p>
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