

FACTSHEET: EARNING MONEY

Businesses of all shapes and sizes are the engine of our economy and prosperity for all relies on the success of business in earning money. But the years since the global financial crisis have been challenging, and many are asking whether business is paying its way.

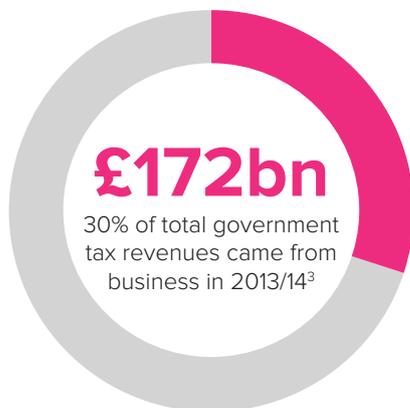
KEY FACTS

4.9m

businesses in the UK, as of October 2013¹

70%

of people agree that profit is a good thing²



78%

of GDP accounted for by the private sector (on average since 1997)⁴

only 15%

of people disagree that the economic crisis has impacted on their confidence in business as a whole⁵

38%

of people blame banks "that rip customers off and refuse to fund companies properly" and...

42%

...blame "ruthless companies exploiting staff"⁶ for ongoing fears about the economy

Business of all sectors and sizes are the backbone of the UK's economic success

- Business is the engine of our economy. At the start of 2013, there were around 4.9m private sector businesses of all shapes, sizes and sectors across the UK. These companies produce the goods and services that are the source of our national wealth.
- Altogether, these businesses employ over 25 million people⁷ and have a combined annual turnover of £3,300 billion.⁸
- On average since 1997, business has been responsible for 78% of total economic activity in the UK (GDP).⁹

Growth and prosperity for everyone depends on the success of business in earning money

- Profit allows firms to employ more people, invest in training, pay for our pensions, as well as pay the taxes that help fund the schools, hospitals and security on which we all rely.
- In total, businesses paid £172bn in tax in 2013/14 – that's 30% of total government tax revenues last year and more than enough to cover the budgets for the Department of Health and the Department for Education put together.¹⁰
- Every part of the business community is playing a role in the recovery and economic growth, from the banks providing finance, to large companies working hand-in-hand with dynamic smaller firms in their supply chains.

EARNING MONEY FACTSHEET



After the global financial crisis, many are asking whether business makes a fair contribution

- The events leading up to the global financial crisis have knocked the public's confidence in business – 68% of people agree that industry scandals have impacted on their confidence in business and only 15% of people disagree that the economic crisis has impacted on their confidence in business as a whole.¹¹
- Although we have seen the economic recovery strengthen, many are still not convinced that it will last and that business leaders are making decisions that are in all our interests over the long term.
- Over a third of people (38%) blame banks “that rip customers off and refuse to fund companies properly” and roughly the same number (42%) blame “ruthless companies exploiting staff” for ongoing fears about the economy.¹²

- And we are still emerging from the longest recorded squeeze on living standards, so it's no surprise that business is coming under greater scrutiny for the contribution it makes. Avoiding tax and executive pay regularly top the lists of areas of public concern. Business is being challenged to up its game – 55% of people agree that expectations on business to do the right thing have increased over the last ten years.¹³

SOME QUESTIONS TO CONSIDER

- Does business success mean prosperity for everyone?
- Is profit a good thing?
- What lessons does business need to learn from the financial crisis?



SOURCES

¹BIS, Business population estimates 2013, October 2013 | ²CBI/YouGov survey, April 2014 | ³HMRC, CBI analysis. The majority of business' tax contribution comes from employer's national insurance (32%), corporation tax (22%) and business rates (15.7%) | ⁴Office for National Statistics (ONS), CBI analysis. Calculated as government consumption expenditure and government investment as a percentage of total GDP. This excludes transfer payments, such as social security payments, but includes the costs involved in administering those payments | ⁵CBI/YouGov, Perceptions of business survey, June 2014 | ⁶Guardian/ICM poll, June 2014 | ⁷ONS, Labour Market Statistics, 2014 | ⁸BIS, Business population estimates 2013, October 2013 | ⁹ONS, CBI analysis, see reference 4 | ¹⁰Current Department of Health budget £108.3bn; Department of Education £53.5bn, HMT Budget 2014 | ¹¹CBI/YouGov survey, June 2014 | ¹²Guardian/ICM Poll, June 2014 | ¹³CBI/YouGov survey, June 2014