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GEELONG REGION SURVEY OF BUSINESS TRENDS 2014

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EXECUTIVE SUMMARY

The Deakin Business School and the Geelong Chamber of Commerce undertook a survey of business confidence and industry activity in the Geelong region in 2014. This report is the result of that research. The main objectives of the research were to measure current and future business confidence, activity and profitability and to provide information relevant to the needs of businesses and industry for planning and other purposes. Information was collected by an on-line survey of 1,571 businesses with 194 usable responses representing a 12.3% response rate. All results reported here should be considered with caution and the findings are relevant to responses from businesses registered with the Geelong Chamber of Commerce and the Geelong Central Marketing group.

Whilst this report contains considerable data on business activity, what is also telling are perceptions about the future of business in Geelong and the barriers that have to be addressed to ensure success. Thus in the executive summary that follows, some emphasis is on looking to the future.

KEY FINDINGS

Confidence

- The largest proportion of businesses surveyed (43%) indicate a medium level of confidence in the Geelong region business environment over the next financial year. Approximately 30% of businesses indicate their confidence is high.
- Forty-seven percent of businesses indicate that their number of employees will remain unchanged and 39% expect to increase the number in the coming year (2014-15).
- During this last year (2013-14), it was the older businesses (5 years or more) that were more likely to decrease their number of employees and the younger businesses (less than 5 years old) that were more likely to either maintain or increase their number of employees.

Activity, Sales, Purchases and Profitability

- Around 60% of organisations indicated that their business activity increased over the 2013-2014 financial year compared to 2012-2013. Eleven percent of businesses indicated that business activity remained unchanged. Twenty-nine percent of businesses indicated that business activity decreased.
- Fifty-seven per cent of organisations indicated that profitability had increased over the 2013-2014 financial year compared to 2012-2013. Thirty-one percent of businesses indicated that profitability decreased.
- The Business, Professional and Commercial Services (BP&CS) industry group (41% of the respondents) indicated a significantly larger increase in business activity compared to any other industry group. Seventy-

seven percent of the BP&CS industry group indicated an increase in business activity. This is significantly greater than the business activity claimed by the Retail Trade industry group of 37.5%. The BP&CS group also indicated significantly increased profitability compared to any other industry group.

- Around 70% of organisations expect that their business activity will 'increase' in the 2014-2015 financial year compared to the 2013-2014 financial year. There appears to be a statistically significant positive relationship between those businesses that had an increase in profitability in 2013-14 and those that forecast an increase in 2014-15. Around 20% of businesses expect profitability to decrease.
- Around 60% of sales are generated in the Geelong region and a further 19% of sales are generated from Melbourne. Only about 4% are overseas sales.
- Fifty-five percent of businesses indicate that they generate sales from the Internet. Forty-two percent of businesses indicate that their Internet sales account for less than 10% of their total sales compared to 17%, who indicated that the Internet accounts for 50% or more of their sales. Seventy one percent of businesses that have been trading for less than 5 years indicate that they are generating 25% or more of their sales from the Internet. This compares with 27% of organisations that have been in business for longer than 5 years, who indicate that they are generating 25% or more sales from the Internet.
- Approximately 50% of goods and services are purchased in the Geelong area, while 14% of businesses purchase their goods and services from the rest of Australia. Forty-eight percent of businesses indicate that the reason they purchase goods and services outside of the Geelong region is because the goods and services they require are not available locally. Around 14 % of businesses indicate that they do not purchase locally because local prices are not competitive.

Investment and Planning

- Forty-two percent of Geelong businesses indicate that the prospects for future investment in their business over the next financial year could be high, with 24% indicating it is likely to be low.
- Approximately 55% of businesses believe a common brand will enhance the growth of business in Geelong. However, 12% disagreed that a common brand will help business growth.
- Seventy-nine percent of Geelong businesses have a current business plan and, although 69% of businesses have a current growth strategy, 27% do not. Fifty-three percent of businesses with a growth strategy indicated that future prospects for investment into their business was high, whereas 43% of businesses without a growth strategy indicated that future prospects for investment into their business was low. Having a growth strategy generally provides greater confidence about future investment into their business over the coming financial year.

- There were mixed feelings about the “perception of Geelong” by Geelong people and outsiders but looking to the future there was an overall positive view, although there were some barriers recognised.

Looking to the Future

The research sought comment in a free-response format about the services and support that respondents thought would best assist the growth and development of businesses in the Geelong region. The feedback provided a variety of thoughts ranging from specific services and support that businesses believed would grow Geelong, to suggestions that were more general in nature. A number of themes were identified.

Business assistance and promotion

- Several comments about growing Geelong appeared to reflect a sense that government agencies were not supporting businesses. These included that business wanted the Council and Government to give Geelong businesses the chance to quote, for these organisations to buy locally and that more education and recognition was required to engage Geelong based firms to do Geelong work.
- In terms of promotion, respondents considered there was a need for a more concerted effort in selling Geelong's assets and that there was no clear Geelong “story”. Several comments referred to the need to portray Geelong in a positive light. Other comments about the promotion of Geelong centred around the need for marketing support and public acknowledgement for those Geelong businesses that are doing well. Greater financial support, recognition, and marketing from Tourism Victoria and the State Government for the Geelong and Bellarine region was suggested. Advertising support in any form was seen as beneficial, including the need to find better ways to market local businesses to state, local authorities and investors. This was summarized in the comment: “Geelong is travelling fine. It's the negative attitudes and talk that's putting a 'scare' into prospective investors”.

Finance

- Needs that were identified under the “finance” umbrella included tax incentives and tax concessions for small businesses; relief from government taxes and staff penalty rates; the removal of payroll tax; and abolition of weekend overtime.
- Other comments were about the need to provide rent for commercial space in the central business district that was not prohibitive for small start-ups and incentives to encourage small business to come to the central business district. A need for some form of loan or grant scheme for smaller businesses and government incentives for private companies to relocate or open in Geelong were raised.

Policy

- Policy ideas ranged from the suggestion that local government needed a clear focus rather than a scatter gun approach to the need to decentralize government departments and services to our region. There is a need to have some key national businesses moving into the region and to promote Geelong as moving forward and prospering, instead of the current perception about Geelong as “being all doom and gloom with Ford, Alcoa, Shell etc. all closing doors”.
- Typical comments also reflected the need for unity in purpose and direction at the strategic level and continued government support of local industry groups and organisations, such as the Chamber of Commerce and the Manufacturing Council. There is a need for a credible, longer-term view and planning at government level instead of one term mindsets. A more cohesive growth and development strategy across private and public sectors is needed. Several businesses also saw a need to reduce red tape.

New projects, infrastructure and facilities

- Suggestions in these areas ranged from specific to the more general proposals. Better transport and parking, events, live music in the streets, more interesting businesses opening up, and development and “cleaning up” of the central business district, including housing and inner urban re-development, were put forward. Infrastructure proposal suggestions continue to support the cruise industry; a rail line to Avalon airport; a truck interchange at Avalon airport; a wharf capable of handling large tourist ships; a new Pier, re-development of the Geelong Performing Arts Centre; developing Avalon Airport into a national and international freight airport; a regional market to rival Melbourne’s Queen Victoria Market; and, a hotel and conference centre at Limeburners Point. These projects need to be evaluated more formally.
- The need for a national broadband network, faster internet and information technology development were frequent comments. Suggestions also included those about attracting large service businesses as well as manufacturing to the region.

Education and training

- Several suggestions about education and training needs were provided. These included assistance in helping businesses raise their efficiency and effectiveness, about marketing advice, and providing free help for business planning and reviews of business. Related ideas included a focus on supporting small businesses with management and leadership training for small-medium enterprises. Other training needs included re-skilling current factory workers and providing education and training in new and emerging industries.

Research and innovation

- Some comments were made about the need to encourage and support specialization and innovation, not only in products and services, but also in the way products and services are delivered and the way organisations do business as a whole. The ideas of a business incubator and a membership-based hub for product development, from design through to market, similar to the TechShop in the United States of America, were suggested. Another suggestion included the study of the Geelong region's enduring sources of competitive advantage and the construction of an industry cluster around those advantages.

Attitude

- Finally, several comments concerned the need to have a positive attitude and to focus on things that are doing well and new enterprises. It was suggested that business owners need to take ownership of their customer base and that the promotion of business in Geelong is dependent on the businesses themselves.

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BACKGROUND AND OBJECTIVES OF THE RESEARCH

The Deakin Business School and the Geelong Chamber of Commerce have recognised the importance of identifying business confidence and the level and type of industry activity in the Geelong region. The three main objectives of the research are to:

- measure current business activity, business confidence and business behaviour in Geelong.
- track the short and long-term trends in business activity, confidence and behaviour in the Geelong region.
- provide information relevant to the needs of businesses and industry in the Geelong region for planning and other purposes.

To achieve the preceding objectives, the research investigated the following five main areas:

- The type, age and employment of businesses.
- Business sales and profitability.
- The purchase of goods and services by businesses.
- Business investment plans.
- Business perceptions of Geelong.

It is important to be aware that several significant businesses advised their intention to cease or downsize their operations in Geelong during 2013 and 2014. During this period, industry support schemes for the Geelong region were announced by Government. These factors are likely to have an influence on the immediate, short and long term business activity and confidence in the Geelong region. This survey, the first of its type, was conducted in September 2014.

RESEARCH METHODOLOGY

SAMPLING AND QUESTIONNAIRE DESIGN

Data were obtained by an email survey to respondents from a sampling frame comprising the membership of the Geelong Chamber of Commerce and the Central Geelong Marketing group. All respondents gave their informed, prior consent as part of the survey process, which conformed to Deakin University's Ethics Policy. The Geelong Chamber of Commerce is a business association comprising around 800 member organisations. A census of the Chamber's membership was conducted by email invitation. The Central Geelong Marketing group is a committee of the City of Greater Geelong. It comprises all businesses operating within central Geelong. As a number of the Central Geelong Marketing businesses do not provide email addresses, email invitations were sent to 771 of approximately 1,600 businesses.

The survey was sent in two waves from 23 September 2014 and data collected using the Qualtrics software package. Three reminder emails were sent until the survey closed on 7 November 2014. The number of usable responses was 194 or 12.3 percent of the 1,571 businesses surveyed. The respondents' positions in the organisation were Human Resources Manager or similar position (32%), Owner or Chief Executive Officer (12%), Financial Officer or similar position (1%), and Other positions (55%).

The questionnaire was constructed by adapting and developing questions from the Warrnambool Business Survey and the Geelong Chamber of Commerce Retail Network Survey. The questionnaire included forced and free-format response questions.

DATA ANALYSIS PROCEDURES

The Australian Bureau of Statistics (ABS) defines a small business as having fewer than 20 employees and micro businesses as having 4 employees or less. Medium-sized enterprises are defined as businesses with 20 to 199 employees. In Australia, small to medium-sized enterprises (SMEs) account for 95% of active businesses and employ 70% of the nation's workforce (MacGregor and Kartiwi, 2010), and are therefore a crucial component of the Australian economy. Globally, SMEs make a substantial contribution to national economies and are estimated to account for 80% of global economic growth. In Australia, they contribute to slightly more than 33% of Australia's Gross Domestic Product (ASMEA, 2012). The estimated proportion of SMEs in Geelong (97%) is very similar to the national estimate and the importance of these businesses to Geelong's economy and future is therefore vital.

The following analysis notes the bias that may often be inherent in on-line surveys and therefore all results should be considered with caution. Conclusions are therefore relevant to responses from businesses registered with the Geelong Chamber of Commerce and the Geelong Central Marketing. The raw data matrix generated by Qualtrics was exported as an XL compatible file. This file was used to create a structured data matrix suitable for use in statistical modelling applications. All subsequent analysis was conducted using XLStatistics (build date 04.06.14), Microsoft Excel 2007 and IBM SPSS Version 21.0.

Unless otherwise stated, error presented represents 95% confidence intervals for population parameter estimates. Where parameter estimates or estimates of error are not presented, there were either no statistics collected, or the sample size was too small. To assess for differences in frequencies (proportions), Pearson's Chi square goodness of fit test was used. In some instances, a z-test for proportions has been used. To determine if a difference was evident between groups of means, the One Way Analysis of variance test was used. The t-test for independent means was used where necessary.

Multiple comparison error is recognised as a potential problem, however, due to only a very small number of post-hoc multiple comparisons in any one model, and due to the preliminary range finding nature of these conclusions, no correction has been applied to address possible family-wise error. Where assumptions required for any statistical

analysis were not met, either summary analysis only is presented and subsequent comment provided, or non-parametric statistical modelling approaches have been used instead.

For all hypothesis tests, critical alpha was set to 0.05, which means one chance in 20 and therefore, unlikely. Where proportions do not sum to 1, there may be some small errors due to rounding. Data recorded in error was proportioned as error and is not presented. Some counting error is also evident where responses are not provided for some cross tabulated data. It is noted that simple linear regression is typically the domain of continuous numerical measures, however, simple linear regression was used to determine if relationships were evident between some pairs of ordinal ranked measures.

RESULTS AND ANALYSIS

INDUSTRY SECTORS

This section of the report provides information about the nature of industry and businesses that is required for subsequent analysis in this report and which will also provide the benchmark for tracking purposes. The various principal industry sectors represented in the sample are shown in Table 1 and illustrated in Exhibits 1 and 2.

Table 1: Main industry sector – count, proportion, and percentage of sample

		Industry CAT							
	All	Business professional and commercial services	Accommodation and Food services	Government, education and community services	Service trades, electricity, gas, construction and wholesale trade	Manufacturing, transport and storage	Retail trade	Other services	Primary Industries
Count	194	80	13	24	9	17	27	21	3
Proportion	1	0.41	0.07	0.12	0.05	0.09	0.14	0.11	0.02
Percentage	100	41.24	6.70	12.37	4.64	8.76	13.92	10.82	1.55

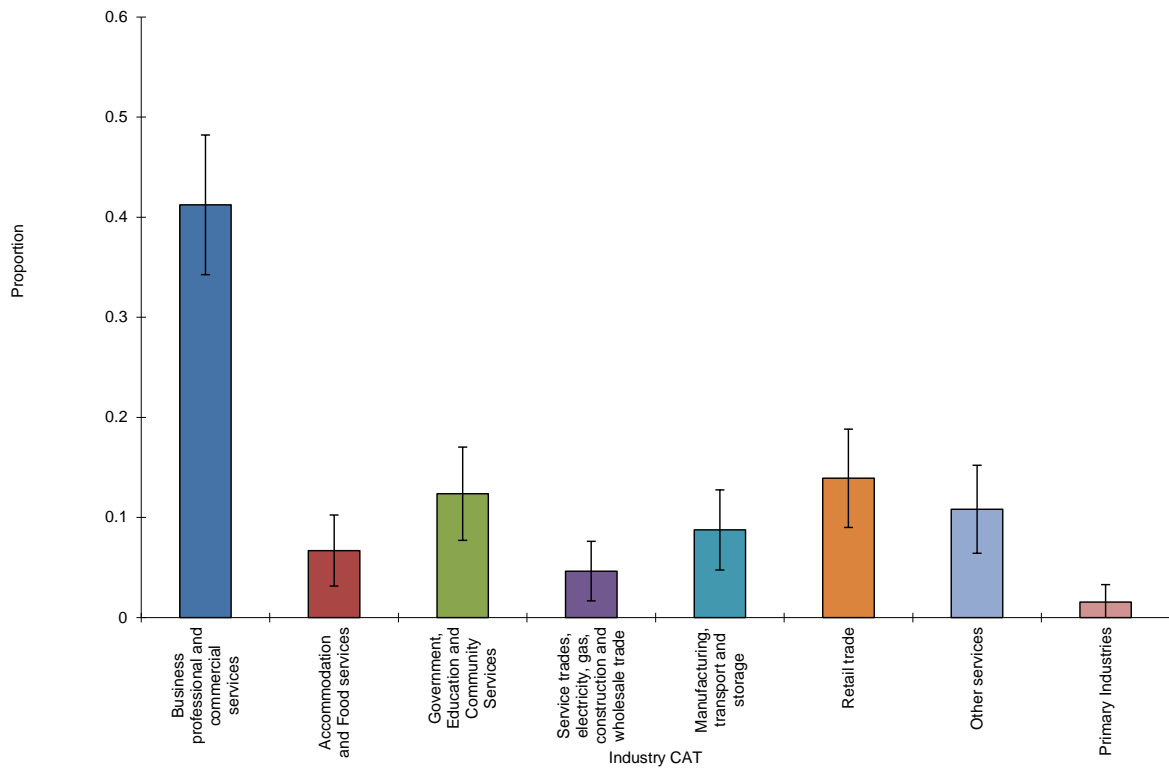


Exhibit 1: Main industry sector – proportion of sample

Ninety-five percent confidence intervals for population proportion estimates are presented below. The highest group represented, with significantly more respondents than any other industry group, was the Business, Professional and Commercial Services industry group, comprising 41% of all respondents. The lowest industry group represented, with significantly less presence than any other industry group, was Primary Industries, comprising only 1% of all responses.

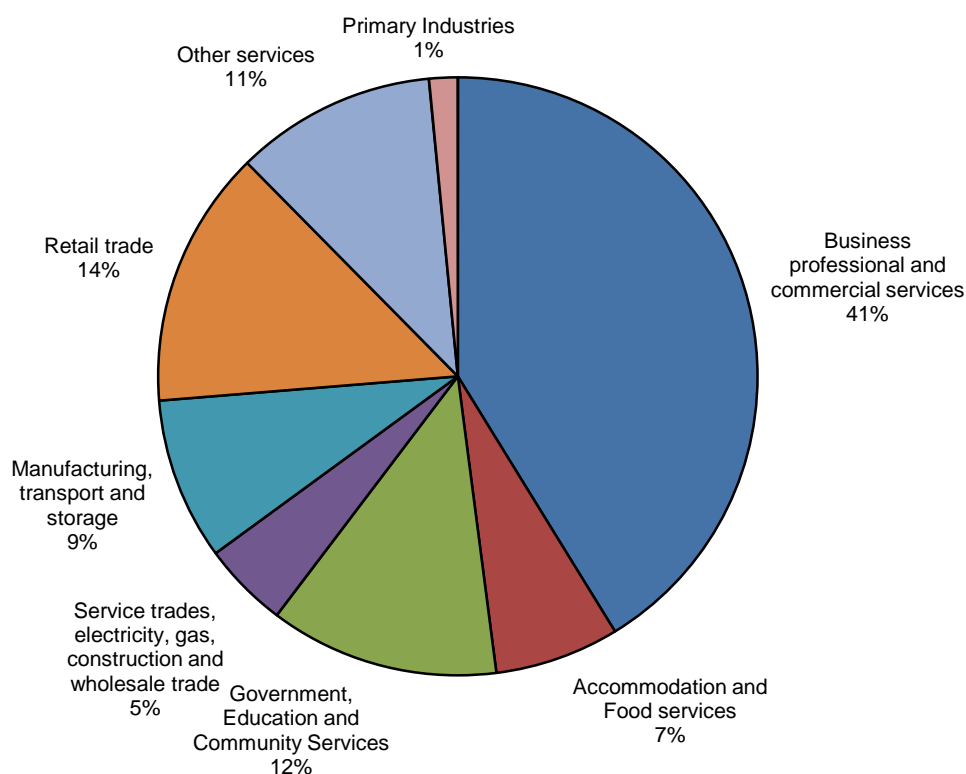


Exhibit 2: The relative proportions of industry groups represented in the 2014 sample.

DURATION OF BUSINESS OPERATION

The length of time that a business had been operating was measured in years. The age of businesses in Geelong is shown in Table 2 and Exhibit 3. Ninety-five percent confidence intervals for proportions within group are presented. Most businesses in the sample, 54%, indicate that they have been operating for 10 years or more. This estimate could be as high as 60% of the businesses operating in Geelong that could be 10 or more years old.

Table 2: Age of business – count, proportion, and percentage

		Years your business has been operating?			
	All	Less than 2 years	From 2 years up to and including 4 years	From 5 years up to and including 9 years	10 years or more
Count	194	28	36	26	104
Proportion	1	0.14	0.19	0.13	0.54
Percentage	100	14.43	18.56	13.40	53.61

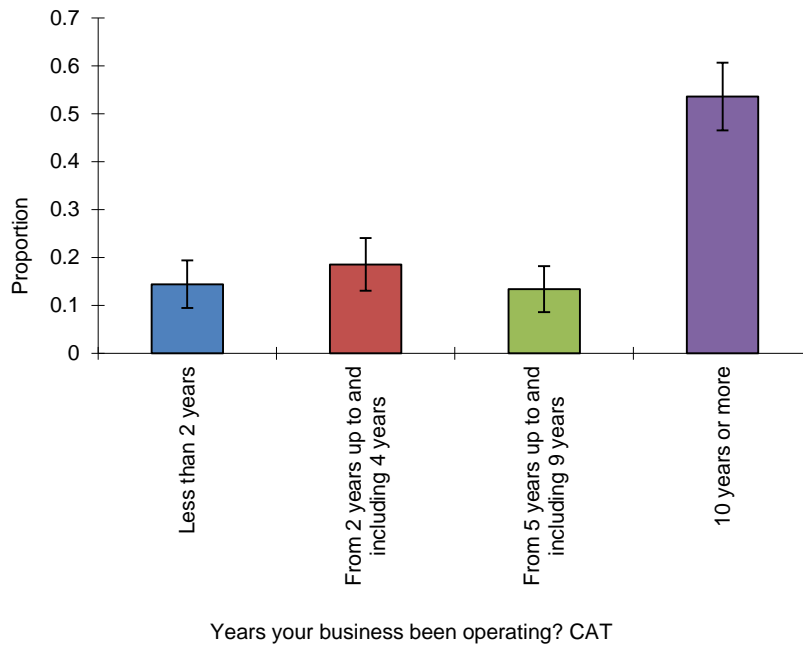


Exhibit 3: Age of businesses – proportion

INDUSTRY SECTORS AND AGE OF BUSINESSES

The data were examined to determine if some particular industry sectors are older than others. To answer this question, recoding was required. “Years your business has been operating” data was recoded to “Less than 5 years” and “5 years or more”. The results are shown in Tables 3 and 4 and Exhibit 4. Generally, the Retail Trade sector appears to have a higher proportion of older businesses (n = 21), with 9 out of every 10 businesses appearing to be, ‘older’ businesses (5 years or older)).

However, there is insufficient evidence to detect any other differences and therefore, generally, it must be concluded that regardless of the industry sector in which businesses operate, with the exception of Retail Trade, when considering businesses older or younger than 5 years, each industry sector has been operating for a similar amount of time.

Table 3: Main industry category and age of business – count

		Years your business has been operating?		
		All	Less than 5 years	5 years or more
Industry category	All	188	64	124
	Business professional and commercial services	80	30	50
	Accommodation and Food services	13	5	8
	Government, Education and Community Services	24	11	13
	Service trades, electricity, gas, construction and wholesale trade	9	3	6
	Manufacturing, transport and storage	17	4	13
	Retail trade	21	2	19
	Other services	21	9	12
	Primary Industries	3	0	3

Table 4: Main industry category and age of business – percentage (of row)

Years your business has been operating?			
	All (%)	Less than 5 years	5 years or more
Industry category	100	34.04	65.96
Primary Industries	100	0.00	100.00
Retail trade	100	9.52	90.48
Manufacturing, transport and storage	100	23.53	76.47
Service trades, electricity, gas, construction and wholesale trade	100	33.33	66.67
Business professional and commercial services	100	37.50	62.50
Accommodation and Food services	100	38.46	61.54
Other services	100	42.86	57.14
Government, Education and Community Services	100	45.83	54.17

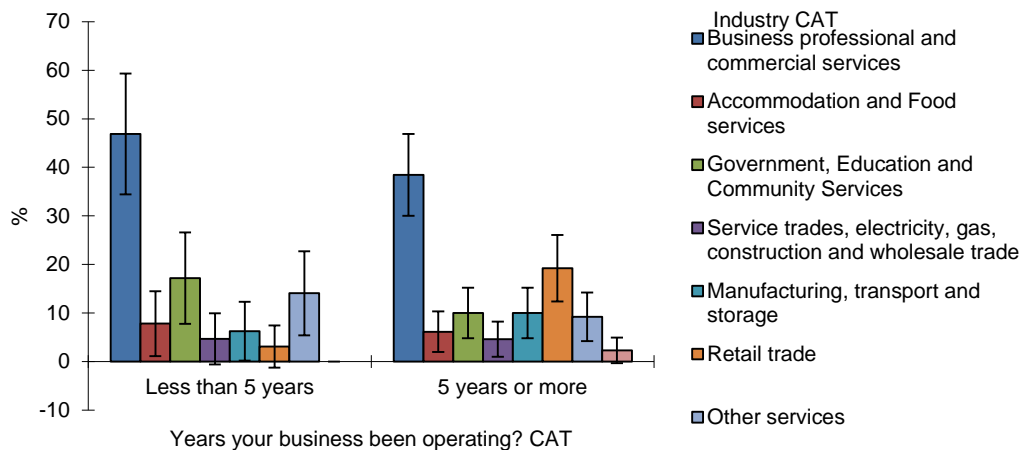


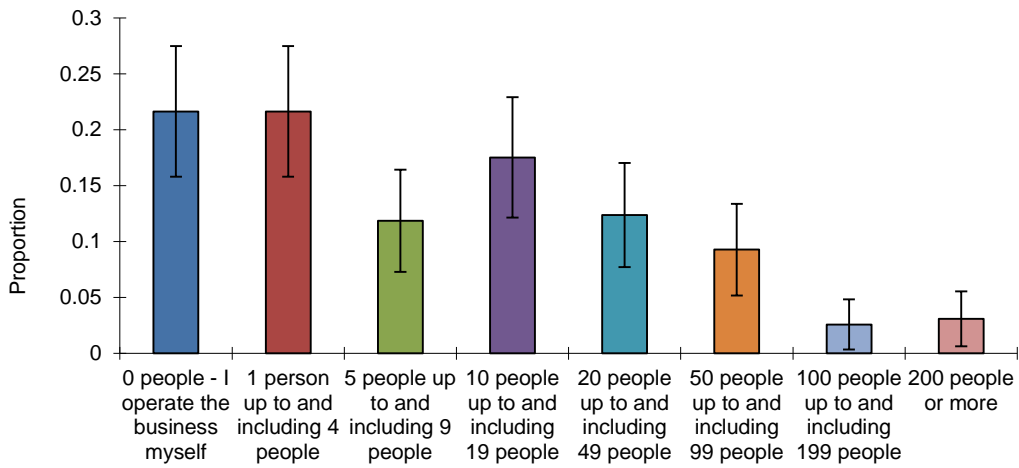
Exhibit 4: Main industry category and age of business - percentage

BUSINESS EMPLOYMENT

Geelong businesses were asked how many people they typically employ. Table 5 and Exhibit 5 shows the proportion of businesses and their employment category. A statistical difference is evident. That is, overall, with respect to the number of employees, there are significantly fewer organisations employing 100 or more people (only about 6% or so). Forty-three percent of businesses indicate that they employ less than five people. The number of respondents who indicated that they operated their own business is 22% in this sample, and this estimate could be as high as 27% of all Geelong businesses. The proportion of small to medium sized enterprises (SMEs or businesses employing less than 200 people) currently trading in Geelong is very similar to the rest of Australia (the Australian Bureau of Statistics). We are 95% confident that the true percentage of SMEs currently trading in Geelong is somewhere between 94% and 99%. This compares to the national estimate of 95% (ABS). Observing this similarity does imply that the sample is reasonably representative of the target population. However, it is noted that due to the nature of the sample frame, all results should be viewed with caution.

Table 5: Number of people employed by businesses - count, proportion, and percentage

		How many people do you employ, including full time, part time, and casual employees? CAT								
	All	0 people - I operate the business myself	1 person up to and including 4 people	5 people up to and including 9 people	10 people up to and including 19 people	20 people up to and including 49 people	50 people up to and including 99 people	100 people up to and including 199 people	200 people or more	
Count	194	42	42	23	34	24	18	5	6	
Proportion	1	0.22	0.22	0.12	0.18	0.12	0.09	0.03	0.03	
Percentage	100	21.65	21.65	11.86	17.53	12.37	9.28	2.58	3.09	



How many people do you employ, including full time, part time, and casual employees?
CAT

Exhibit 5: Number of people employed by businesses – proportion

AGE OF BUSINESS AND EMPLOYMENT

The results were analysed to determine if older businesses employed more people. To answer this question, data was recoded as shown in Tables 6, 7 and 8. A very highly significant difference is evident (Chi-square 36.590, DF 1, p-value = < 0.00000). Of the 60% of businesses that have been operating for five years or longer, 90% of them have more than 10 staff. This provides evidence that there is a significant relationship between an increased number of staff and an increased age of a business. That is, older, more established businesses, tend to have more employees.

Table 6: Number of people employed and age of business - count

	Years your business been operating?		
	All	Less than 5 years	5 years or more
All	194	64	130
Less than 10 people	107	55	52
More than 10 people	87	9	78

Table 7: Number of people employed and age of business – percent (of row)

Years your business been operating?			
	All	Less than 5 years	5 years or more
All	100.00	32.99	67.01
Less than 10 people	100.00	51.40	48.60
More than 10 people	100.00	10.34	89.66

Table 8: Number of people employed and age of business – percent (of column)

Years your business been operating? CAT				
		All	Less than 5 years	5 years or more
How many people do you employ, including full time, part time, and casual employees? CAT	All	100	100	100
	Less than 10 people	55.15	85.94	40
	More than 10 people	44.85	14.06	60

INDUSTRY SECTOR AND EMPLOYMENT

Employment by particular industry groups was analysed to determine if certain sectors employ more people. The results are shown in Tables 9 to 11. Table 10 show that 73% of businesses employ less than 20 people; 55%, less than 10 people; and 43%, less than five people. The data shows that 96% of the staff who are employed by businesses that employ less than 10 people are employed in the “Business, Professional and Commercial Services”, “Manufacturing, Transport and Commercial Services”, “Retail Trade”, and “Other Services Industries” industry groups. One out of every two people (52%) employed in businesses that are owner-operated come from the “Business, Professional and Commercial Services” industry group.

Table 9: Employment by industry sector – count

	How many people do you employ, including full time, part time, and casual employees? CAT									
	All	0 people - I operate the business myself	1 person up to and including 4 people	5 people up to and including 9 people	10 people up to and including 19 people	20 people up to and including 49 people	50 people up to and including 99 people	100 people up to and including 199 people	200 people or more	
All	194	42	42	23	34	24	18	5	6	
Business professional and commercial services	80	22	17	5	17	7	9	2	1	
Accommodation and Food services	13	1	2	0	3	2	4	1	0	
Government, Education and Community Services	24	7	5	0	6	3	1	1	1	
Service trades, electricity, gas, construction and wholesale trade	9	2	1	1	1	1	0	1	2	
Manufacturing, transport and storage	17	1	2	5	3	2	2	0	2	
Retail trade	27	4	8	9	2	3	1	0	0	
Other services	21	5	7	3	2	3	1	0	0	
Primary Industries	3	0	0	0	0	3	0	0	0	

Table 10: Employment by industry sector – percentage (of row)

	How many people do you employ, including full time, part time, and casual employees? CAT									
	All	0 people - I operate the business myself	1 person up to and including 4 people	5 people up to and including 9 people	10 people up to and including 19 people	20 people up to and including 49 people	50 people up to and including 99 people	100 people up to and including 199 people	200 people or more	
All	100.00	21.65	21.65	11.86	17.53	12.37	9.28	2.58	3.09	
Business professional and commercial services	100.00	27.50	21.25	6.25	21.25	8.75	11.25	2.50	1.25	
Accommodation and Food services	100.00	7.69	15.38	0.00	23.08	15.38	30.77	7.69	0.00	
Government, Education and Community Services	100.00	29.17	20.83	0.00	25.00	12.50	4.17	4.17	4.17	
Service trades, electricity, gas, construction and wholesale trade	100.00	22.22	11.11	11.11	11.11	11.11	0.00	11.11	22.22	
Manufacturing, transport and storage	100.00	5.88	11.76	29.41	17.65	11.76	11.76	0.00	11.76	
Retail trade	100.00	14.81	29.63	33.33	7.41	11.11	3.70	0.00	0.00	
Other services	100.00	23.81	33.33	14.29	9.52	14.29	4.76	0.00	0.00	
Primary Industries	100.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00	

Table 11: Employment by industry sector – percentage (of column)

	How many people do you employ, including full time, part time, and casual employees? CAT									
	All	0 people - I operate the business myself	1 person up to and including 4 people	5 people up to and including 9 people	10 people up to and including 19 people	20 people up to and including 49 people	50 people up to and including 99 people	100 people up to and including 199 people	200 people or more	
All	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
Business professional and commercial services	41.24	52.38	40.48	21.74	50.00	29.17	50.00	40.00	16.67	
Accommodation and Food services	6.70	2.38	4.76	0.00	8.82	8.33	22.22	20.00	0.00	
Government, Education and Community Services	12.37	16.67	11.90	0.00	17.65	12.50	5.56	20.00	16.67	
Service trades, electricity, gas, construction and wholesale trade	4.64	4.76	2.38	4.35	2.94	4.17	0.00	20.00	33.33	
Manufacturing, transport and storage	8.76	2.38	4.76	21.74	8.82	8.33	11.11	0.00	33.33	
Retail trade	13.92	9.52	19.05	39.13	5.88	12.50	5.56	0.00	0.00	
Other services	10.82	11.90	16.67	13.04	5.88	12.50	5.56	0.00	0.00	
Primary Industries	1.55	0.00	0.00	0.00	0.00	12.50	0.00	0.00	0.00	

CHANGES IN EMPLOYMENT PATTERNS

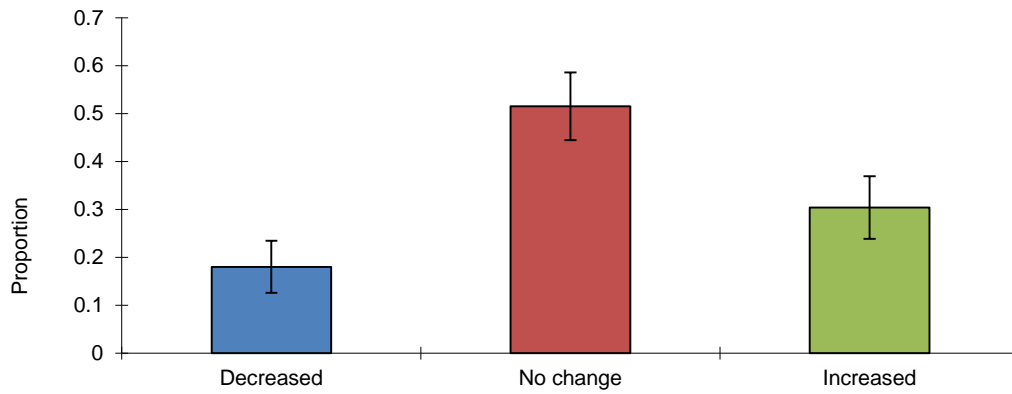
The data were examined to determine if the number of employees increased, decreased, or remained the same over the last 12 months. To further consider the dynamics of a fluctuating number of employees, the number of employees was modelled with the age of the business. The results are shown in Tables 12 to 15 and Exhibits 6 and 7.

Thirty percent of businesses increased their number of employees yet most businesses (52%), remain unchanged. Removing low counts, a significant difference is evident (Chi-square 27.461, DF 6, p-value < 0.000). Eighteen percent of businesses indicated that they had decreased their number of employees. Ninety-seven percent of those businesses who indicated that they have decreased their number of employees in the last 12 months, came from organisations that have been trading for five or more years. On the other hand, 82% of businesses indicated that they had either not changed (52%) or increased (30%) their number of employees in the last 12 months. Of those businesses that indicated they had increased their number of employees, 71% indicated that they had been trading for five years or longer.

This result indicates that during this last year, it was the older (5+ years old) businesses that were more likely to decrease their number of employees, and that it was the younger (less than 5 years old) businesses, that were more likely to either maintain or increase their number of employees.

Table 12: Changes in Employment – count, proportion and percentage

Has the number of employees increased or decreased over the last 12 months?				
	All	Decreased	No change	Increased
Count	194	35	100	59
Proportion	1	0.18	0.52	0.30
Percentage	100	18.04	51.55	30.41



Has the number of employees increased or decreased over the last 12 months? CAT

Exhibit 6: Changes in Employment – proportion

Table 13: Years of Business Operation – count

	Years your business been operating? CAT				
	All	Less than 2 years	From 2 years up to and including 4 years	From 5 years up to and including 9 years	10 years or more
All	194	28	36	26	104
Decreased	35	1	0	7	27
No change	100	22	24	9	45
Increased	59	5	12	10	32

Table 14: Years of Business Operation – percentage (of row)

	Years your business been operating? CAT				
	All	Less than 2 years	From 2 years up to and including 4 years	From 5 years up to and including 9 years	10 years or more
All	100.00	14.43	18.56	13.40	53.61
Decreased	100.00	2.86	0.00	20.00	77.14
No change	100.00	22.00	24.00	9.00	45.00
Increased	100.00	8.47	20.34	16.95	54.24

Table 15: Years of Business Operation – percentage (of column)

	Years your business been operating? CAT				
	All	Less than 2 years	From 2 years up to and including 4 years	From 5 years up to and including 9 years	10 years or more
All	100.00	100.00	100.00	100.00	100.00
Decreased	18.04	3.57	0.00	26.92	25.96
No change	51.55	78.57	66.67	34.62	43.27
Increased	30.41	17.86	33.33	38.46	30.77

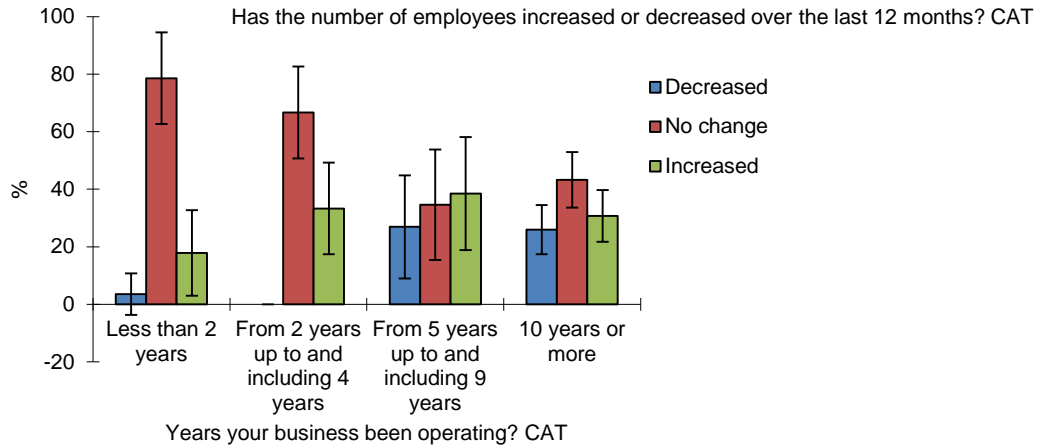


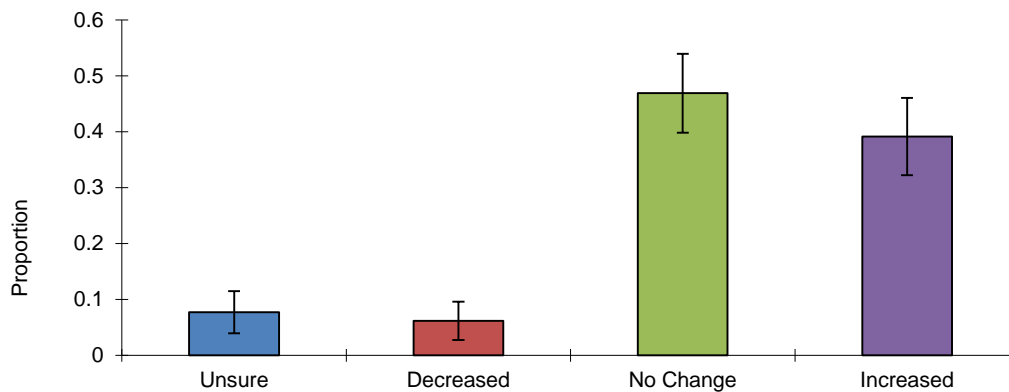
Exhibit 7: Change in Employment – percentage

FUTURE EMPLOYMENT

The expectation to increase or decrease the number of employees in a business over the next 12 months was measured in years. The results are shown in Table 16 and Exhibit 8. Most businesses (86%) indicate that their number of employees will either remain unchanged (47%) or increase (39%) in the coming year.

Table 16: Future Employment – count, proportion, and percentage table

Do you expect the number of employees in your business to increase or decrease over the next 12 months?					
	All	Unsure	Decrease	No Change	Increase
Count	194	15	12	91	76
Proportion	1	0.08	0.06	0.47	0.39
Percentage	100	7.73	6.19	46.91	39.18



Do you expect the number of employees in your business to increase or decrease over the next 12 months? CAT

Exhibit 8: Future Employment – proportion

EMPLOYMENT BARRIERS

The research sought an understanding of the barriers that business see as being the most important when they consider taking on new employees. Respondents were given 10 barriers from which to choose and were able to select more than one barrier. The data were recoded as "Most important" (3) through "Least important" (1), as shown in Table 17.

Table 17: Barriers to taking on new employees – ranked

Barriers to taking on new employees	Number	Mean	St Dev	Skew	RANKED	From:
All	295	2.00	0.81	0.00		
Lack of work	27	2.48	0.80	-1.14	1	Most important
Declining sales	23	2.30	0.76	-0.60	2	
Cashflow constraints	33	2.15	0.83	-0.30	3	
Difficulty finding skilled staff	47	2.17	0.82	-0.33	4	through
Cost of recruiting and / or training	11	1.64	0.67	0.59	5	
Cost of wages	52	2.17	0.73	-0.29	6	to
Employment overhead costs (e.g. Superannuation, Work Cover)	40	1.65	0.62	0.40	7	
Payroll tax	11	1.64	0.81	0.85	8	
Workplace laws and regulations	19	1.74	0.87	0.58	9	
Economic uncertainty	32	1.53	0.67	0.90	10	Least important

Numerical summaries are provided for each of the factors identified as being a barrier to taking on new employees. Summaries are presented in order: Ranked from the barrier that was identified as being most important (1st) through to the barrier that was identified as being least important (10th). These are shown in Exhibit 9.

Although all of the factors listed here are seen by Geelong businesses as being important, a significant difference is detected in how these barriers are ranked with respect to each other (Kruskal-Wallis, 38.398, p-value = <0.0000). That is, "Economic uncertainty" is seen as the hurdle with the least importance, whereas "Lack of work" is seen as a barrier that is significantly more important.

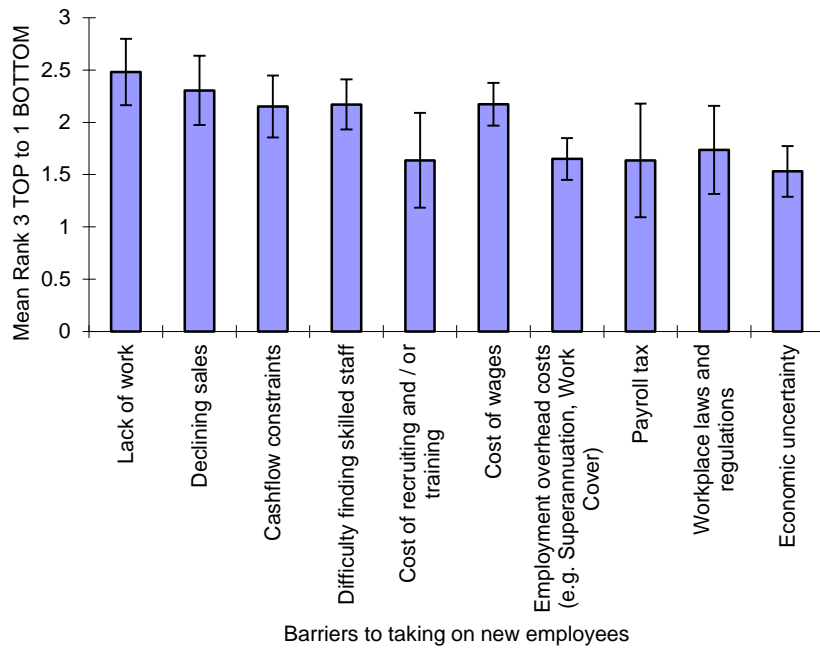


Exhibit 9: Barriers to Taking on New Employees – ranked (left to right)

KEY BARRIERS AND INDUSTRY CATEGORY

The research also sought to identify if there are key barriers to taking on new employees within each particular industry group. Low counts inhibit rigorous statistical assessment and produce a large amount of error in an estimate; however, no differences appear evident. That is, there is insufficient evidence to suggest that the presence or absence of key barriers to taking on new employees is different for any specific industry sector. The data are shown in Tables 18 and 19 and Exhibit 10.

Table 18: Key Barriers and Industry Category – count

	Are there any key barriers to taking on new employees in your business? CAT		
	All	No, there are NO key barriers to taking on new employees	Yes, there ARE key barriers to taking on employees
All	194	81	113
Business professional and commercial services	80	40	40
Accommodation and Food services	13	3	10
Government, Education and Community Services	24	10	14
Service trades, electricity, gas, construction and wholesale trade	9	2	7
Manufacturing, transport and storage	17	11	6
Retail trade	27	7	20
Other services	21	8	13
Primary Industries	3	0	3

Table 19: Key Barriers and Industry Category – percentage (of column)

	Are there any key barriers to taking on new employees in your business? CAT		
	All	No, there are NO key barriers to taking on new employees	Yes, there ARE key barriers to taking on employees
All	100.00	100.00	100.00
Business professional and commercial services	41.24	49.38	35.40
Accommodation and Food services	6.70	3.70	8.85
Government, Education and Community Services	12.37	12.35	12.39
Service trades, electricity, gas, construction and wholesale trade	4.64	2.47	6.19
Manufacturing, transport and storage	8.76	13.58	5.31
Retail trade	13.92	8.64	17.70
Other services	10.82	9.88	11.50
Primary Industries	1.55	0.00	2.65

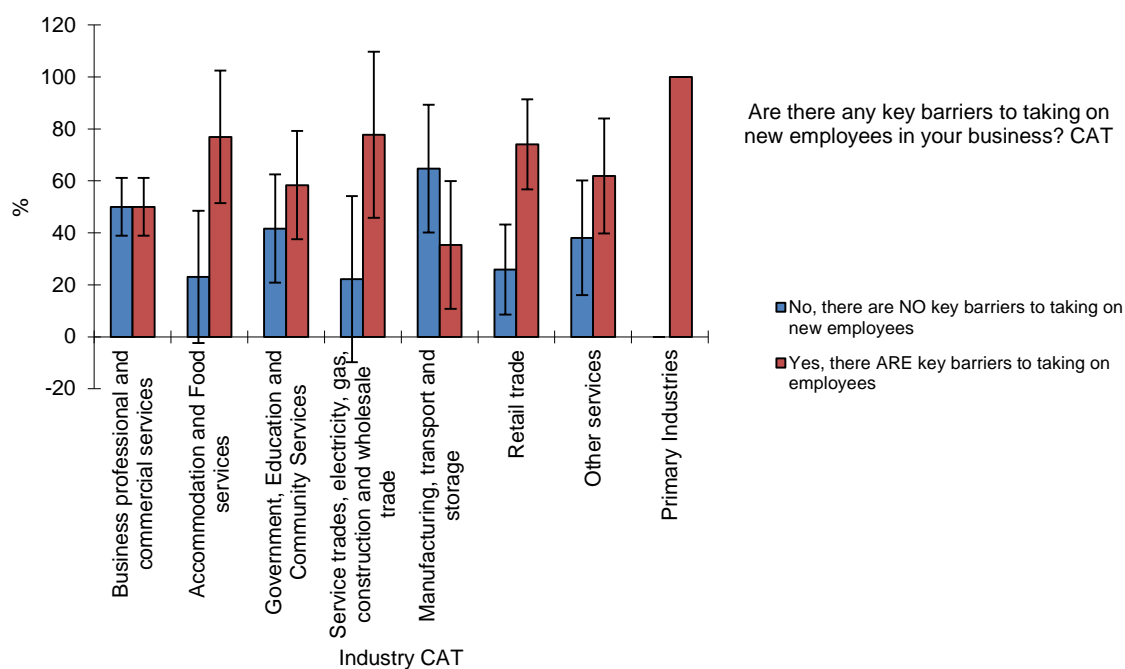


Exhibit 10: Key Barriers and Industry Category – proportion

KEY BARRIERS AND DIFFERENCES ACROSS INDUSTRY CATEGORIES

The research further sought to identify whether or not any particular industry sector is suffering with more barriers to employment than another sector. The findings are presented in Tables 20 to 22 and Exhibit 11. There are no detectable differences in the presence or absence of significant barriers to taking on new employees when comparing the different industry groups investigated. That is, all industry groups indicate the presence and absence of significant barriers to taking on new employees similarly.

Table 20: Key Barriers to Employment – count

	All	No	Yes
All	194	81	113
Business professional and commercial services	80	40	40
Accommodation and Food services	13	3	10
Government, Education and Community Services	24	10	14
Service trades, electricity, gas, construction and wholesale trade	9	2	7
Manufacturing, transport and storage	17	11	6
Retail trade	27	7	20
Other services	21	8	13
Primary Industries	3	0	3

Table 21: Key Barriers to Employment – percentage (of row)

	All	No	Yes
All	100	41.75	58.25
Business professional and commercial services	100	50	50
Accommodation and Food services	100	23.08	76.92
Government, Education and Community Services	100	41.67	58.33
Service trades, electricity, gas, construction and wholesale trade	100	22.22	77.78
Manufacturing, transport and storage	100	64.71	35.29
Retail trade	100	25.93	74.07
Other services	100	38.1	61.9
Primary Industries	100	0	100

Table 22: Key Barriers to Employment – percentage (of column)

	All	No	Yes
All	100	100	100
Business professional and commercial services	41.24	49.38	35.4
Accommodation and Food services	6.701	3.704	8.85
Government, Education and Community Services	12.37	12.35	12.39
Service trades, electricity, gas, construction and wholesale trade	4.639	2.469	6.195
Manufacturing, transport and storage	8.763	13.58	5.31
Retail trade	13.92	8.642	17.7
Other services	10.82	9.877	11.5
Primary Industries	1.546	0	2.655

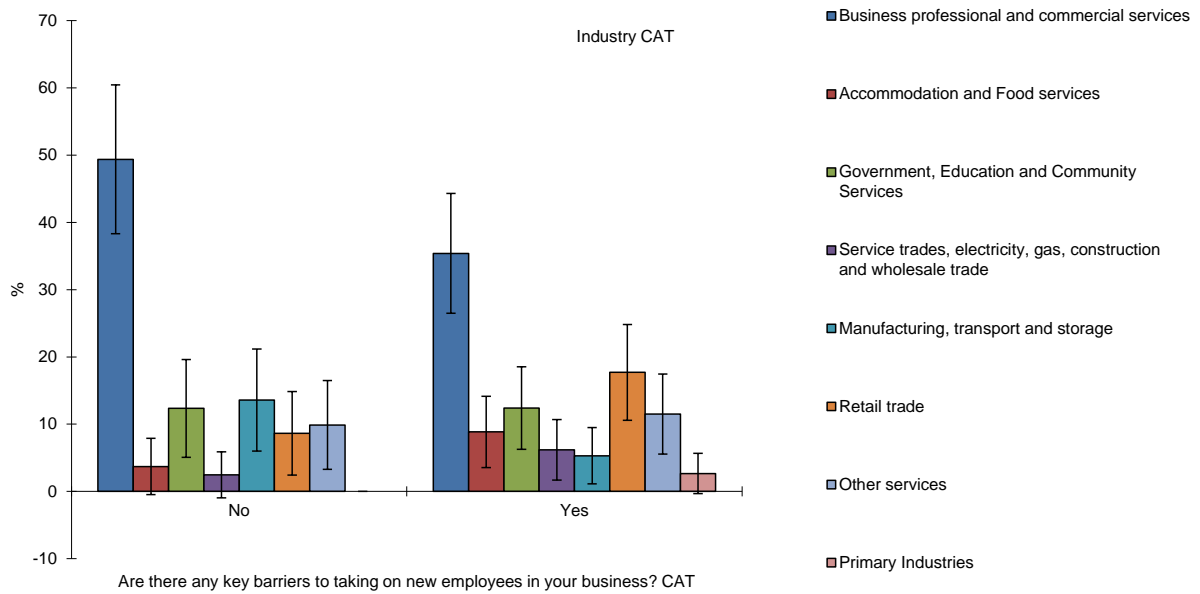


Exhibit 11: Key Barriers to employment – percentage

PAST BUSINESS ACTIVITY

To assess change in past, present, and future business activity, businesses were asked to indicate the extent of increase or decrease in their business activity over the last financial year, shown in Exhibit 12a.

Sixty percent of organisations indicated that their business activity did 'increase' over the last financial year (2013-2014) compared to the previous one (2012-2013), with only 11% of businesses indicating that it remained 'unchanged'. Twenty-nine percent of businesses indicated that business activity decreased.

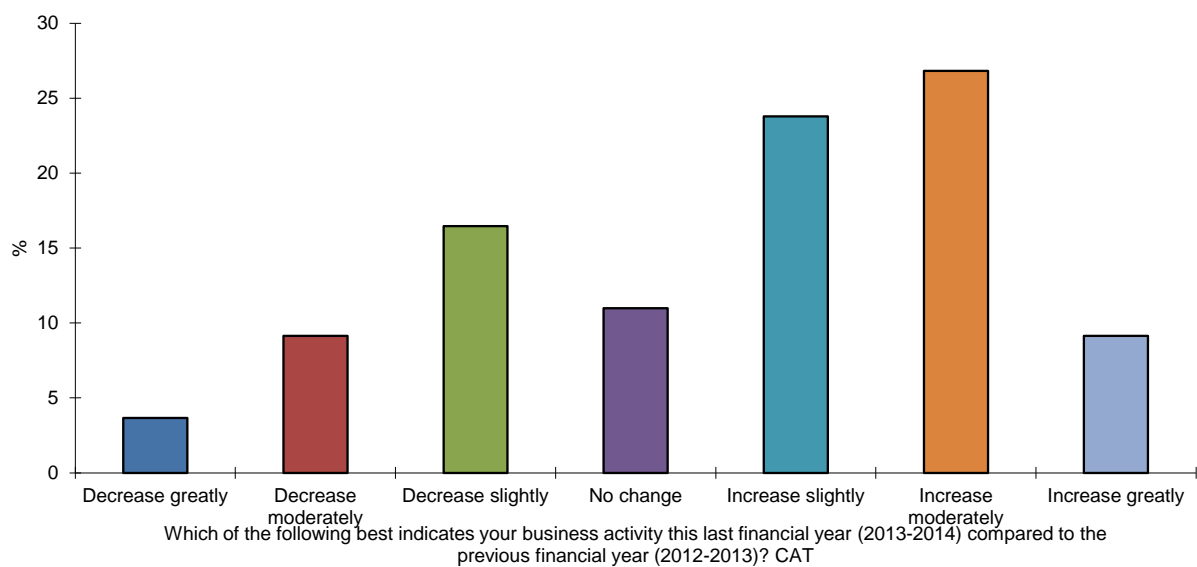


Exhibit 12a: Change in Business Activity – percentage

BUSINESS ACTIVITY AND INDUSTRY SECTOR

The research sought to identify whether any particular industry sector had greater changes in business activity this last financial year (2013-2014) compared to the previous financial year (2012-2013). A comparison of the Business, Professional and Commercial Services industry group with the Retail Trade industry group does reveal a significant difference (Chi square 29.905, DF 2, p-value < 0.0000).

Seventy-seven percent of the Business, Professional and Commercial Services industry group indicate that they had an increase in business activity. This is significantly greater than the business activity claimed by the Retail Trade industry group of 37.5%. Samples sizes within each other response group are too small to make any further claims. Tables 23 and 24 and Exhibit 12b summarise the responses.

Table 23: Industry Sector and Changes in Business Activity – count

Which of the following best indicates your business activity this last financial year (2013-2014) compared to the previous financial year (2012-2013)?				
	All	Decrease	No change	Increase
All	168	52	18	98
Business professional and commercial services	62	9	5	48
Accommodation and Food services	10	6	2	2
Government, Education and Community Services	22	9	2	11
Service trades, electricity, gas, construction and wholesale trade	8	2	1	5
Manufacturing, transport and storage	15	2	3	10
Retail trade	24	12	3	9
Other services	24	9	2	13
Primary Industries	3	3	0	0

Table 24: Industry Sector and Changes in Business Activity – percentage (of row)

Which of the following best indicates your business activity this last financial year (2013-2014) compared to the previous financial year (2012-2013)?				
	All	Decrease	No change	Increase
All	100.00	30.95	10.71	58.33
Business professional and commercial services	100.00	14.52	8.06	77.42
Accommodation and Food services	100.00	60.00	20.00	20.00
Government, Education and Community Services	100.00	40.91	9.09	50.00
Service trades, electricity, gas, construction and wholesale trade	100.00	25.00	12.50	62.50
Manufacturing, transport and storage	100.00	13.33	20.00	66.67
Retail trade	100.00	50.00	12.50	37.50
Other services	100.00	37.50	8.33	54.17
Primary Industries	100.00	100.00	0.00	0.00

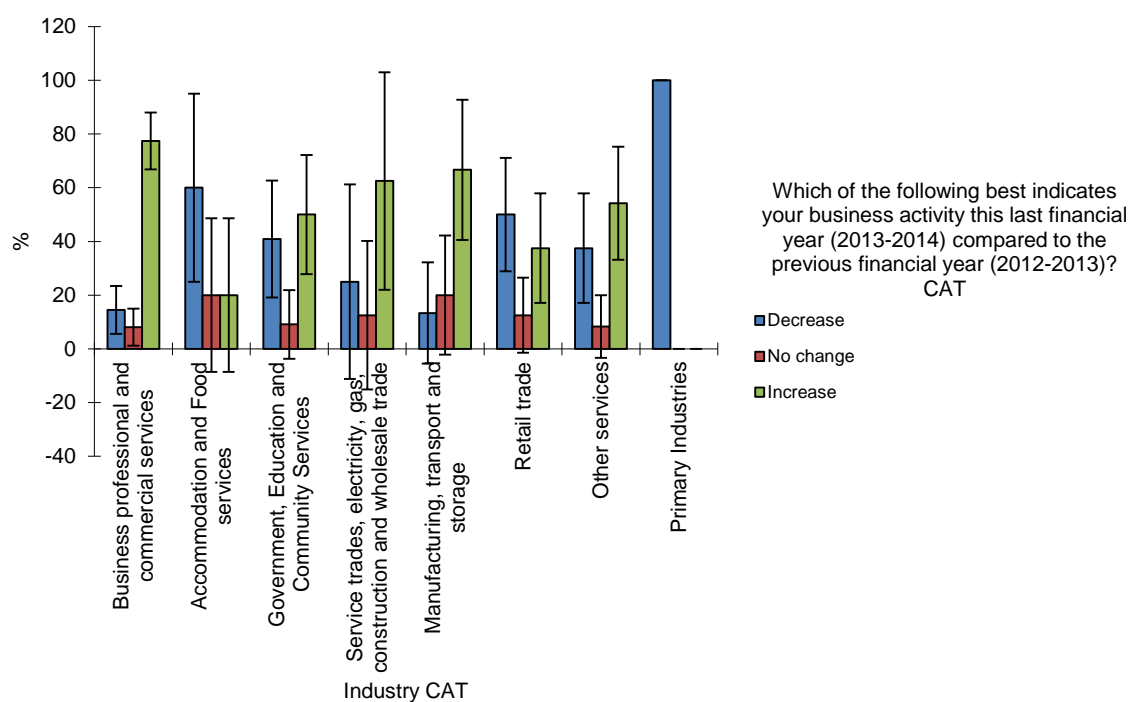


Exhibit 12b: Industry Sector and Changes in Business Activity – percentage

The study sought to identify whether or not there was a change in the business activity for the last financial year (2013-2014) compared to the previous financial year (2012-2013) in any **particular** industry group compared to **all other** industry groups. In order to enable comparisons, data were recoded where the eight response categories ranging from 1 “Decrease greatly” through to 7 “Increase greatly” and 8 “Not sure” were recoded into three new response categories: “Decrease”, “No change” and “Increase”. Specifically, “Decrease greatly”, “Decrease

moderately" and "Decrease slightly", were recoded to "Decrease". "No change" was left as "No change". "Increase slightly", "Increase moderately" and "Increase greatly" were recoded to "Increase". "Not sure" was removed from analysis.

A significant difference is evident (Chi-square 32.04, DF 14, p-value = 0.004). On average, the Business, Professional and Commercial Services industry group indicated a significantly larger increase in business activity compared to any other industry group. Tables 25 to 27 and Exhibit 13 provide the results and analysis.

Table 25: Industry Sector and Change in Business Activity – count

	All	Decrease	No Change	Increase
All	164	48	18	98
Business professional and commercial services	62	9	5	48
Accommodation and Food services	10	6	2	2
Government, Education and Community Services	22	9	2	11
Service trades, electricity, gas, construction and wholesale trade	8	2	1	5
Manufacturing, transport and storage	15	2	3	10
Retail trade	24	12	3	9
Other services	20	5	2	13
Primary Industries	3	3	0	0

Table 26: Industry Sector and Change in Business Activity – percentage (of row)

	All	Decrease	No Change	Increase
All	100.00	29.27	10.98	59.76
Business professional and commercial services	100.00	14.52	8.06	77.42
Accommodation and Food services	100.00	60.00	20.00	20.00
Government, Education and Community Services	100.00	40.91	9.09	50.00
Service trades, electricity, gas, construction and wholesale trade	100.00	25.00	12.50	62.50
Manufacturing, transport and storage	100.00	13.33	20.00	66.67
Retail trade	100.00	50.00	12.50	37.50
Other services	100.00	25.00	10.00	65.00
Primary Industries	100.00	100.00	0.00	0.00

Table 27: Industry Sector and Change in Business Activity – percentage (of column)

	All	Decrease	No Change	Increase
All	100.00	100.00	100.00	100.00
Business professional and commercial services	37.80	18.75	27.78	48.98
Accommodation and Food services	6.10	12.50	11.11	2.04
Government, Education and Community Services	13.41	18.75	11.11	11.22
Service trades, electricity, gas, construction and wholesale trade	4.88	4.17	5.56	5.10
Manufacturing, transport and storage	9.15	4.17	16.67	10.20
Retail trade	14.63	25.00	16.67	9.18
Other services	12.20	10.42	11.11	13.27
Primary Industries	1.83	6.25	0.00	0.00

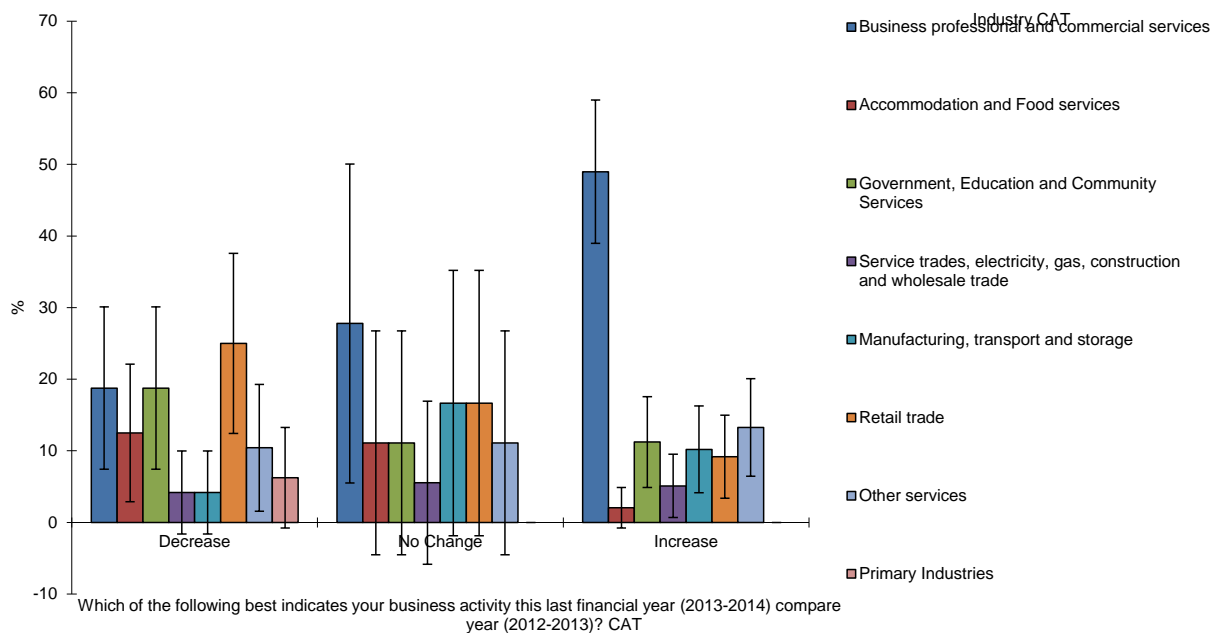


Exhibit 13: Industry Sector and Change in Business Activity – percentage

ABOVE AVERAGE ACTIVITY INCREASE AND PROFITABILITY IN THE BP&CS SECTOR

The research sought to identify whether or not the higher than average increase in business activity (from 2012-2013 to 2013-2014) for the Business Professional and Commercial Services industry group translated into an overall, better than average comparative profitability. In order to assess this, the variable: “Which of the following best indicates your business profitability this last financial year (2013-2014) compared to the previous financial year (2012-2013)?” required recoding. The eight possible responses: 1 “Decrease greatly” through to 7 “Increase greatly” and 8 “Not sure”, were recoded as: 1 “Decrease”, 2 “No change” and 3 “Increase”. Specifically, “Decrease greatly”, “Decrease moderately” and “Decrease slightly” were recoded as “Decrease”. “No change” was unaltered. “Increase slightly”, “Increase moderately” and “Increase greatly” were recoded to “Increase”. “Not sure” was removed. The results are shown in Tables 28 to 30 and Exhibit 14.

A significant difference is again evident (Chi-square 30.43, DF 14, p-value = 0.007). On average, the Business, Professional and Commercial Services Industry groups indicated significantly increased profitability compared to any other industry group. This observation indicates that an increased profitability, in this instance, and for the Business Professional and Commercial Services industry group, is related to increased business activity.

Table 28: Industry Sector and Changes in Business Activity – count

	All	Decrease	No change	Increase
All	162	50	19	93
Business professional and commercial services	62	13	3	46
Accommodation and Food services	10	4	3	3
Government, Education and Community Services	21	6	6	9
Service trades, electricity, gas, construction and wholesale trade	8	2	1	5
Manufacturing, transport and storage	15	4	1	10
Retail trade	23	12	2	9
Other services	20	6	3	11
Primary Industries	3	3	0	0

Table 29: Industry Sector and Changes in Profitability – percent (of row)

Which of the following best indicates your business profitability this last financial year (2013-2014) compared to the previous financial year (2012-2013)? (Recoded)				
	All	Decrease	No change	Increase
All	100.00	30.86	11.73	57.41
Business professional and commercial services	100.00	20.97	4.84	74.19
Accommodation and Food services	100.00	40.00	30.00	30.00
Government, Education and Community Services	100.00	28.57	28.57	42.86
Service trades, electricity, gas, construction and wholesale trade	100.00	25.00	12.50	62.50
Manufacturing, transport and storage	100.00	26.67	6.67	66.67
Retail trade	100.00	52.17	8.70	39.13
Other services	100.00	30.00	15.00	55.00
Primary Industries	100.00	100.00	0.00	0.00

Table 30: Industry Sector and Changes in Business Profitability – percent (of column)

Which of the following best indicates your business profitability this last financial year (2013-2014) compared to the previous financial year (2012-2013)? (Recoded)				
	All	Decrease	No change	Increase
All	100.00	100.00	100.00	100.00
Business professional and commercial services	38.27	26.00	15.79	49.46
Accommodation and Food services	6.17	8.00	15.79	3.23
Government, Education and Community Services	12.96	12.00	31.58	9.68
Service trades, electricity, gas, construction and wholesale trade	4.94	4.00	5.26	5.38
Manufacturing, transport and storage	9.26	8.00	5.26	10.75
Retail trade	14.20	24.00	10.53	9.68
Other services	12.35	12.00	15.79	11.83
Primary Industries	1.85	6.00	0.00	0.00

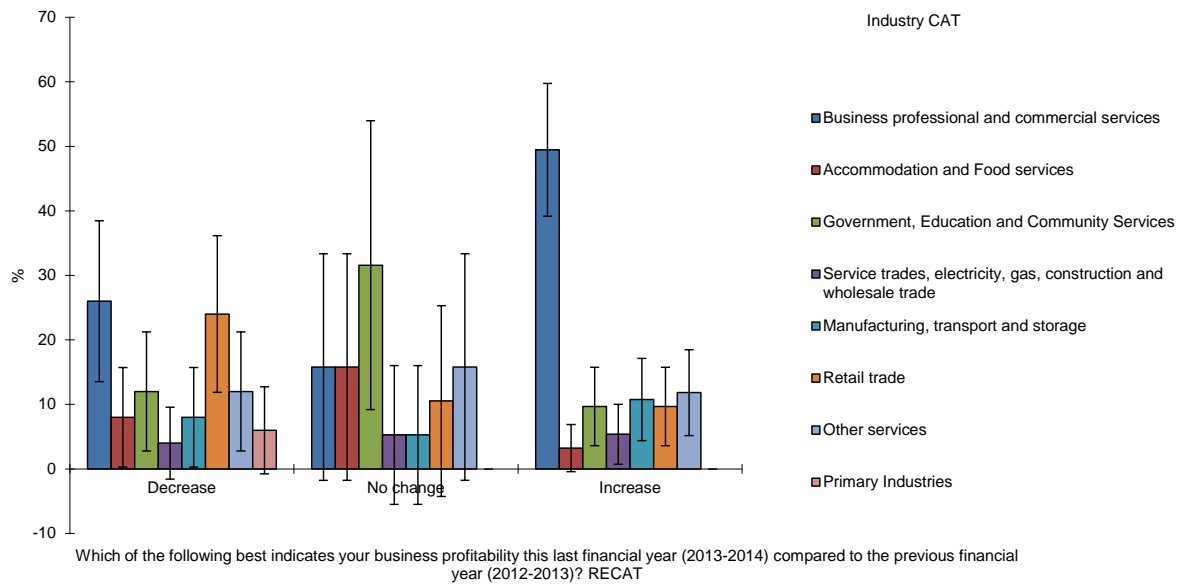


Exhibit 14: Industry Sector and Changes in Business Profitability – percent

BUSINESS ACTIVITY AND PROFITABILITY

Businesses were asked to indicate their expectations of business activity for the next financial year (2014-2015) compared to the last financial year (2013-2014). This is shown in Table 31 and Exhibit 15.

Table 31: Expectations of Business Activity – count, proportion and percentage

	All	Decrease slightly	Decrease moderately	Decrease greatly	No change	Increase slightly	Increase moderately	Increase greatly
Count	164	16	3	5	23	49	47	21
Proportion	1	0.10	0.02	0.03	0.14	0.30	0.29	0.13
Percentage	100	9.76	1.83	3.05	14.02	29.88	28.66	12.80

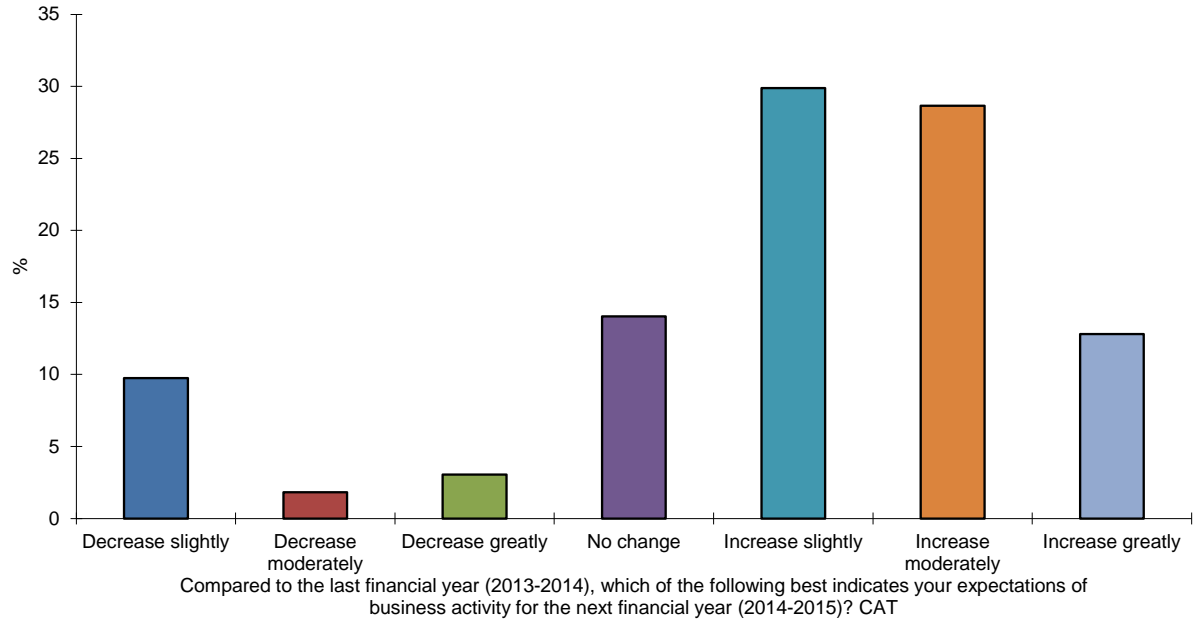


Exhibit 15: Expectations of business activity

Seventy-one percent of organisations expect that their business activity will at least ‘increase’ in the coming financial year (2014-2015) compared to the financial year just finished (2013-2014), an estimate that could be as high as 77%. That is, 3 out of every 4 businesses in Geelong are expecting to improve their financial position in the coming financial year (2014-2015).

Businesses were also asked to indicate changes in their profitability for the last financial year (2013-2014) compared to the previous financial year (2012-2013). The results are shown in Table 32 and Exhibit 16.

Table 32: Changes in profitability – count, proportion and percentage

	All	Decrease greatly	Decrease moderately	Decrease slightly	No change	Increase slightly	Increase moderately	Increase greatly
Count	162	9	12	29	19	47	34	12
Proportion	1	0.06	0.07	0.18	0.12	0.29	0.21	0.07
Percentage	100	5.56	7.41	17.90	11.73	29.01	20.99	7.41

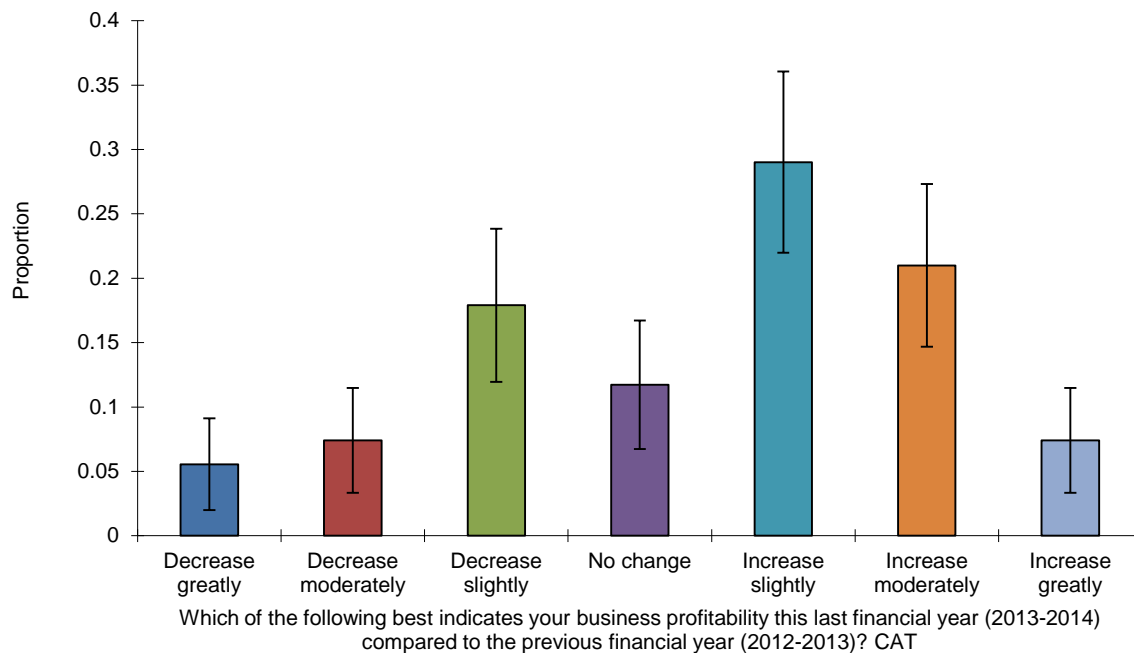
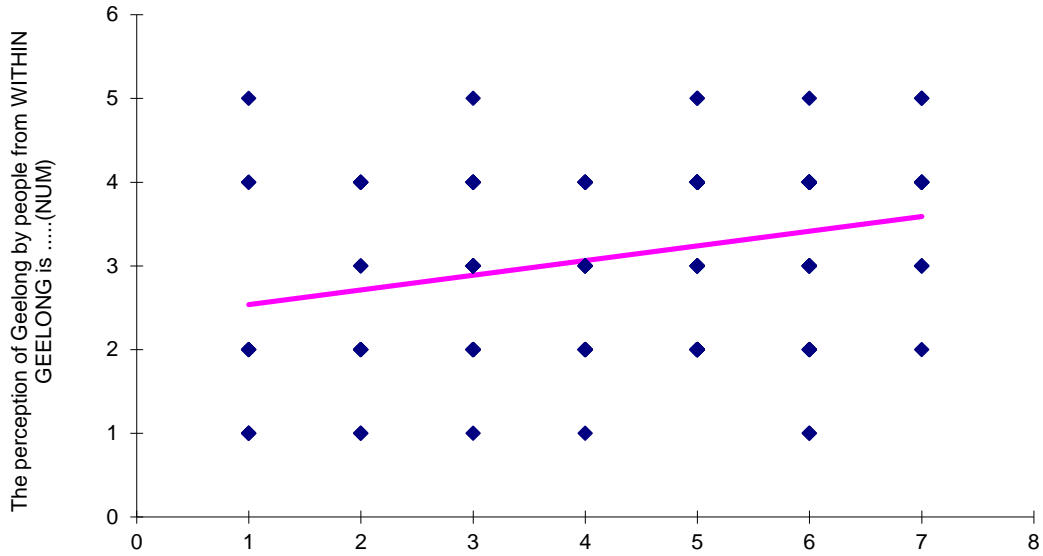


Exhibit 16: Changes in profitability – proportion

Fifty-seven percent of organisations indicate that profitability this financial year (2013-2014) had increased compared to the previous financial year (2012-2013). This estimate could be as high as 64%. However, 31% indicate that it had decreased, an estimate that could be as high as 37% of all Geelong businesses (Error bars indicate 95% confidence interval estimates for population proportions).

PROFIT AND PERCEPTIONS (FROM PEOPLE WITHIN GEELONG) OF GEELONG

The data were examined to determine if the profit experienced by a business in Geelong somehow played a role in how businesses think **people from within** Geelong perceive Geelong. Simple linear regression was used to determine if a relationship was evident between how businesses think people from within Geelong perceive Geelong and the profit experienced by these businesses. The ordinal numeric response for how businesses think people from within Geelong perceive Geelong was regressed as a function of the ordinal numeric response of “profit experienced”. Business that were “not sure” of their profit performance were not included in the “Profit experienced” variable. Exhibits 17 and Table 33 show the results.



Which of the following best indicates your business profitability this last financial year (2013-2014) compared to the previous financial year (2012-2013)? NUM

Exhibit 17: Perception of Geelong (WITHIN) and business profitability

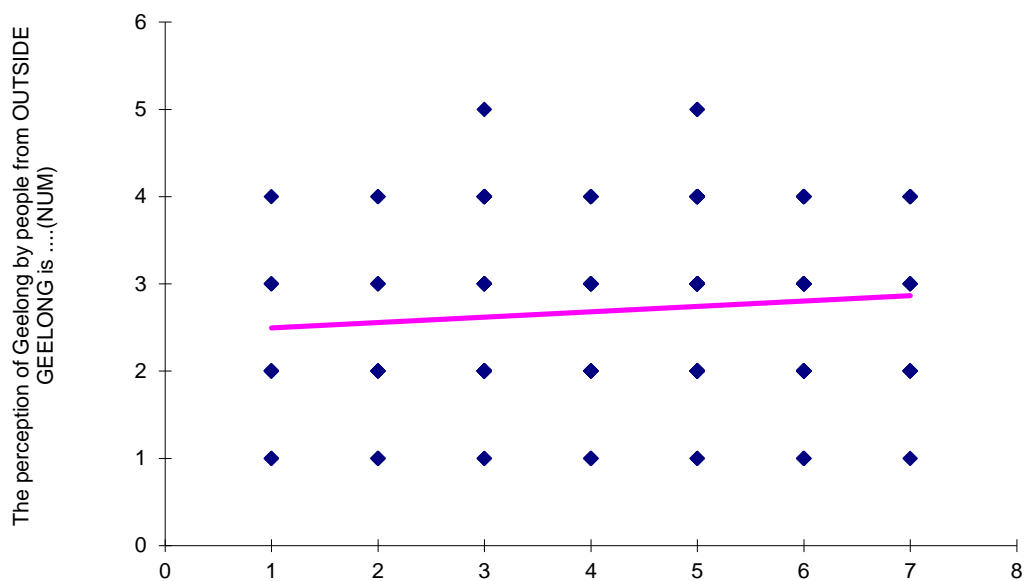
Table 33: Hypothesis test for perception of Geelong (WITHIN) and business profitability

Summary			Confidence Ints.			
			Level	0.95	R ²	0.07688
			Lower	Upper	s	0.99007
Slope	0.1759745	0.04882	0.0795406	0.2724084		
Intercept	2.3603669	0.23164	1.9028119	2.8179218		

An hypothesis test for the slope of the line reveals a significant result (p-value < 0.0004). Although the model is not useful for predictive purposes (R² 7.69%), the relationship is nonetheless structurally significant. That is, there is a significant positive relationship between the profit a business saw in the previous financial year and how they think people from Geelong perceive Geelong. For example, the lower the profit a business experiences, the more likely they are to think that people from within Geelong have a negative view of Geelong. This finding may be suggestive that businesses that make more profit are more inclined to think locals have a better perception of the local area compared to businesses that make less profit and that this observation may simply be an example that profit has a positive effect on outlook.

PROFIT AND PERCEPTIONS (FROM PEOPLE OUTSIDE GEELONG) OF GEELONG

The data were also examined to determine if the profit experienced by a business somehow play a role in how businesses think **people from outside** Geelong perceive Geelong. Similar to the preceding analysis, simple linear regression was used to determine if a relationship was evident between the measurement of how businesses think people from outside Geelong perceive Geelong and the profit they experienced. The ordinal numeric response for how businesses think people from outside Geelong perceive Geelong was modelled as a function of the ordinal numeric response profit experienced. "Not sure" was removed from profit experienced. This is summarised in Exhibit 18 and Table 34.



Which of the following best indicates your business profitability this last financial year (2013-2014) compared to the previous financial year (2012-2013)? NUM

Exhibit 18: Perception of Geelong (OUTSIDE) and business profitability

Table 34: Hypothesis test for perception of Geelong (OUTSIDE) and business profitability

Summary			Confidence Ints.		R ²	s
	Estimate	SE	Level	0.95		
			Lower	Upper		
Slope	0.0614026	0.04916	-0.035704	0.1585092		
Intercept	2.434881	0.23326	1.9741341	2.8956279		

There is no relationship evident (The hypothesis test reveals the slope of the line is likely to be zero, p-value = 0.214). That is, the profit a business experiences does not affect the way they think people from outside Geelong will perceive Geelong.

EXPECTATIONS OF PROFITABILITY NEXT FINANCIAL YEAR

Organisations were also asked to indicate their expectations of profitability for the next financial year (2014-2015) compared to the last financial year (2013-2014). Sixty-nine percent of organisations surveyed this financial year (2013-2014) indicated they expect to see an increase in profitability in the coming financial year (2014-2015). This estimate could be as high as 75% of all businesses in Geelong. However, 20% indicate they expect profitability will decrease, an estimate that could be as high as 26% of all Geelong businesses. That is, a significantly higher proportion of Geelong businesses, possibly as many as 3 out of every 4 (75%), expect that profitability will increase in the coming financial year, while only 1 in 5 businesses (or 20% of them) expect it will decrease. The other businesses expect no change in profitability. The results are shown in Table 35 and Exhibit 19.

Table 35: Expectations of profitability (2014-15 and 2013-14) – count, proportion, and percentage

	All	Decrease greatly	Decrease moderately	Decrease slightly	No change	Increase slightly	Increase moderately	Increase greatly
Count	166	6	6	22	18	52	46	16
Proportion	1	0.04	0.04	0.13	0.11	0.31	0.28	0.10
Percentage	100	3.61	3.61	13.25	10.84	31.33	27.71	9.64

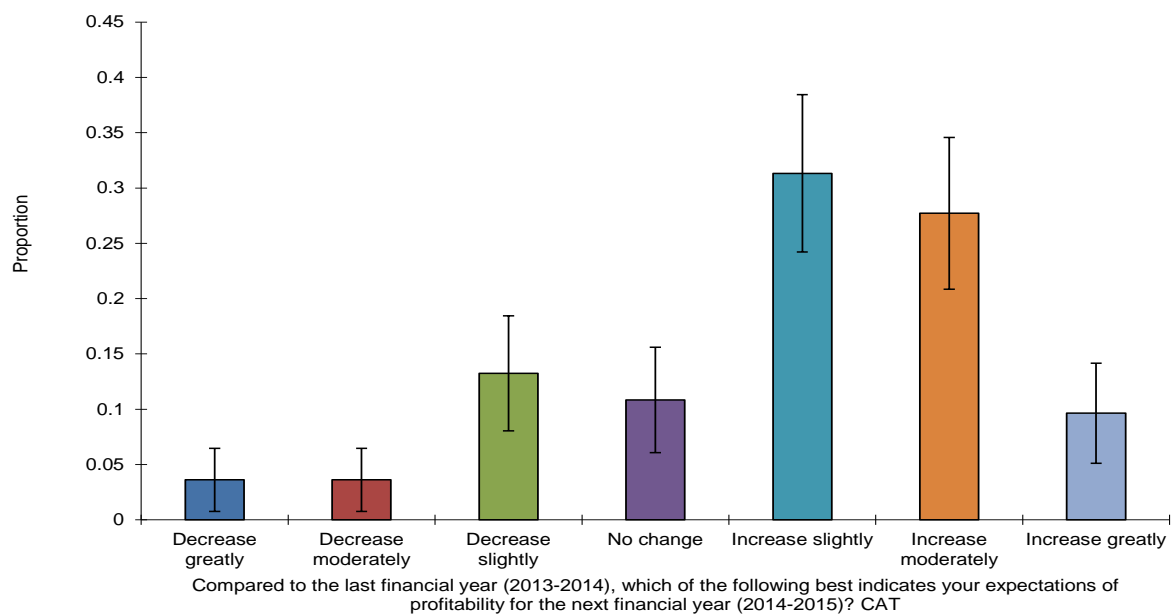


Exhibit 19: Expectations of profitability (2014-15 and 2013-14) – proportion

The data were examined to determine whether or not there is a relationship between the profitability previously experienced by businesses (that is, from 2012-2013 to 2013-2014) and the profitability they expect (that is, from 2013-2014 to 2014-2015).

It is noted that a simple linear regression is typically the domain of continuous numerical measures; however, simple linear regression was used to determine if a relationship was evident between these two measures, 'profit experienced' and 'profit expected'. The ordinal numeric ranked response for 'profit expected' was modelled as a function of the ordinal numeric ranked response 'profit experienced'. Businesses that were 'Not sure' about their profitability and expectations were removed from both measures.

An hypothesis test for the slope of the line reveals a highly significant result (p-value < 0.00000). That is, the resulting trend line does not have a slope equal to zero. Although the model is not strong, with the model only accounting for approximately 30% of the variability in 'profit expected', the relationship is nonetheless significant. That is, there is a significant positive relationship between the profit a business saw in the previous financial year and their expectations of profit in the coming financial year. The findings are summarised in Exhibit 20 and Table 36.

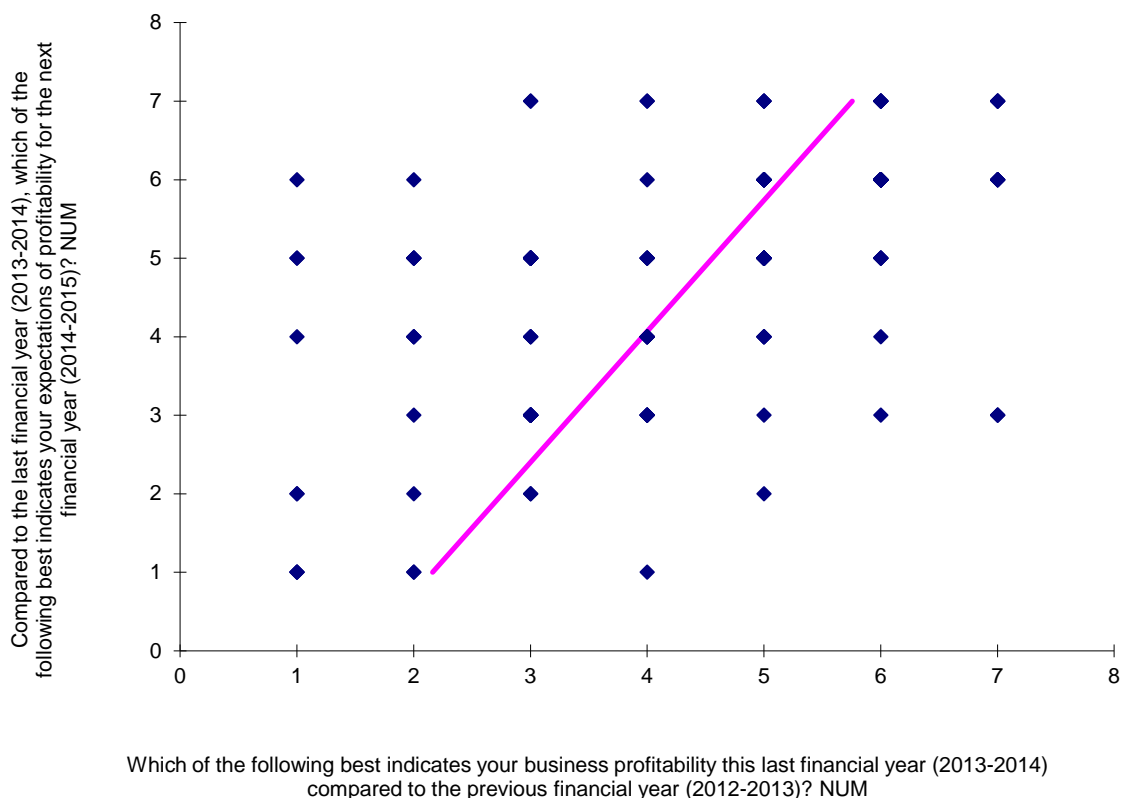


Exhibit 20: Profit performance and profit expectations

Table 36: Profit performance and profit expectations

Summary			Confidence Ints.			
			Level	0.95	R ²	0.30734
	Estimate	SE	Lower	Upper	s	1.34587
Slope	0.598794	0.07129	0.4579963	0.7395918		
Intercept	1.5648113	0.35919	0.8554211	2.2742014		

BUSINESS PROFIT AND BUSINESS CONFIDENCE

The research considered whether or not those businesses that experienced higher profit, also have higher confidence in the Geelong region's business environment. Simple linear regression was used to determine if a relationship was evident between these two measures, 'higher confidence' and 'profit experienced'. The ordinal numeric response for 'higher confidence' was modelled as a function of the ordinal numeric response 'profit experienced'. 'Not sure' was removed from both measures. See Exhibit 21 and Table 37.

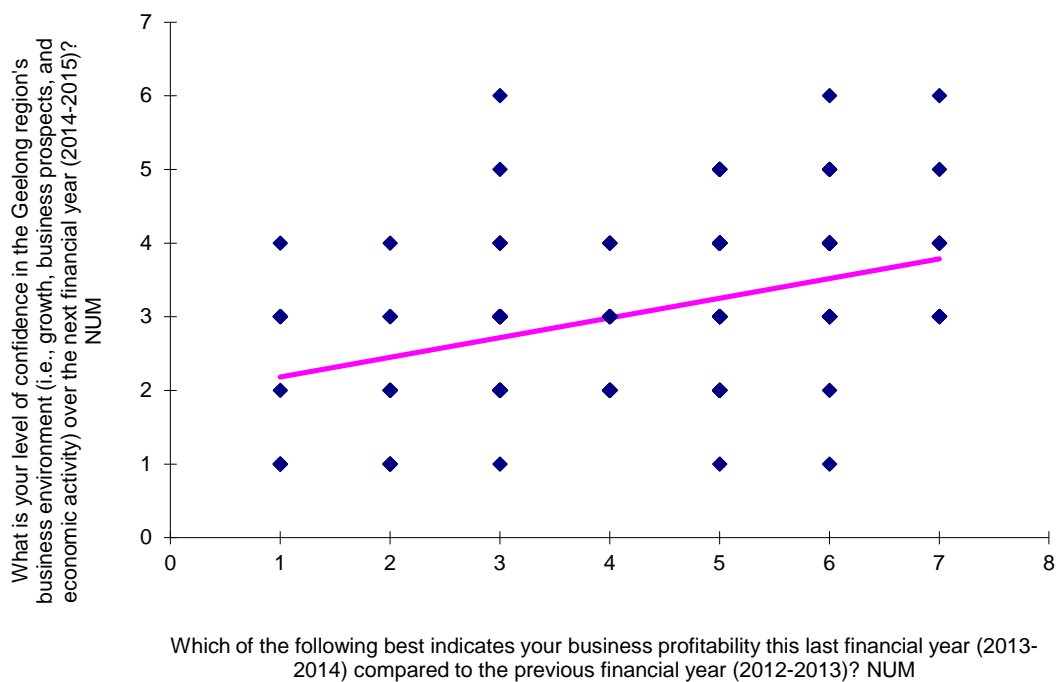


Exhibit 21: Level of business confidence and profit

Table 37: Level of business confidence and profit

Summary			Confidence Ints.		R ²	s
Estimate	SE	Level	0.95			
		Lower	Upper			
Slope	0.2678167	0.04732	0.174343	0.3612905		
Intercept	1.9125898	0.22453	1.4690803	2.3560993		

An hypothesis test for the slope of the line reveals a highly significant result (p-value < 0.00000). Although the regression model is not particularly useful, only accounting for approximately 17% of the variability in 'confidence in the Geelong region business environment', the relationship is nonetheless significant. That is, the regression model presented above is not useful for predictive purposes, as it does not represent a functional relationship well. Rather, it only helps to suggest that there is a significant positive relationship between the profit a business saw in the previous financial year, and their confidence in the Geelong regions business environment. For example, the model reveals a structural relationship in that the lower the profit a business experiences, the more likely they are to have low confidence in the region's business environment.

SALES AND PURCHASES

The research sought to describe the nature of sales activity and business purchasing. The following analysis reports on the locations in which sales were generated, business export activity and the importance and use of the Internet by businesses. The subsequent analysis describes from where goods and services are sourced by Geelong businesses.

SALES

Business were asked about the location where sales are generated. They were asked to provide the percent of sales generated from certain locations, and, for the purposes of this research, the choice of locations were Geelong, Melbourne, Rest of Victoria, Rest of Australia, and Overseas. The findings are shown as percentages in Table 38 and Exhibit 22.

Table 38: Percentage of sales generated in a location – numerical summaries

Where do you generate sales	All	Geelong	Melbourne	The rest of Victoria	The rest of Australia	Overseas
Number	839	168	168	168	168	167
Mean	20.02	60.04	18.75	8.19	8.93	4.11
St Dev	30.34	36.16	22.82	11.85	17.24	14.99
Skew	1.54	-0.47	1.44	2.44	2.65	4.98
Min	0	0	0	0	0	0
Q ₁	0	23.75	0	0	0	0
Median	5	72.5	10	5	0	0
Q ₃	25	92.25	30	10	10	0
Max	100	100	100	70	95	100

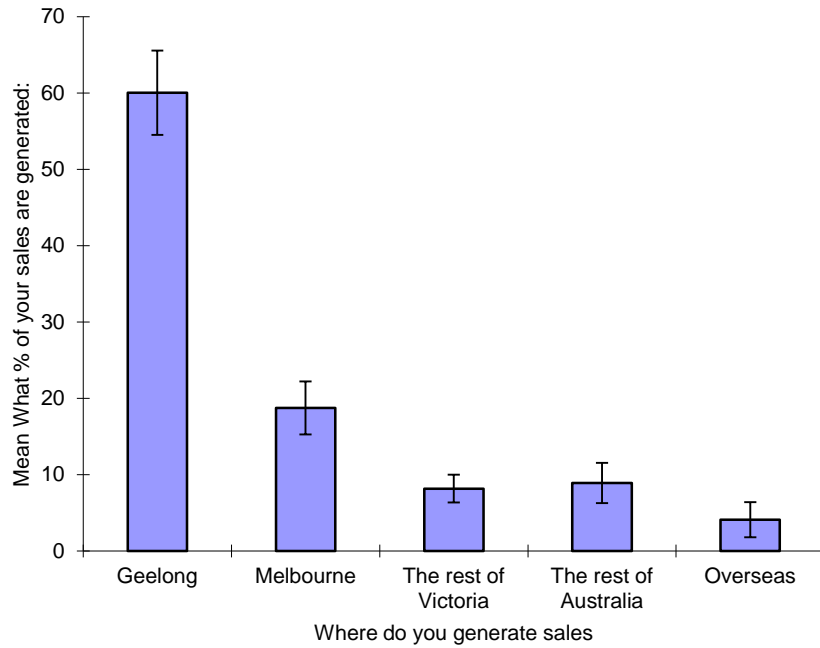


Exhibit 22: Percentage of sales generated in a location – mean percentages

Sixty percent of sales are generated in Geelong, an estimate that could be as high as 66%. Melbourne clients also receive a high proportion of Geelong sales (19% of sales). The rest of Victoria and the rest of Australia also take up a significant proportion of Geelong sales trade (17%). It is estimated that overseas sales account for somewhere between two and six percent of the total sales made by Geelong businesses.

OVERSEAS SALES

The research required those businesses who indicated that they generate sales overseas (four percent of businesses) to indicate to where most goods and services were exported. The following information includes the proportion of only those businesses that indicate they are exporting overseas. Although no significant difference could be detected ($n < 5$ for several groups), countries have been ranked in descending order from the highest point estimate (the country receiving the largest amount of export) to the lowest. The results are shown in Tables 39 and Exhibit 23.

Table 39: Where are goods and services exported to – ranked by proportion

Receives the most business in the form of exported goods and services exported from Geelong	Does your business export to: (n=194)	Percentage (%)	
		No	Yes
RANK			
1	New Zealand	92.27	7.73
2	UK	92.78	7.22
3	Other Asia Pacific countries	95.36	4.64
4	USA	95.88	4.12
5	Western Europe (Ex UK)	95.88	4.12
6	China	96.39	3.61
7	Canada	96.91	3.09
8	Japan	97.42	2.58
9	The Middle East and Africa	97.42	2.58
10	Latin America	97.42	2.58
11	India	97.94	2.06
12	Eastern Europe	98.45	1.55

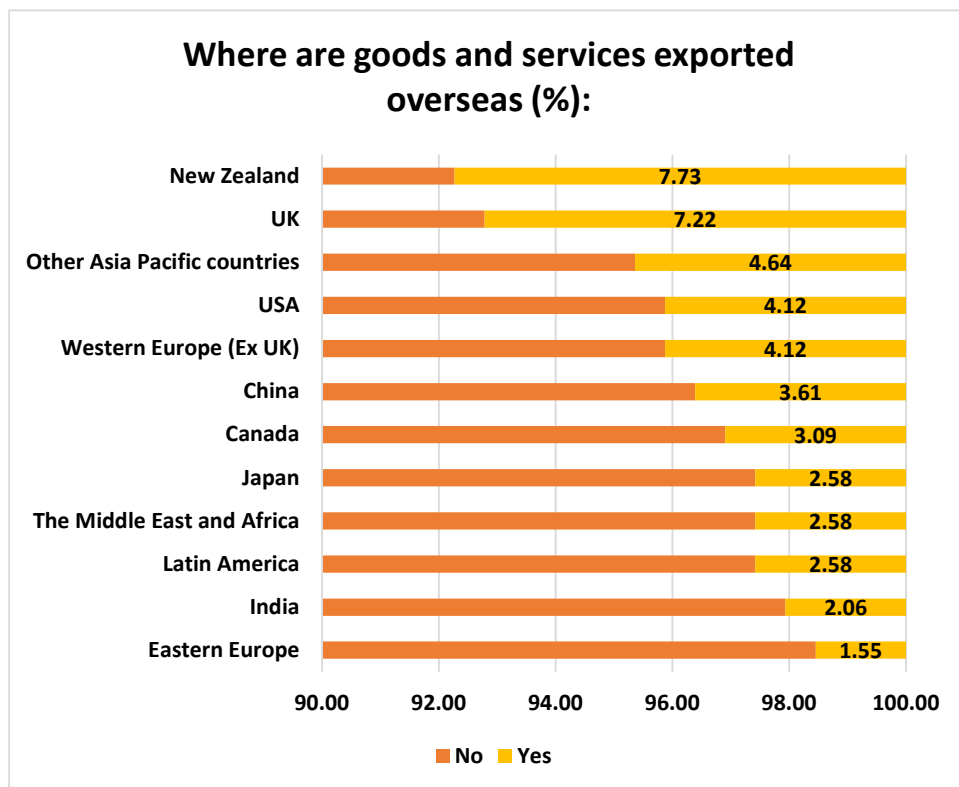


Exhibit 23: Percentage of Geelong businesses indicating that they export to these countries.

Businesses were also asked to indicate their level of overseas sales activity over the last financial year (2013-2014). Only four percent of businesses in Geelong indicate that they are exporting overseas, and of this four percent, 31% of them indicate that there has been no change in their overseas exporting of goods and services.

In order to determine which overseas locations are receiving more (or less) goods, the measure for change in sales activity (Decreased greatly through to increased greatly) was examined *for each location* that a business indicated that they exported to. The summary table therefore presents a summary of locations exported to rather than businesses exporting. Although there were insufficient observations to determine whether a significant difference exists for any single location overall, it does appear that generally, of all the locations exported to, exporting has improved slightly, with 56% of those locations experiencing at least, some sort of increase. Tables 40 to 42 and Exhibit 24 summarise the results.

Table 40: Level of overseas sales activity 2013-2014 - count, proportion, and percentage

	All	Not sure	Decreased greatly	Decreased moderately	Decreased slightly	No change	Increased slightly	Increased moderately	Increased greatly
Count	35	2	1	2	6	11	8	4	1
Proportion	1	0.06	0.03	0.06	0.17	0.31	0.23	0.11	0.03
Percentage	100	5.71	2.86	5.71	17.14	31.43	22.86	11.43	2.86

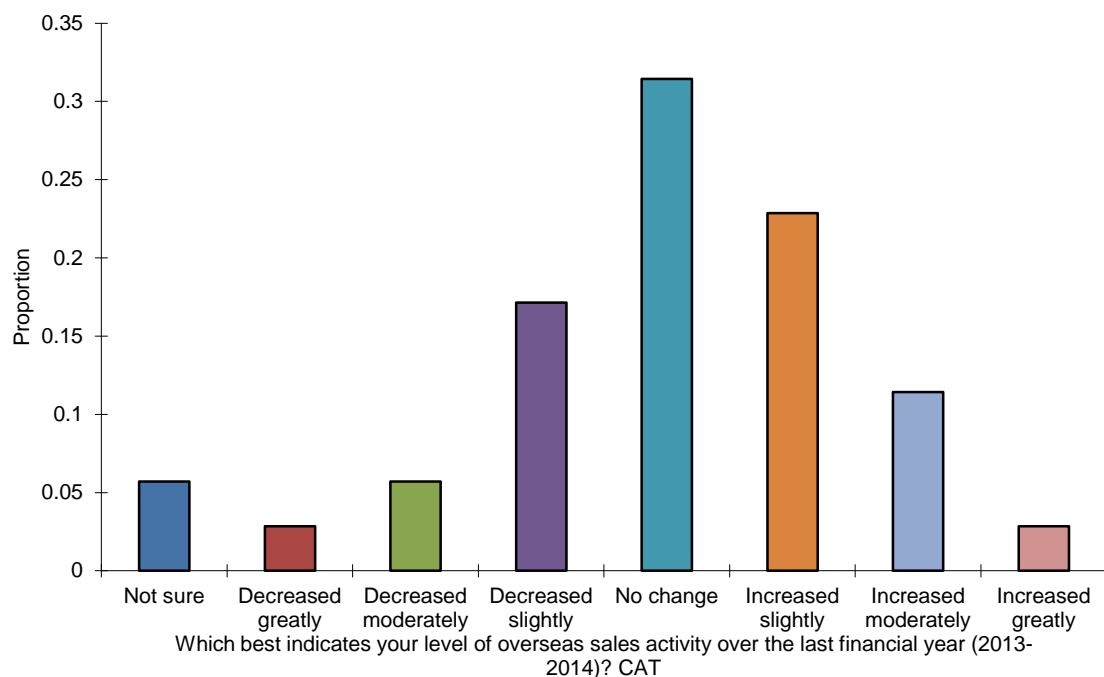


Exhibit 24: Level of exporting activity – proportion

Table 41: Overseas locations exported to and change in activity (count)

	Overseas location exported to											
	All	Western Europe (excluding the UK)	USA	UK	Other Asia Pacific Countries	New Zealand	Middle East and Africa	Japan	India	Eastern Europe	China	Canada
All	73	7	7	13	8	14	4	4	3	2	6	5
Decreased greatly	1	0	0	0	0	0	0	1	0	0	0	0
Decreased moderately	3	0	0	0	0	1	1	0	0	1	0	0
Decreased slightly	4	0	1	1	0	0	1	0	0	1	0	0
No change	24	4	3	6	2	5	0	0	0	0	1	3
Increased slightly	23	3	2	4	2	4	1	2	1	0	3	1
Increased moderately	13	0	0	1	3	3	1	1	2	0	2	0
Increased greatly	5	0	1	1	1	1	0	0	0	0	0	1

Table 42: Overseas locations exported to and change in activity (percent of column)

	Overseas location exported to											
	All	Western Europe (excluding the UK)	USA	UK	Other Asia Pacific Countries	New Zealand	Middle East and Africa	Japan	India	Eastern Europe	China	Canada
All	100	100	100	100	100	100	100	100	100	100	100	100
Decreased greatly	1.37	0.00	0.00	0.00	0.00	0.00	0.00	25.00	0.00	0.00	0.00	0.00
Decreased moderately	4.11	0.00	0.00	0.00	0.00	7.14	25.00	0.00	0.00	50.00	0.00	0.00
Decreased slightly	5.479	0.00	14.29	7.69	0.00	0.00	25.00	0.00	0.00	50.00	0.00	0.00
No change	32.88	57.14	42.86	46.15	25.00	35.71	0.00	0.00	0.00	0.00	16.67	60.00
Increased slightly	31.51	42.86	28.57	30.77	25.00	28.57	25.00	50.00	33.33	0.00	50.00	20.00
Increased moderately	17.81	0.00	0.00	7.69	37.50	21.43	25.00	25.00	66.67	0.00	33.33	0.00
Increased greatly	6.849	0.00	14.29	7.69	12.50	7.14	0.00	0.00	0.00	0.00	0.00	20.00

USE OF THE INTERNET FOR BUSINESS PURPOSES

Businesses were asked whether or not they generated sales through the Internet. Fifty-five percent of businesses indicate that they generate sales from the Internet. This estimate could be as high as 63%, as illustrated in Exhibit 25.

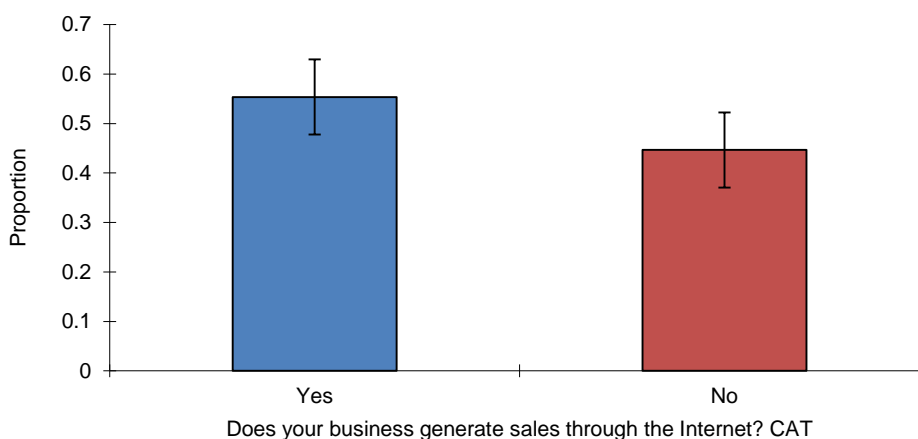


Exhibit 25: Generation of sales from the Internet (percent of businesses).

The research also addressed the question whether or not the generation of sales through the Internet differed by industry group. No differences were detected (Chi-square 1.267, DF 7, p-value = 0.989). Each industry group indicates that proportionally, they use the Internet similarly when it comes to making sales. That is on average, about 55% of businesses indicate that they generate sales using the Internet. The results are shown in Tables 43 and 44 and Exhibit 26.

Table 43: Business category and Internet sales – count

Does your business generate sales through the Internet? CAT	All	Yes	No
All	168	93	75
Business professional and commercial services	64	35	29
Accommodation and Food services	11	7	4
Government, Education and Community Services	22	11	11
Service trades, electricity, gas, construction and wholesale trade	8	4	4
Manufacturing, transport and storage	16	8	8
Retail trade	24	14	10
Other services	20	12	8
Primary Industries	3	2	1

Table 44: Business category and Internet sales – percent of row

	All	Yes	No
Does your business generate sales through the Internet? CAT	100.00	55.36	44.64
Business professional and commercial services	100.00	54.69	45.31
Accommodation and Food services	100.00	63.64	36.36
Government, Education and Community Services	100.00	50.00	50.00
Service trades, electricity, gas, construction and wholesale trade	100.00	50.00	50.00
Manufacturing, transport and storage	100.00	50.00	50.00
Retail trade	100.00	58.33	41.67
Other services	100.00	60.00	40.00
Primary Industries	100.00	66.67	33.33

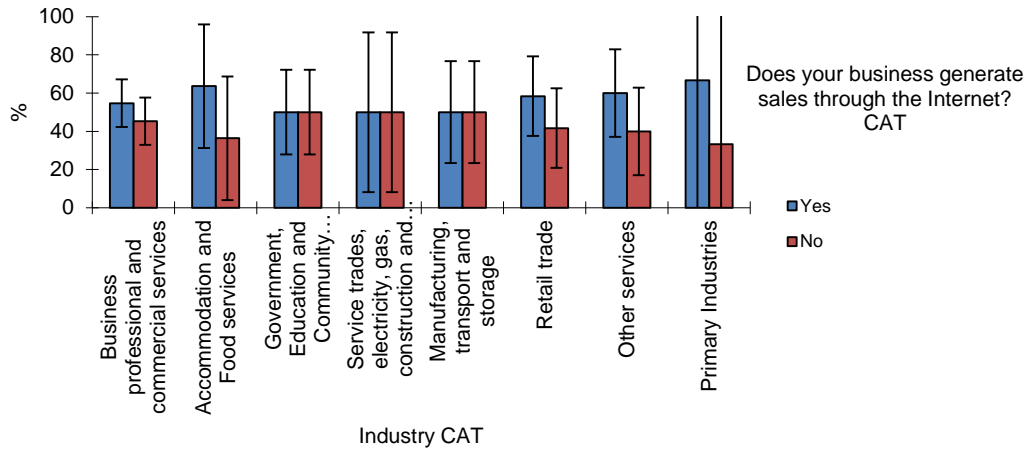


Exhibit 26: Business category and Internet sales – percent

PROPORTION OF SALES GENERATED BY BUSINESSES THROUGH THE INTERNET

The research also examined the proportion of sales generated by businesses through the Internet. Around 42% of businesses indicate that their sales on the Internet account for less than 10% of their total sales; however, 17% of businesses indicate that the Internet accounts for 50% or more of their sales. This estimate could be as high as 1 out of every 4 of Geelong businesses (approximately 24% of them). These results are shown in Table 45 and Exhibit 27.

Table 45: Sales generated by businesses through the Internet – count, proportion, and percent

	All	Less than 10%	Between 10% up to and including 24%	Between 25% up to and including 49%	50% or more
Count	93	39	17	21	16
Proportion	1	0.42	0.18	0.23	0.17
Percentage	100	41.94	18.28	22.58	17.20

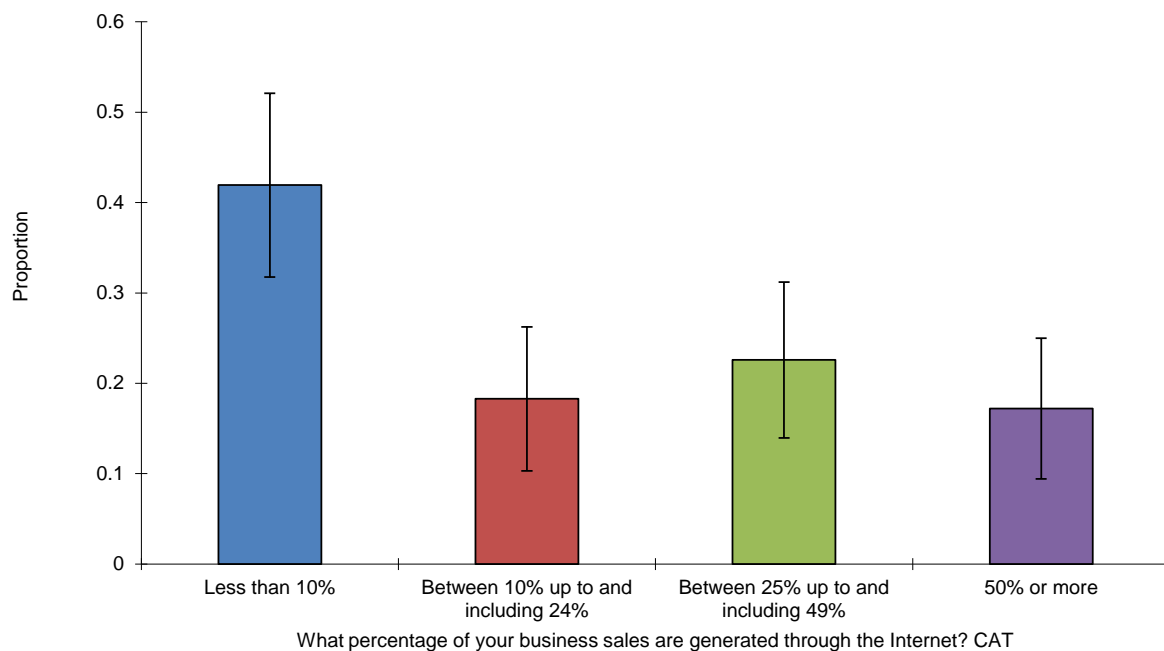


Exhibit 27: Sales generated through the Internet - percent

To investigate whether or not the length of time a business had been operating had any effect on Internet sales, and in order to meet the assumptions of the chi-square modelling approach, the two variables, "The length of time your business has been operating", and "What percentage of your sales are generated in the Internet," were recoded. Length of time operating was recoded to: operating less than 5 years and operating 5 years or more. What percentage of your sales is made on the Internet was recoded as: "We sell less than 25%" or "We sell 25% or more".

A highly significant difference is evident (Chi-square 15.870, DF 1, p-value < 0.0000). Seventy one percent of businesses that have been trading for less than 5 years, indicate that they are generating 25% or more of their sales from the Internet. In contrast, only 27% of organisations that have been in business for longer than 5 years indicate that they are generating 25% or more sales from the Internet. This shows that generally, younger businesses are more inclined to look to the Internet to generate sales. This is shown in Tables 46 and 47.

The research also addressed the question whether or not a particular industry sector generated more Internet sales than another. To obtain a clearer understanding of how industry groups are using the Internet to generate sales, the percentage of sales generated on the Internet was recoded in Table 49 to <25% and 25% or more.

There is insufficient evidence to conclude that any particular industry group uses the Internet to generate more sales. The results and analysis are shown Tables 48 to 50 and Exhibit 28.

Table 46: Internet sales and years of business operation (count)

What percentage of your business sales are generated through the Internet?				
		All	Less than 25%	25% or more
Years your business been operating?	All	91	54	37
	Less than 5 years	28	8	20
	5 years or more	63	46	17

Table 47: Internet sales and years of business operation (percent of row)

What percentage of your business sales are generated through the Internet?				
		All	Less than 25%	25% or more
Years your business been operating?	All	100	59.34	40.659
	Less than 5 years	100	28.57	71.429
	5 years or more	100	73.02	26.984

Table 48: Percentage of business sales generated through the Internet - count

	What percentage of your business sales are generated through the Internet? CAT				
	All	Less than 10%	Between 10% up to and including 24%	Between 25% up to and including 49%	50% or more
All	93	39	17	21	16
Business professional and commercial services	35	14	5	11	5
Accommodation and Food services	7	2	0	3	2
Government, education and community services	11	4	1	4	2
Service trades, electricity, gas, construction and wholesale trade	4	1	2	0	1
Manufacturing, transport and storage	8	4	1	1	2
Retail trade	14	5	6	1	2
Other services	12	7	2	1	2
Primary Industries	2	2	0	0	0

Table 49: Percentage of business sales generated through the Internet – percent of row

	All	Less than 10%	Between 10% up to and including 24%	Between 25% up to and including 49%	50% or more
All	100.00	41.94	18.28	22.58	17.20
Business professional and commercial services	100.00	40.00	14.29	31.43	14.29
Accommodation and Food services	100.00	28.57	0.00	42.86	28.57
Government, education and community services	100.00	36.36	9.09	36.36	18.18
Service trades, electricity, gas, construction and wholesale trade	100.00	25.00	50.00	0.00	25.00
Manufacturing, transport and storage	100.00	50.00	12.50	12.50	25.00
Retail trade	100.00	35.71	42.86	7.14	14.29
Other services	100.00	58.33	16.67	8.33	16.67
Primary Industries	100.00	100.00	0.00	0.00	0.00

Table 50: Business category and Internet sales (less or more than 25%) – percent of row

	All	Less than 25%	25% or more
All	100.00	60.22	39.78
Business professional and commercial services	100.00	54.29	45.71
Accommodation and Food services	100.00	28.57	71.43
Government, education and community services	100.00	45.45	54.55
Service trades, electricity, gas, construction and wholesale trade	100.00	75.00	25.00
Manufacturing, transport and storage	100.00	62.50	37.50
Retail trade	100.00	78.57	21.43
Other services	100.00	75.00	25.00
Primary Industries	100.00	100.00	0.00

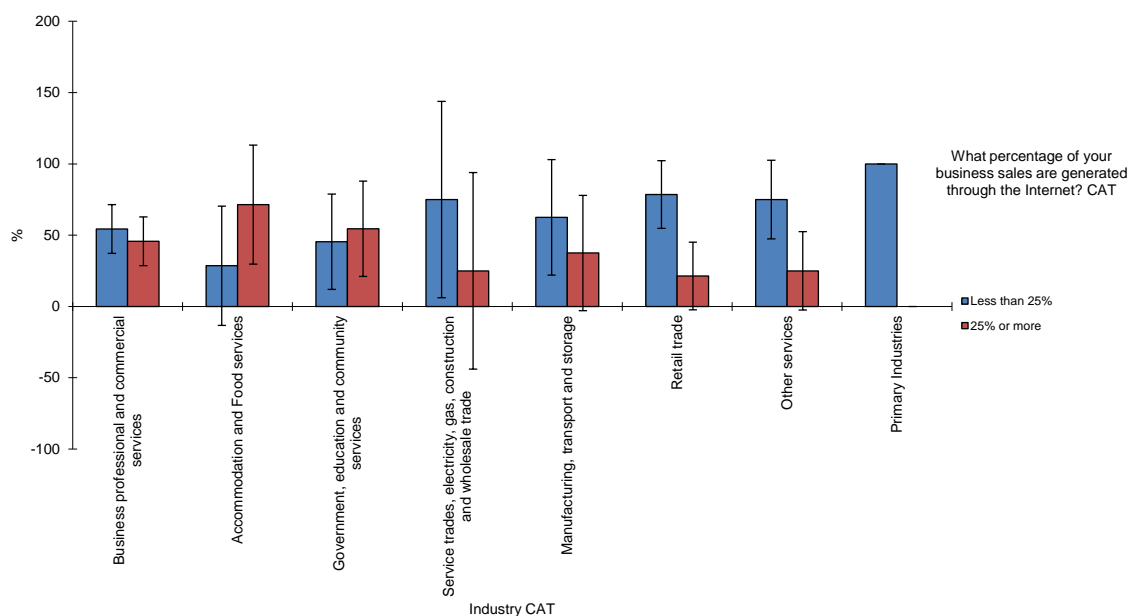


Exhibit 28: Business category and Internet sales (less or more than 25%)

PURCHASE OF GOODS AND SERVICES

Businesses were asked from where the goods and services they purchased were sourced. The choice of sources were Geelong, Melbourne, Rest of Victoria, Rest of Australia, and Overseas. Businesses reported the percentage of sales for each source, as illustrated in Exhibit 29. The numerical summaries of the percentages of goods and services purchased from these various locations are shown in Table 51.

A highly significant difference is evident (F ratio 71.9, p-value < 0.00000). Forty-seven percent of goods and services are purchased in the Geelong area. This estimate could be as high as 53%. Many businesses, possibly as many as

17%, purchase their goods and services from the rest of Australia. The lowest amount of goods and services purchased by Geelong businesses (possibly 5%) are estimated to come from the rest of Victoria.

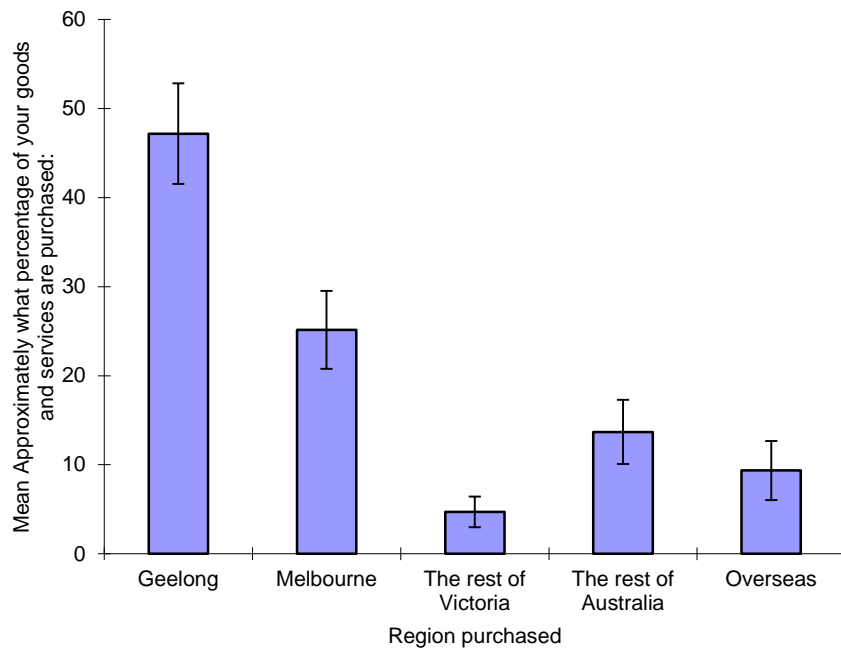


Exhibit 29: Source of purchase (mean percentages)

Table: 51: Source of purchase percent of goods and services (numerical summaries)

Region purchased	All	Geelong	Melbourne	The rest of Victoria	The rest of Australia	Overseas
Number	829	166	166	166	165	166
Mean	20.02	47.17	25.16	4.72	13.69	9.35
St Dev	29.86	36.86	28.54	11.28	23.41	21.70
Skew	1.48	0.12	1.01	3.53	2.13	2.86
Min	0	0	0	0	0	0
Q ₁	0	10	0	0	0	0
Median	5	50	11.605	0	0	0
Q ₃	30	80	45	5	20	8.75
Max	100	100	100	80	100	100

REASONS FOR PURCHASING OUTSIDE THE GEELONG REGION

Only those businesses that purchased goods and services from outside the Geelong region were asked their main reasons for sourcing goods and services from elsewhere. Respondents could provide more than one reason and to

summarise this response, all reasons that respondents indicated were given equal weight and proportioned relatively, as shown in Table 52.

Table 52: Main reasons for purchasing goods and services outside Geelong – count, proportion, and percentage

		Reason identified for purchasing goods and services outside Geelong				
All		Goods or services are purchased outside the Geelong region because the goods or services are not available in the Geelong	Goods or services are purchased outside the Geelong region because the nature of my business requires me to purchase direct from a manufacturer, importer, wholesaler or broker	Goods or services are purchased outside the Geelong region because my business imports direct from overseas	Goods or services are purchased outside the Geelong region because goods or services are too expensive in the Geelong region	Goods or services are purchased outside the Geelong region because my business is part of a larger business or group with its own purchasing program
Count	220	105	57	10	25	23
Proportion	1	0.48	0.26	0.05	0.11	0.10
Percentage	100	47.73	25.91	4.55	11.36	10.45

Forty-eight percent of businesses indicate that the reason they purchase goods and services outside of the Geelong region is because the goods and services they require are not available here. Twenty-six percent of businesses indicate that they must purchase outside the Geelong region because they need to purchase direct from a manufacturer, importer, wholesaler or broker. Eleven percent of businesses indicate that they do not purchase locally because local prices are not competitive. That is, purchasing outside the reason saves their business money. As many as 16% of businesses might fall into the category of purchasing outside of the Geelong region because it is less expensive.

Respondents were also provided the opportunity to comment about the reasons they sourced goods and services from outside the Geelong region. Most businesses did not provide open-ended feedback. Based on the nature of the qualitative feedback, many of the reasons for purchasing outside Geelong are effectively beyond the influence of Geelong firms. These include factors such as an existing relationship, the use of offshore contractors, having an original equipment manufacturer providing genuine parts from overseas, and having a Melbourne head office.

It appears, from the qualitative responses, however, that there are reasons for purchasing outside the Geelong region over which Geelong firms may have some influence. Examples here included: the inability to find local suppliers; the Geelong firms are not preferred suppliers; the range, service, and price of the purchase is better elsewhere; and, the inadequate level of service from Geelong firms.

IMPORTANCE, COST AND UNDERSTANDING THE INTERNET

Businesses were also surveyed about the importance to their business of: access to reliable and fast broadband; the cost of the Internet; and, understanding the Internet. Eighty-three percent of businesses indicate that they are in agreement with the statement “Access to reliable and fast broadband is important to their business”. This estimate could be as high as 88% of all businesses registered with the Geelong Chamber of Commerce. That is, 9 out of 10 businesses indicate that fast and reliable broadband is important for their business. Table 53 and Exhibit 30.

Seventy-seven percent of businesses indicate that the cost of the Internet is important; however, 22% of respondents either disagree, or do not care about the cost of the Internet. Further, as many as 28% of businesses might not care or disagree that the cost of the Internet is important. This is shown in Table 54 and Exhibit 31, further below.

Exhibit 32 shows that 87% of businesses agree that understanding the Internet is important. This estimate could be as high as 91% of all businesses. That is, 9 out of every 10 businesses in Geelong believe that understanding the Internet is important.

Table 53: Importance of fast and reliable Broadband to business (count, proportion, and percentage)

		Access to reliable and fast broadband is important to my business CAT				
	All	Disagree	Strongly Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
Count	168	4	2	23	36	103
Proportion	1	0.02	0.01	0.14	0.21	0.61
Percentage	100	2.38	1.19	13.69	21.43	61.31

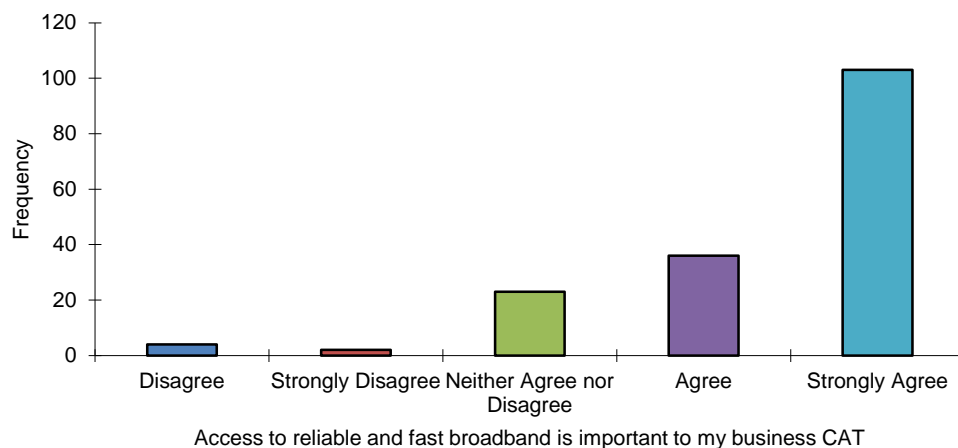


Exhibit 30: Importance of Broadband to business (frequency distribution)

Table 54: Importance of the cost of Internet access (count, proportion, and percentage)

The cost of Internet access is important to my business						
	All	Strongly Disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
Count	168	2	7	29	59	71
Proportion	1	0.01	0.04	0.17	0.35	0.42
Percentage	100	1.19	4.17	17.26	35.12	42.26

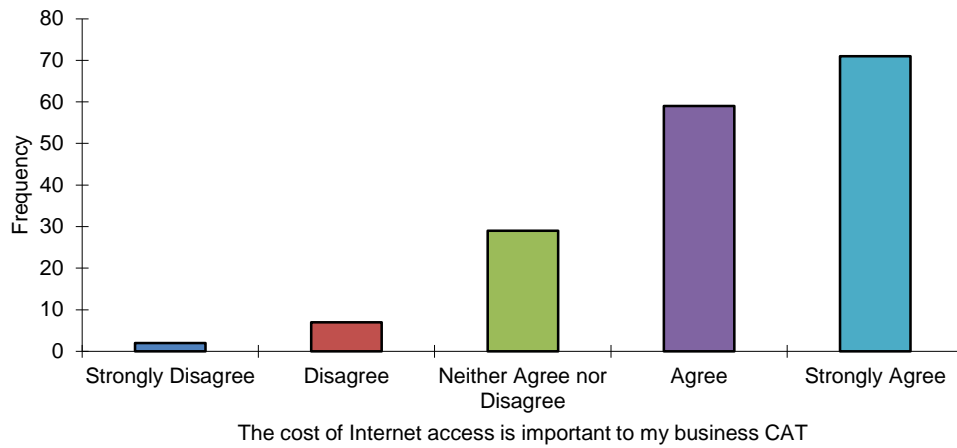


Exhibit 31: Importance of the cost of Internet access (frequency distribution)

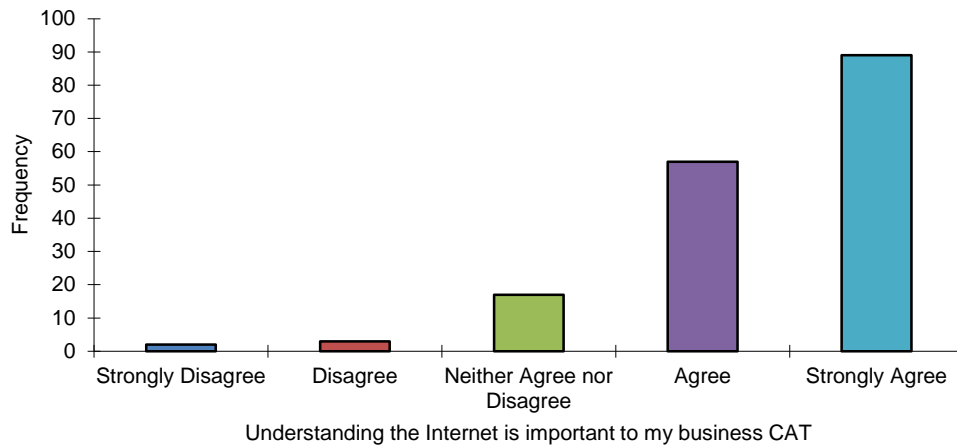


Exhibit 32: Importance of understanding the Internet (frequency)

INTERNET ISSUES

To gain insight into Internet issues, the research sought to qualitatively identify Internet issues affecting businesses. Businesses were asked if there were any Internet issues that are important to their business (other than Internet speed, cost and a better understanding of the Internet). Responses were collected in a free-format and the data was **not** coded using a rigorous analytical methodology. Thus, the following statements reflect the thoughts of individual businesses and **cannot** be generalised to the business population. Most comments about Internet issues concerned the lack of speed, lack of broadband, deficient geographic coverage, low reliability of service, the capacity of the Internet structure and security. Other issues that were raised included skills, training and access.

Comments about skills and training included the need to build staff skills, to have a step-by-step training program at an affordable price for start-up business, to having training on how to make use of social media within specific business contexts, and greater understanding on how to use the Internet to maximise efficiency, effectiveness for profitability and business success. Other comments in the area of training and development included how to most effectively use the Internet to promote business and to increase Internet traffic for sales. The cost of employing people and companies with the right skill was noted as being very expensive. The type of providers and the range of services tailored to specific business needs was seen as inadequate with most services not suited or packaged with too many useless features. There is a need to get locally based suppliers and service providers. Comments about access suggested providing free Wi Fi access in the city, Geelong, and surrounds for business owners and consumers. Access points at meeting places and on public transport as there is overseas were also proposed.

FUTURE INVESTMENT AND BUSINESS PLANNING

Businesses were asked their beliefs about the prospects for future investment in their business over the next financial year (2014-2015). Forty-two percent of Geelong businesses indicate that the prospects for future investment in their business over the next financial year could be high, with 24% indicating it is likely to be low. Twenty-nine percent of businesses indicated that it would be neither low nor high, as shown in Table 55 and Exhibit 33.

Businesses were also asked if they had a current business plan. Seventy-nine percent of Geelong businesses have a current business plan, an estimate that could be as high as 86% of all businesses, as shown in Exhibit 34. The data were also examined to determine whether businesses that have a business plan think that future investment prospects in their business are better than those businesses without a business plan. In order to determine if having a business plan gave businesses greater confidence about future investment in their business, data was recoded and the following summaries considered (missing values due to non-response for both questions). Exhibit 35 shows that no significant differences are evident (Chi-square 0.463, DF 2, p-value = 0.794). That is, having a business plan does not provide Geelong businesses with an elevated belief about future investment prospects in their business.

The research sought to identify whether any particular industry group is more likely to have a business plan. For this purpose, businesses that were not sure whether or not they had a business plan were removed from the analysis. No differences are evident. There is no industry group that stands out as more likely to have a business plan than another industry group. All industry groups indicate a similar likelihood of having a business plan. Tables 56 and 57 and Exhibit 36 summarise the results.

Table 55: Future investment prospects (2014-2015) – count, proportion, and percentage

	All	Unsure	Very low	Low	Neither low nor high	High	Very High
Count	164	6	11	29	48	46	24
Proportion	1	0.04	0.07	0.18	0.29	0.28	0.15
Percentage	100	3.66	6.71	17.68	29.27	28.05	14.63

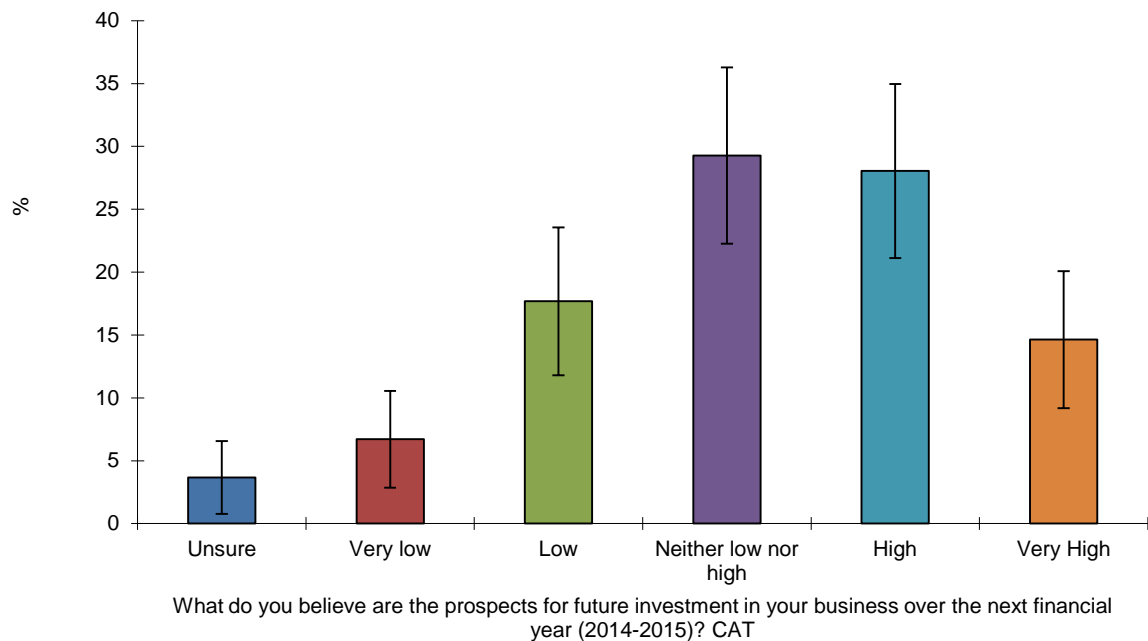


Exhibit 33: Future investment prospects (2014-2015) – percentage

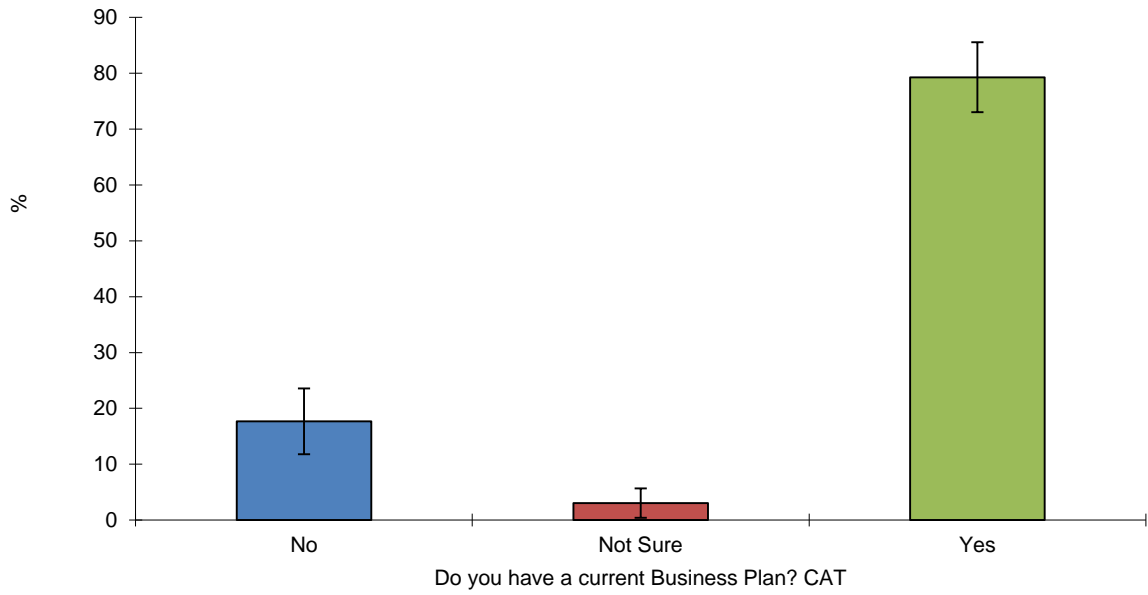


Exhibit 34: Percentages of businesses having a current business plan

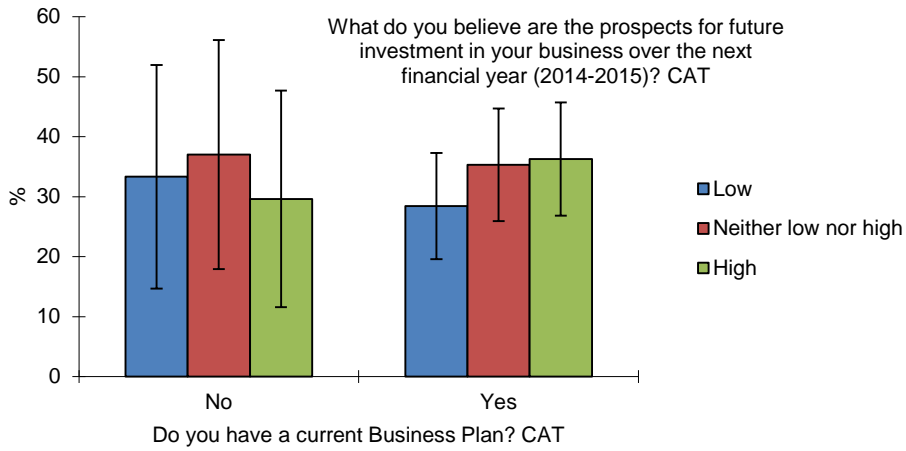


Exhibit 35: Business planning and future prospects

Table 56: Business plans by industry category - count

Do you have a current Business Plan? CAT	All	Yes	No
All	159	130	29
Business professional and commercial services	61	53	8
Accommodation and Food services	11	9	2
Government, Education and Community Services	19	14	5
Service trades, electricity, gas, construction and wholesale trade	7	7	0
Manufacturing, transport and storage	16	12	4
Retail trade	23	18	5
Other services	19	14	5
Primary Industries	3	3	0

Table 57: Business plans by industry category – percent (of row)

Do you have a current Business Plan? CAT	All	Yes	No
All	100.00	81.76	18.24
Business professional and commercial services	100.00	86.89	13.11
Accommodation and Food services	100.00	81.82	18.18
Government, Education and Community Services	100.00	73.68	26.32
Service trades, electricity, gas, construction and wholesale trade	100.00	100.00	0.00
Manufacturing, transport and storage	100.00	75.00	25.00
Retail trade	100.00	78.26	21.74
Other services	100.00	73.68	26.32
Primary Industries	100.00	100.00	0.00

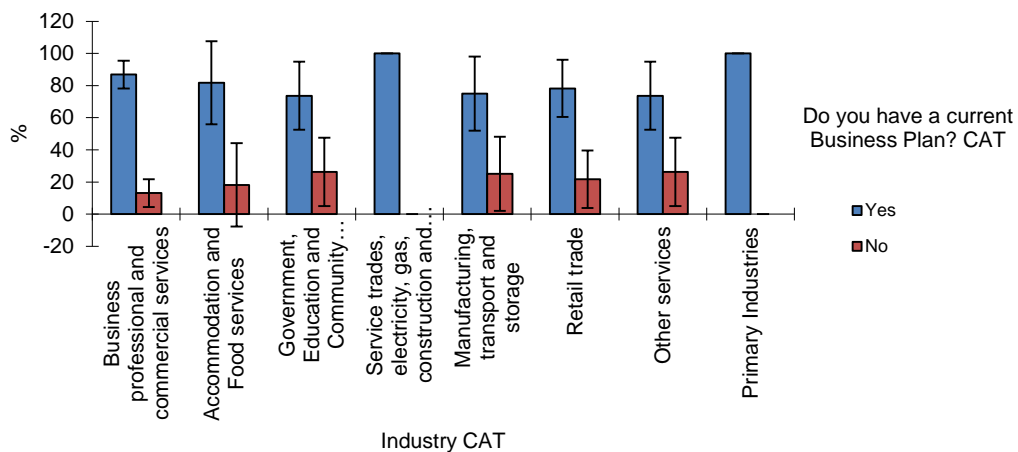


Exhibit 36: Business plan by Industry category – percent

To identify potential issues of concern, qualitative comments were sought about a business having, or not having, a current business plan. The following feedback has been grouped into those from firms with a plan and those without.

Not surprisingly, many comments from firms with a business plan indicated that planning is essential to their business. Other comments from such firms were that a plan helps track progress and to achieve goals; it keeps the business focused to achieve the results; that it is a good guide for the future operation of the business; that a business and marketing plan is a "must have" document and process; that a businesses without a business plan will likely fail or be lucky; and that a business plan is critical to their continued growth. Other responses suggested the volatility of circumstances and planning. These comments included that although the business always had a business plan, in the last few years, income has fluctuated wildly to previous years and there seems to be no rhyme or reason for such changes. The reasons for having a business plan are summarized in the comment:

"This year has been the most diligent and robust effort for a business plan and whilst revenue is currently patchy, we are confident that the business plan is helping us to turn that around and become more profitable in the future."

Many firms commented on the process of planning. Here the feedback reflected that the plan is ever-changing in terms of marketing; that the plan is reviewed regularly; that the plan is used to drive diversity and to attract sales; that it's a one-page, flexible plan; and, that planning is hierarchical in line with the corporate business plan.

The following feedback is from firms without a plan. The feedback indicated that there was insufficient time and other resources available for planning; that the business is performing well without a plan; that the plan is just not in writing; that there is insufficient benefit from planning because things change too much; and, that business plans reduce flexibility and constrain thinking and opportunity assessment. This type of feedback is reflected in the following two comments:

"A business plan is built around a set of assumptions / expectations. The current economic uncertainty in Geelong, added to other things that affect my business, means that the assumptions are not static, but rather are shifting regularly, making delivering the business plan a challenge. This takes up valuable time re-forecasting and reacting, rather than doing, to ensure that financial obligations are met."

"I wonder about the efficacy of business planning. There appears to be conflicting empirical evidence in academic literature regarding the relationship between business success and business planning. I wonder if it's just one of those things that keeps consultants and managers, that would otherwise be idle, in a job. For the first 33 years of this company's existence there was no plan and the business grew at an average annual rate of approximately 7%. In our experience, there appears to be little correlation between having a plan and

business growth. Perhaps it's just one of those things we do because everyone else is doing it."

BUSINESS GROWTH STRATEGY

Businesses were also asked whether they have a current growth strategy. Although 69% of businesses have a current growth strategy, 27% do not. These findings are summarised in Exhibit 37. The data were examined to determine whether any particular industry group is more likely to have a growth strategy than another industry. For the purpose of this analysis, industries that are not sure whether they had a growth strategy were not included.

No differences are evident. There is no industry group that stands out as more likely to have a growth strategy than any other industry group. All industry groups indicated a similar likelihood of having a growth strategy. The results are shown in Tables 58 and 59 and Exhibit 38.

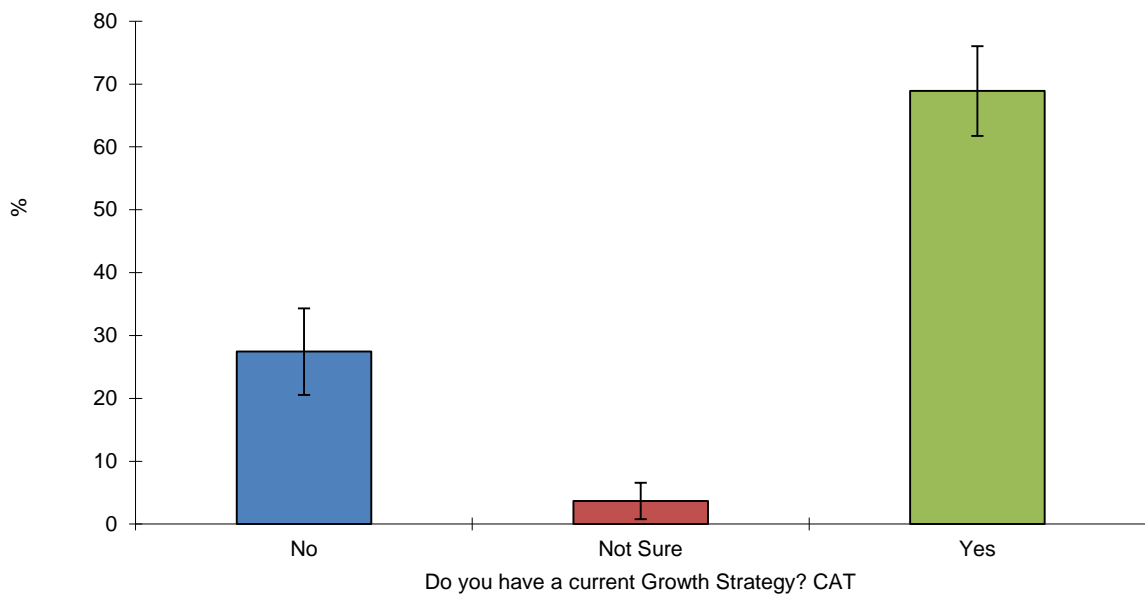


Exhibit 37: Business having a current growth strategy

Table 58: Growth strategy by industry sector – count

Do you have a current Growth Strategy? CAT	All	Yes	No
All	158	113	45
Business professional and commercial services	60	45	15
Accommodation and Food services	11	8	3
Government, Education and Community Services	20	14	6
Service trades, electricity, gas, construction and wholesale trade	7	5	2
Manufacturing, transport and storage	16	10	6
Retail trade	24	18	6
Other services	17	10	7
Primary Industries	3	3	0

Table 59: Growth strategy by industry sector – percentage (of row)

Do you have a current Growth Strategy? CAT	All	Yes	No
All	100	71.52	28.48
Business professional and commercial services	100	75	25
Accommodation and Food services	100	72.73	27.27
Government, Education and Community Services	100	70	30
Service trades, electricity, gas, construction and wholesale trade	100	71.43	28.57
Manufacturing, transport and storage	100	62.5	37.5
Retail trade	100	75	25
Other services	100	58.82	41.18
Primary Industries	100	100	0

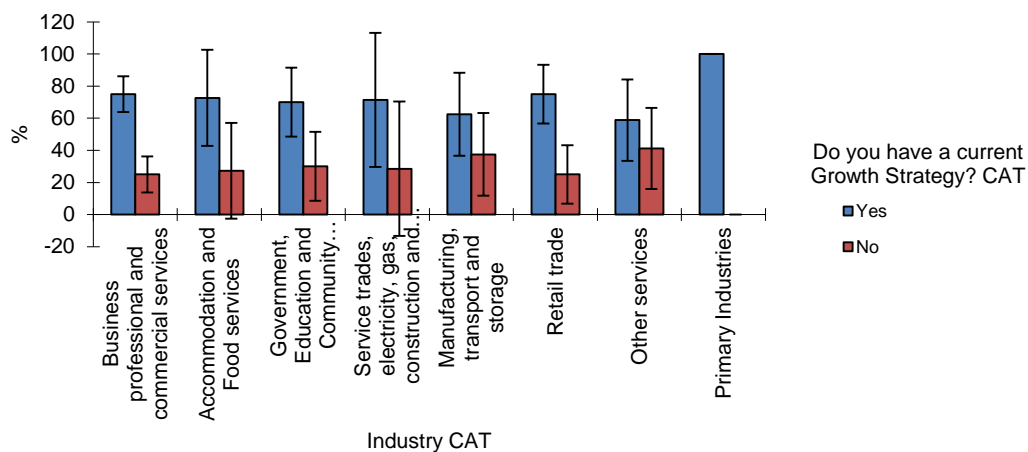


Exhibit 38: Growth strategy by industry sector – percentage

The analysis explored whether having a growth strategy gives greater confidence about future investment in a business. A significant difference is detected (Chi-square 12.153, DF 2, p-value = 0.002). That is, 53% of businesses who indicated that they do have a growth strategy also indicated that future prospects for investment into their business was high; whereas 43% of businesses that indicated they didn't have a growth strategy also indicated that future prospects for investment into their business was low. This significant relationship reveals that having a growth strategy generally provides greater confidence about future investment into their business over the coming financial year. This is summarised in Tables 60 and 61 and Exhibit 39.

Table 60: Growth strategy and investment prospects – count

Do you have a current Growth Strategy?				
		All	No	Yes
What do you believe are the prospects for future investment in your business over the next financial year (2014-2015)?	All	152	42	110
	Low	38	18	20
	Neither low nor high	45	13	32
	High	69	11	58

Table 61: Growth strategy and investment prospects – percentage (of column)

Do you have a current Growth Strategy?				
		All	No	Yes
What do you believe are the prospects for future investment in your business over the next financial year (2014-2015)?	All	100	100	100
	Low	25	42.86	18.18
	Neither low nor high	29.61	30.95	29.09
	High	45.39	26.19	52.73

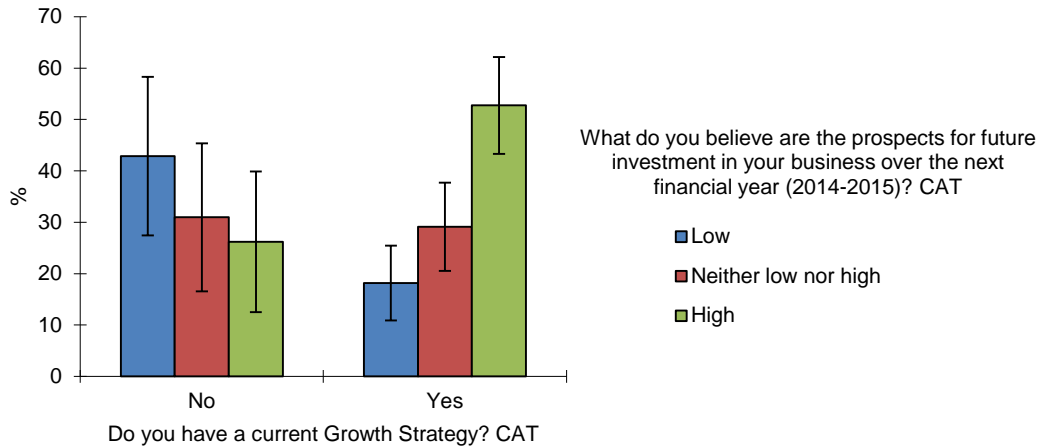


Exhibit 39: Growth strategy and investment prospects – percentage

To identify potential issues of concern, qualitative comments were sought about a business having, or not having, a growth strategy. The following feedback has been grouped into those from firms with a growth strategy and those without. Firms with a growth strategy justified it with comments such as “don't know what you would be in business without one”. Insight into issues surrounding having a growth strategy included that resource capacity limits its implementation; delivering on the growth strategy has a significant link to cash flow; and, that the current economic uncertainty in Geelong means that if the sales slide more, then surplus cash will not be created to fund the growth plans. Where respondents commented on the content of the growth strategy, one respondent indicated that the strategy was about gaining reputation and confidence in the market place, and for another respondent, that the strategy was about diversifying products seeking new customer streams. A firm also anticipated that most of the growth would come through Internet sales and the use of social media to promote what the firm has to offer.

The feedback from firms without a growth strategy included that the strategy is not documented or formalized; that time is the problem; that they have 'organic' growth for several years without a pressing need for any formal growth planning; that there is no need; that it is impossible to plan ahead due to outside influences and reviews of current regulations.

BUSINESS CONFIDENCE

The research measured the level of confidence in the Geelong region's business environment (i.e., growth, business prospects, and economic activity) over the next financial year (2014-2015). The results suggest that the largest proportion of businesses observed (43% of them) indicate a medium level of confidence in the Geelong region business environment over the next financial year. However, 30% of respondents indicate that their confidence is high, (an estimate that could be as high as 38% of businesses). This is shown in Table 62 and Exhibit 40.

Table 62: Level of confidence in Geelong region business environment – count, proportion, and percentage

	All	Unsure	Very low	Low	Medium	High	Very high
Count	164	3	11	30	70	40	10
Proportion	1	0.02	0.07	0.18	0.43	0.24	0.06
Percentage	100	1.83	6.71	18.29	42.68	24.39	6.10

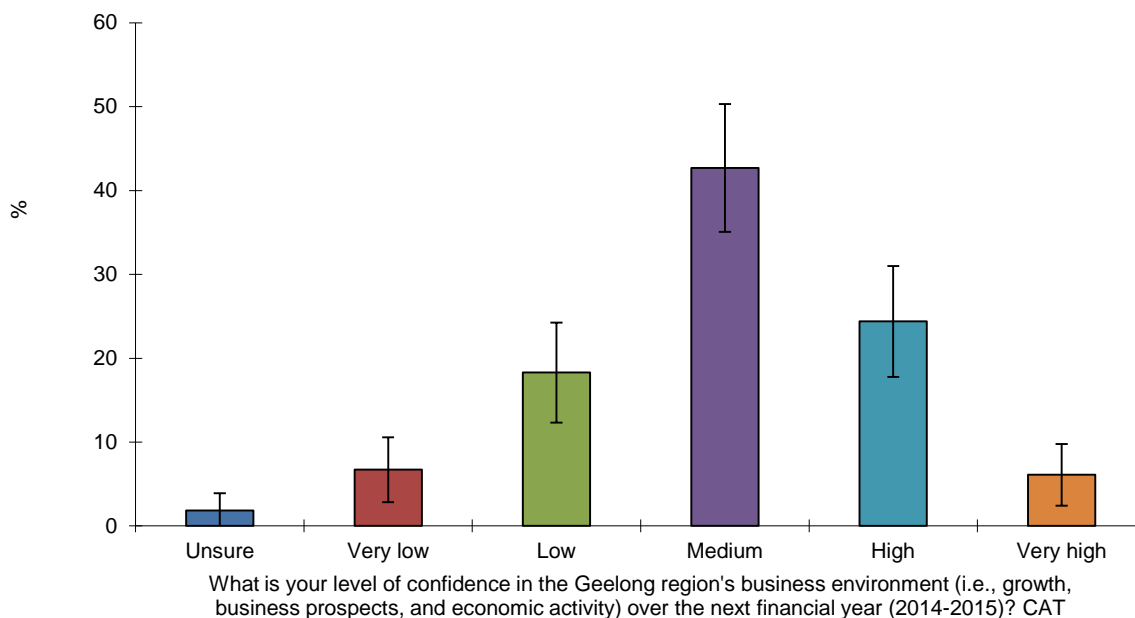


Exhibit 40: Level of confidence in Geelong region business environment – percentage

BARRIERS TO GROWTH

To gain insight into business confidence, the research sought to qualitatively identify the issues that inhibit business growth. Businesses were asked if there are any specific challenges or barriers that they believe will hinder the growth of their business over the next financial year (2014-2015). Responses were collected in a free-format and the data was **not** coded using a rigorous methodology. The following statements reflect the thoughts of individual businesses and **cannot** be generalised to the business population.

Approximately fifty percent of businesses did not respond to this question and five percent indicated that they believed there were no special barriers inhibiting business growth. The remaining responses from approximately half those survey provide some insight when grouped into the main issues of employment and skills, facilities, customers and confidence, governance and planning, competition, and finance.

Employment and skills

Numerous comments were made about the lack of a skilled workforce in Geelong. Qualitative feedback about staffing included the inability to find experienced staff, and the lack of skilled and committed staff.

Facilities

The barriers raised here included finding suitable office space with available parking for clients in the Geelong central business district. Customer parking in the outer areas of the central business district, issues about the lack of parking and paid-parking were also frequently identified as barriers. The availability of land and the need to find an appropriately-sized business premise was commented on. The increases in overheads, leases, and rates was an issue.

Customers and confidence

The high unemployment level, the increase in unemployment, and the increase in job redundancy in Geelong were cited as barriers to growth. The consequential decrease in disposal income due to increases in the cost of living, such as fuel, food, credit cards, and fines, were also cited. This is reflected in the comment: "Lack of money for non-essentials, possibly due in part to high percentage of unemployment in the region." An increase in interest rates, lack of people employed and living in Geelong central business district after a lot of redundancy in the past financial year were also cited. The depressed economic climate, the economic confidence of customers, and perceptions of economic growth (or not) were also commented upon as barriers to growth. A lack of confidence in the region with the Alcoa closure and imminent closure of Ford, and the confidence in the Geelong economy quickly transforming were noted.

Governance and planning

Comments about government and planning themes are included in this section. Several comments were general in nature and others more specific. Mostly lacking were comments about State and Federal political direction as barriers to growth, with a greater number of comments about the Geelong Council. General comments included a need for serious business and jobs growth initiatives, the need to invest in smarter industries, and the need to "focus less on side shows like big Christmas trees". One business commented on out-dated union attitudes. An apparent frustration was expressed as: "The city needs to accept that some people will be left behind but we can't [sic] hang [on] to old unskilled industries to drive the city anymore".

Numerous comments were about the Geelong Council as a barrier to growth. These ranged from "poor leadership and misplaced priorities of local government" to "the Geelong council is anti-business and until it wakes up to the fact that Christmas trees and Cruise ships do not generate real jobs the city is doomed." Several comments also appear to reflect a sense that the Geelong Council is not dealing with "important" issues. Such comments included that there was: "A ridiculous focus by the council on laneways, pies and trees. Trying [sic] to attract street vendors with no overheads - short sighted quick fixes only hurt those of us who have invested and do employ. These are not sustainable and deter investment, staff training and business confidence." Local council red tape was also raised as a barrier.

Other comments stated that lack of support for small business generally in Geelong, a community that is anti-business, and a State Government interested only in moving large state bodies to Geelong were barriers to growth. Another comment was about businesses not supporting local business. The lack of progressive development of the city centre, no cohesive business development plan for all businesses in the city proper, and the need for a plan to help direct and encourage the public to utilize the city centre were cited as barriers. Short-term planning, high regulation, and lack of innovation in policy setting were commented on as barriers to growth.

Competition

There were comparatively few comments about competition. One business considered there was a saturated market for the service they offered. Mostly, comments considered competition in terms of the competition occurring within the Geelong region, rather than competition from outside the Geelong region, from imports, or from Internet businesses. The central Geelong retail domination by shopping centres and the new shopping centre at Waurin Ponds reducing central Geelong foot traffic were cited as examples of barriers. Other responses included the difficulty in obtaining work directly from Geelong clients who prefer to engage Melbourne-based firms to do the exact same work that their firm does and businesses not working together with purchases based on price alone. One response commented that the firm is not given the chance to quote on new government business and that councils do not support local business by buying locally. There were few comments about competing from imported products or Internet-based firms as barriers to growth. The nature of competition was described by one firm as:

"I need the Geelong business and professional sector to be prepared to pay me for my services which are in the medium price range for my industry / professional [sic] sector. I am unsure whether they will do that. The next financial year will be a test of that. I know that Melbourne and other parts of Australia will pay my fees. That has already been proven."

Finance

Comments about the barriers to growth included in this section are about cash flow restraints, lack of access to finance, interest rates and sourcing financial services.

PERCEPTIONS OF GEELONG – FROM WITHIN

The research sought to describe what businesses believed to be the perceptions of Geelong held by people from **within** Geelong and people from **outside** Geelong.

First, the perceptions of Geelong by people from **within** Geelong were examined. These perceptions were measured on scales ranging from "Very negative" to "Very positive". Table 63 and Exhibit 41 show that 46% of respondents

indicate that the “perception of Geelong” of their clients (that come from Geelong) is positive. However, 30% indicate that the perception of people from people **within** Geelong is negative, an estimate that could be as high as 37%. That is, 37% businesses might, on average, indicate their clients may have a negative perception of Geelong.

Table 63: Perceptions of Geelong by people from **within** Geelong – count, proportion, and percentage

		The perception of Geelong by people from WITHIN GEELONG is (CAT)				
	All	Very negative	Negative	Neither negative or positive	Positive	Very positive
Count	164	10	39	39	68	8
Proportion	1	0.06	0.24	0.24	0.41	0.05
Percentage	100	6.10	23.78	23.78	41.46	4.88

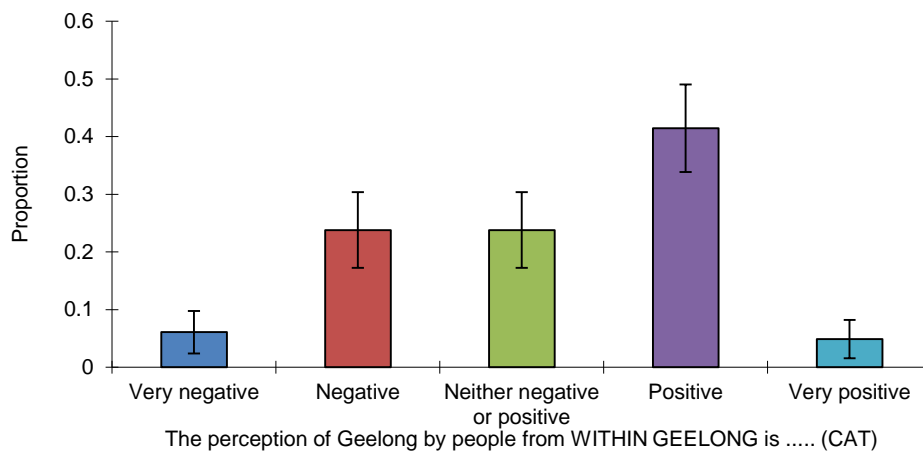


Exhibit 41: Perceptions of Geelong by people from **within** Geelong – proportion

PERCEPTIONS OF GEELONG – FROM OUTSIDE

Second, the perceptions of Geelong by people from **outside** Geelong were examined. These perceptions were measured on the same scales as previously. The results are shown in Table 64 and in Table 65 the positive and negative responses are pooled. Exhibit 42 shows the proportion of pooled negative, neutral, and positive responses.

A significant difference is evident. Significantly more businesses indicate that people **from outside** Geelong would have a negative perception of Geelong. That is, 45% of businesses indicated that outsiders would have a negative

perception, yet only 25% indicated this perception would be positive. Thirty percent of businesses indicated this perception would be neither negative nor positive.

Table 64: Perception of Geelong by people from **outside** Geelong – count, percentage and proportion

The perception of Geelong by people from OUTSIDE GEELONG is						
	All	Very negative	Negative	Neither negative or positive	Positive	Very positive
Count	164	16	58	49	38	3
Proportion	1	0.10	0.35	0.30	0.23	0.02
Percentage	100	9.76	35.37	29.88	23.17	1.83

Table 65: Perception of Geelong by people from **outside** Geelong – count, percentage and proportion

The perception of Geelong by people from OUTSIDE GEELONG is				
	All	Negative	Neither negative or positive	Positive
Count	164	74	49	41
Proportion	1	0.45	0.30	0.25
Percentage	100	45.12	29.88	25.00

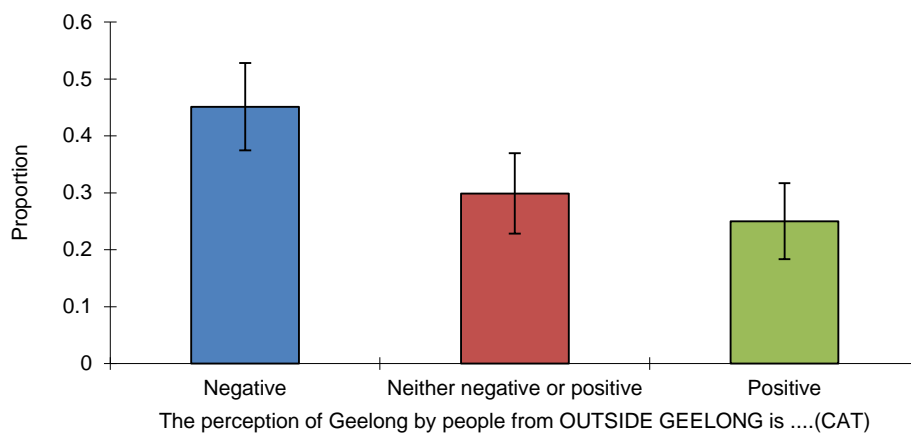


Exhibit 42: Perception of Geelong by people from **outside** Geelong – percentage

GROWTH IN THE GEELONG REGION

The research sought comment in a free-response format about the services and support that they think would best assist the growth and development of businesses in the Geelong region. The feedback provided a variety of thoughts ranging from specific services and support that businesses believed would grow Geelong to suggestions that were more general in nature. The responses were grouped into the following themes.

Business assistance and promotion

Several comments about growing Geelong appeared to reflect a sense that government agencies were not supporting businesses. These included that business wanted the Council and Government to give Geelong businesses the chance to quote, for these organisations to buy locally, and that more education and recognition was required to engage Geelong based firms to do Geelong work.

In terms of promotion, respondents considered there was a need for a more concerted effort in selling Geelong's current assets and that there was no clear Geelong "story". Several comments referred to the need to portray Geelong in a positive light. Other comments about the promotion of Geelong centred around the need for marketing support and public acknowledgement for those Geelong businesses that are doing well. Greater financial support, recognition, and marketing from Tourism Victoria and the State Government for the Geelong and Bellarine region was suggested. Advertising support in any form was seen as beneficial, including the need find better ways to market local businesses to state, local authorities, and investors. This was summarized in the comment: "Geelong is travelling fine. It's the negative attitudes and talk that's putting a 'scare' into prospective investors".

The need for greater collaboration was reflected in comments suggesting the desire for better connections between the Chamber of Commerce and other associations, and the need for business networking groups. The need for true networking opportunities, including business mentors and opportunities to create alliances with other businesses to target a specific market, were proposed. The suggestions included small as well as big networking and mentoring events.

Labour

Although fewer, some suggestions included "labour" as a theme. These included the need for an inexpensive pool of unskilled labour, industry that employs the blue collar workers, assistance to small businesses in taking on more employees, assistance in employing them, and assistance in promoting a business across the region. Other suggestions included business grants for hiring staff and government assistance for apprentices.

Finance

Needs that were identified under the "finance" umbrella included tax incentives and tax concessions for small businesses; relief from government taxes and staff penalty rates; the removal of payroll tax; and, abolition of weekend overtime. Other comments were about the need to provide rent for commercial space in the central business district

that was not prohibitive for small start-ups and incentives to encourage small business to come to the central business district. A need for some form of loan or grant scheme to smaller businesses and government incentives for private companies to relocate or open in Geelong were raised.

Policy

The third theme about the services and support needed to grow Geelong are grouped under the banner of "Policy". These ranged from the suggestion that local government needed a clear focus rather than a scatter gun approach to the need to decentralize government departments and services to our region. There is a need to have some key national businesses moving into the region and to promote Geelong as moving forward and prospering, instead of the current perception about Geelong as "being all doom and gloom with Ford, Alcoa, Shell etc. all closing doors".

Typical comments also reflected the need for unity in purpose and direction at the strategic level and continued government support of local industry groups and organisations, such as the Chamber of Commerce and the Manufacturing Council. There is a need for a credible, longer-term view and planning at government level instead of one term mindsets. A more cohesive growth and development strategy across private and public sectors is needed. Several businesses saw a need to reduce red tape.

New projects, infrastructure and facilities

Suggestions in these areas ranged from specific to the more general proposals. Better transport and parking, events, live music in the streets, more interesting businesses opening up, and development of the central business district, including housing and inner urban re-development, were put forward. Comments were also made about the need to "clean up" the central business district and the inadequacy of parking. Infrastructure proposals included those large and small. Some suggestions included: the cruise industry; a rail line to Avalon airport; a truck interchange at Avalon airport; a wharf capable of handling large tourist ships; a new Pier, re-development of the Geelong Performing Arts Centre; developing Avalon Airport into a national and international freight airport; a regional market to rival Melbourne's Queen Victoria Market; and, a hotel and conference centre at Limeburners Point. The need for a national broadband network, faster internet, information technology development were frequent comments. Suggestions also included those about attracting large service businesses as well as manufacturing to the region.

Education and training

Several suggestions about education and training needs were provided. These included assistance in helping businesses raise their efficiency and effectiveness, about marketing advice, and providing free help for business planning and reviews of business. Related ideas included focus on supporting small businesses to deal with council and the community and providing management and leadership training for small-medium enterprises. Other training needs included re-skilling current factory workers and providing education and training in new and emerging industries.

Research and innovation

Some comments were made about the need to encourage and support specialization and innovation, not only in products and services, but also in the way product and services are delivered and the way organisations do business as a whole. The ideas of a business incubator and a membership-based hub for product development, from design through to market, similar to the TechShop in the United States of America, were suggested. Another suggestion included the study of the Geelong region's enduring sources of competitive advantage and the construction of an industry cluster around those advantages.

Attitude

Finally, several comments were about the need for what might be called an "attitudinal change" and how to facilitate this. These comments included reducing the perception that Geelong is a closed market, overcoming the notion that Geelong established business and identities are not very welcoming, and that newcomers can feel excluded. Other comments concerned the need to have a positive attitude and to focus on things that are doing well and new enterprises. It was suggested that business owners need to be just that and to take ownership of their customer base and that the promotion of business in Geelong is dependent on the businesses themselves. These sorts of comments might be summarized as: "I have had to go to Melbourne for simple things as business here has a poor attitude and will not go the 'extra [sic] mile' for the work".

GEELONG BRAND

To understand whether businesses believe that a common brand for Geelong will be beneficial, respondents were asked to indicate the strength of their agreement with the statement: "A common brand for Geelong will help businesses grow". Table 66 shows the strength of the agreement and Table 67 shows the same results recoded into disagree, neutral, and agree.

The findings suggest that 55% of businesses indicate that a common "Geelong" brand would enhance businesses to grow. This estimate could be as high as 62% of all businesses. Only 12% of businesses in this sample indicated that this was not a good idea by disagreeing with this statement, an estimate that could be as low as 8% of all Geelong businesses surveyed. Exhibit 43 illustrates the findings.

Table 66: Geelong brand for growth – count, proportion and percentage.

		Please indicate your agreement or otherwise with the following statement: "A common brand for Geelong will help businesses grow"				
	All	Disagree strongly	Disagree	Neither disagree or agree	Agree	Agree strongly
Count	164	6	14	53	69	22
Proportion	1	0.04	0.09	0.32	0.42	0.13
Percentage	100	3.66	8.54	32.32	42.07	13.41

Table 67: Geelong brand and growth –percentage (recoded)

		Please indicate your agreement or otherwise with the following statement: "A common brand for Geelong will help businesses grow"		
	All	Disagree	Neither disagree or agree	Agree
Count	164	20	53	91
Proportion	1	0.12	0.32	0.55
Percentage	100	12.20	32.32	55.49

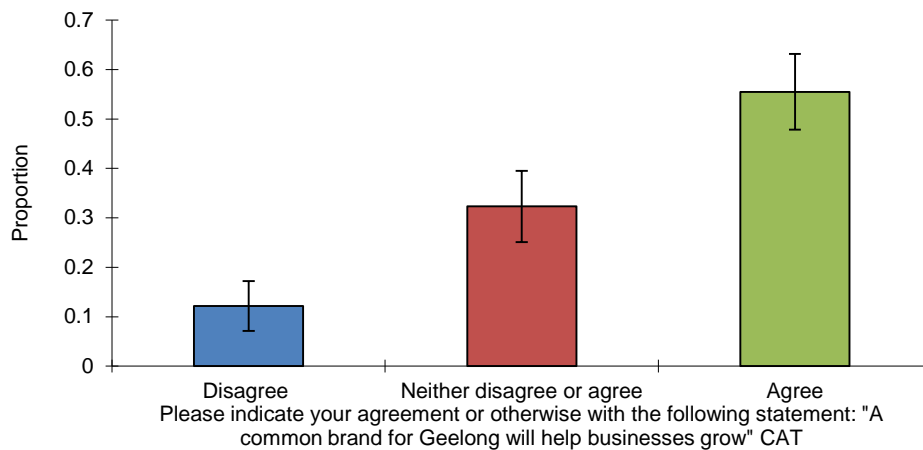


Exhibit 43: Geelong brand for growth –proportion (recoded)

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