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BUSINESS REVIEW

Spotlight on issues affecting business



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MAY 2025



BUSINESS REVIEW

TIME FOR SMALL BUSINESS OWNERS TO TAKE A BREAK

A recent small business poll has highlighted the challenge of *'switching off'* from work. The OnePoll survey on behalf of USwitch reports 78% of small and medium-sized enterprise (SME) owners regularly work during annual leave while 70% feel *'guilty'* taking time off.

Out of 1,000 SME business owners surveyed, 65% reported working 30 to 50 hours per week, while 40% regularly exceeded a 40-hour working week. More alarmingly, almost one in five (19%) had never taken a week off from their business, while the same number hadn't taken a week off in the past 12 months.

What's preventing business owners from a better work life balance? According to 45%, managing their email inbox was the top admin task, closely followed by banking and finance (38%), and meetings (33%).

Andy Elder of USwitch says SME owners should consider working smarter, not harder. He said, *"With many business owners caught in a cycle of admin overload, financial management tasks and long working hours, it's time to explore solutions that can help SMEs regain control of their time. By leveraging smarter financial management tools and automation, entrepreneurs can reclaim their time, reduce stress and create more sustainable working patterns."*

GEN Z SUFFERING FROM *'GENERATIONAL DIVIDE'*

According to 2,000 UK employees surveyed by Applied, 45% of Gen Z workers believe a *'generational divide'* exists at work, compared with just 23% of those aged 50 and over. A third of all workers blamed the divide on different values, communication styles and expectations.

Among those aged 16 to 34, 42% admitted feeling like the *'odd one out'* due to their age. Over half preferred working with colleagues from their own age group, younger workers were twice as likely as older colleagues to feel comfortable discussing personal matters at work and more inclined to favour casual dress over more formal work wear. The survey findings suggest generational differences are often worsened by broader workplace shifts such as remote working, new technology and changing views on wellbeing and professionalism.

Pete Humphreys, CEO of Development Beyond Learning, told HR magazine, *"For Gen Z, who value openness and authenticity, [the workplace] can be especially tough... When Gen Z feels understood and supported, they're more likely to thrive, and the whole organisation benefits."*

To help younger employees feel included, experts recommend encouraging open communication, mentoring across different age groups and moving beyond age-based assumptions to focus on what each employee brings to the table.

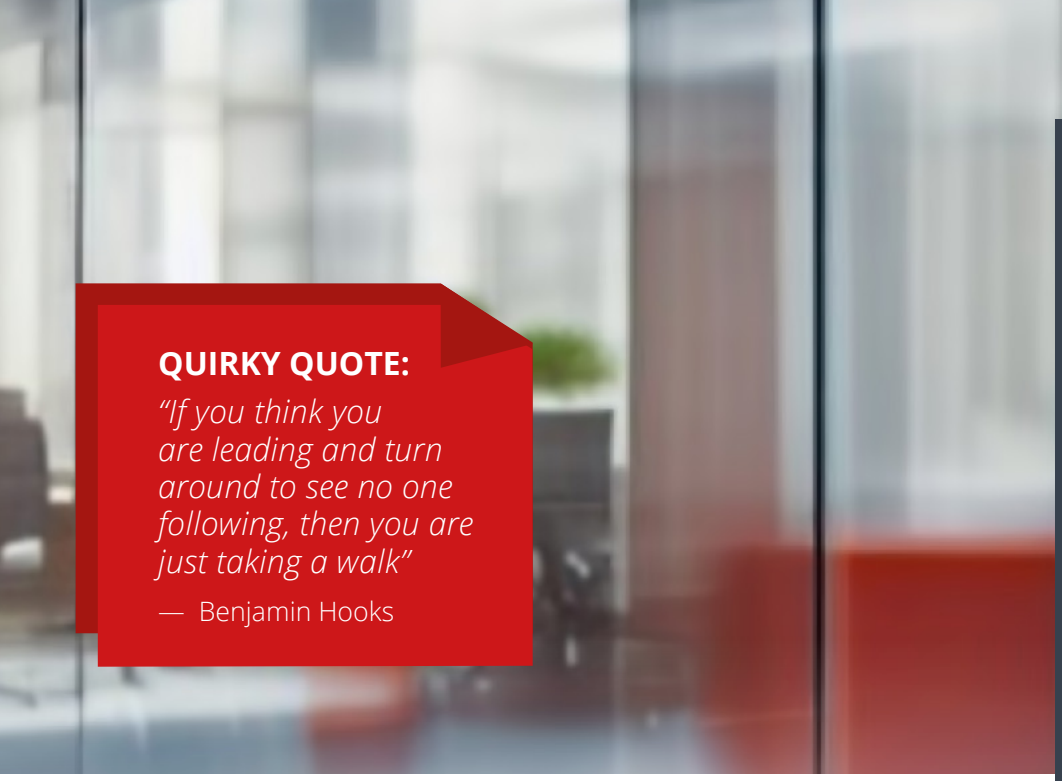
SME OWNERS CONSIDER LEAVING THE UK

More than one-third of UK SME owners are considering relocating abroad, due to higher taxes and rising business costs, according to research commissioned by Handelsbanken Wealth & Asset Management.

Of 200 SME owners surveyed by Pure Profile in March, 38% were either *'planning'* or *'seriously considering'* moving overseas, with nearly two-thirds intending to move within the next two years. Nearly half of respondents cited UK taxes such as National Insurance and Inheritance Tax (IHT) as key factors, while the same number talked of more favourable financial incentives overseas. The UK's high labour and supply chain costs were also seen as a growing burden.

Political uncertainty was cited by 45% of survey respondents as a growing reason to consider leaving the UK. Others said they simply want to pursue other interests or are preparing for retirement. Preferred destinations include Spain, the US and France, with Portugal and Dubai also attractive.

Stephen Cowling, acting Head of Wealth at Handelsbanken Wealth & Asset Management, said, *"With taxes climbing and political stability in question, it is no surprise that more business owners will be assessing their options in terms of a potential move abroad – where there are some undeniably appealing financial incentives."*



QUIRKY QUOTE:

"If you think you are leading and turn around to see no one following, then you are just taking a walk"

— Benjamin Hooks

MANUFACTURERS FACE RISING COSTS

The UK's manufacturing sector is under pressure, with rising costs and a weaker global outlook affecting confidence, according to the Industrial Trends Survey from the Confederation of British Industry (CBI).

Output was largely flat in the three months to April, with a slowdown across many sectors balanced out by stronger production in motor vehicles and transport equipment. However, manufacturers expect output and new orders to fall over the next quarter.

Global uncertainty is weighing heavily on exporters. Half of manufacturers said economic or political instability abroad could limit export orders – the highest level since 2021. Investment plans are also affected. Spending on buildings, machinery, innovation and training is set to decline, with confidence at its lowest since 2020. Labour shortages, weak demand and low returns were cited as major barriers to investment. Hiring has also been hit, with manufacturing jobs falling at the fastest pace since late 2020. Further job cuts are expected between now and July.

Ben Jones, Lead Economist at the CBI, commented, *"The combination of financial pressures, market instability and falling confidence is leading manufacturers to cut back employment and investment... The government needs to view every decision through the lens of kickstarting growth and incentivising investment."*

TAX COMPLIANCE COSTS £25BN A YEAR

Small businesses waste nearly £25bn a year navigating the UK's complex tax system, according to research from the Federation of Small Businesses (FSB).

On average, each small firm spends £4,500 and 44 hours annually on tax compliance. That includes time spent contacting HMRC, paying for software or accountants and managing paperwork. Poor customer service from HMRC was a frequent complaint, adding to the frustration and cost.

Tina McKenzie, FSB Policy Chair, said, *"Tax compliance is far from a niche issue, it affects all five-and-a-half million small businesses in the UK... This is money and time that could be far, far better spent on building up their business."*

The FSB is calling on the government and HMRC to reduce this burden. Its recommendations include a target to cut the average cost of tax admin from £4,500 to £3,000 by 2028. It also wants HMRC included in the government's wider push to make regulation more growth friendly.

Other proposals include a *'duty of candour'* for HMRC officers during investigations, time limits on tax enquiries and tighter controls on the cost of Making Tax Digital (MTD) software. The FSB also urged HMRC to meet its own response targets and publicly report on them.

OTHER NEWS

Online and domestic markets key to SME growth

Around 35% of UK businesses anticipate growth this year, driven mainly by domestic demand and increasing online sales, according to a British Chambers of Commerce survey. While 41% expect *'business as usual,'* 22% plan to downsize. Four in ten businesses (38%) see the UK domestic market as the biggest opportunity. Urban-based firms are more optimistic than rural ones and 18% see AI and technology as growth enablers. Online sales are projected to rise significantly, especially among consumer-facing businesses.

Employee benefits at risk as SMEs tackle tax burden

A Canada Life survey reveals that one in eight SMEs plans to reduce employee benefits due to increased National Insurance contributions. Rising costs are prompting small businesses to cut back on perks like healthcare. This trend raises concerns about employee retention and wellbeing, especially as many SMEs already struggle with recruitment challenges and financial pressures. The findings highlight the delicate balance SMEs must strike between cost management and supporting their workforce.

Remote workers' confessions

According to research by book summary app Headway, remote workers often engage in non-work activities during office hours. The findings show that 50% run personal errands and one in four take a nap while on the clock. Social wellbeing of remote workers appears to be suffering as well as productivity – 56% say they've gone entire weeks without leaving the house, with 1 in 5 doing so regularly.



MAINTAINING A LEVEL PLAYING FIELD FOR BRITISH BUSINESSES

Chancellor Rachel Reeves has pledged to support British businesses by defending fair trade and tackling practices such as the 'dumping' of cheap goods into the UK market to help boost growth. Immediate steps are being taken through the Trade Remedies Authority (TRA), a body responsible for defending the UK and investigating unfair international trade practices.

Reeves also announced a review of the Low Value Imports rule, which exempts goods under £135 from Customs Duty. UK retailers have raised concerns that this gives international sellers an unfair advantage by allowing them to undercut domestic prices.

Attending the annual IMF meetings in Washington, the Chancellor made it clear that an open global economy is crucial for UK growth, but that fairness needs to be injected into the global economic system. She commented, *"The world has changed, and we are in a new era of global trade. We must stand up for free and open trade – crucial to deliver our Plan for Change to make everyone better off. We must help businesses keep their access to trade around the world."*

She continued, *"This government is meeting the moment to protect fair and open trade. Following recent announcements reducing tariffs and support for the zero-emissions vehicles industry, today's package will help businesses compete fairly with international exporters, supporting a world economy that provides stability and fairness for working people and businesses alike."*

William Bain, Head of Trade Policy at the British Chambers of Commerce (BCC), welcomed the move, saying, *"There are still many twists and turns to go in the trade war between the US and China. It remains to be seen whether cheap Chinese goods will flood the UK as a result. But the risk is present. It is sensible for the TRA to have all the necessary tools and resources to take action to prevent the UK being swamped with unfairly cheap products. If domestic production suffers from a surge in imports or dumping of goods it is right that business has clearer access to make their case to the TRA. It must have the resources it needs to enforce a level playing field."*

The government's stance signals a stronger focus on protecting UK industry and maintaining competitive fairness

All details are correct at the time of writing (8 May 2025)

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