

## More Challenging Times for Businesses Across the Sheffield City Region

The results of the Quarterly Economic Survey for the Sheffield City Region in the second quarter of 2018 indicate that these are more challenging times for businesses across the City Region, reflecting wider testing macroeconomic conditions.

Over the last three months sales balances for manufacturing firms across the Sheffield City Region have remained solid, but have declined for service sector firms. Looking forward, firms' order books follow a similar pattern, with overall positive balances reported in both sectors, but at a declining level compared to the previous quarter amongst service firms. Business confidence figures are down from the previous quarter for both sectors, but particularly amongst service sectors firms with historically low sentiment in relation to expected profitability in the next twelve months. A lower percentage of firms also indicate that they are operating at full capacity, whilst balances relating to investment in training are down for both sectors. These difficulties seem to be particularly afflicting service sector firms, who identify key challenges of growing competition, inflation, as well as high business rates. Key challenges identified by manufacturers are exchange rates, and again competition.

However, the situation is not entirely downbeat. It must be noted that overall, most balances remain positive. There is also some indication that price rises may be slowing, whilst firms in both sectors on balance report quite robust cash flows.

The results for exporting firms largely align with those for all firms in the Sheffield City Region. Indeed, the sales balance for exporting service sector firms for the quarter was negative, indicating declining sales. The key challenges identified by exporters are also largely similar to those reported by all firms, albeit exchange rate issues are identified more strongly.

The hot topic for this quarter is workforce health and wellbeing. The results of the survey questions on this topic indicate that firms in general have not identified any change in employee sickness levels during the last three years, but less than half of them have any formalised staff wellness programmes. There is some recognition of the link between staff wellness and productivity, and also willingness to invest in future employee wellness activities.

### Dr. David Littlewood

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The Sheffield City Region Quarterly Economic Review (QER) brings together results completed by regional businesses.

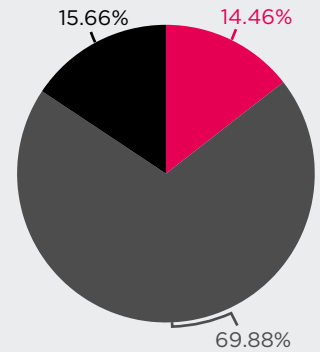
The results are used to influence local, regional and national governments and decision-makers and help shape the support structures available to the regional business community.

## Hot Topic Results: Health and Wellbeing

### Sickness levels

Have sickness levels within your organisation increased or decreased over the last 3 years?

- Increased
- Remained the same
- Decreased

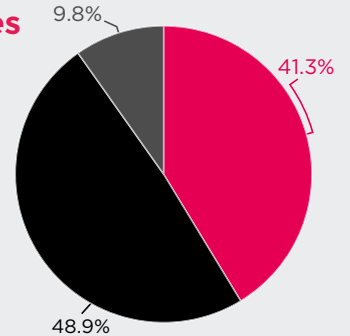


**Results show:** Little change is reported in relation to sickness levels over the last three years amongst service and manufacturing sector firms

### Wellness programmes

Does your business actively engage in wellness programmes for your employees?

- Yes
- Not sure
- No

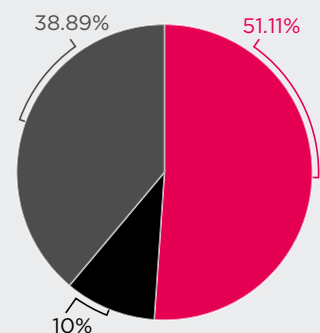


**Results show:** Fewer than half of responding companies had formalised employee wellness programmes and systems.

### Employee wellness

Would you be prepared to invest in employee wellness in the future?

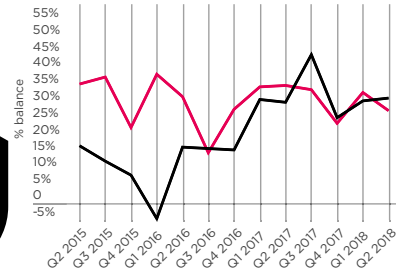
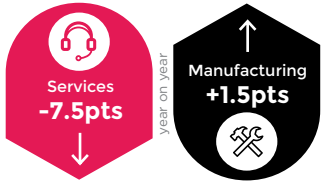
- Yes
- Not sure
- No



**Results show:** A majority of firms recognise the link between employee wellness and productivity and indicate their willingness to invest more in the future in employee wellbeing. However, some uncertainty and reticence is noted.

## Domestic sales

Has your UK activity/sales/custom: **increased, remained constant or decreased?**

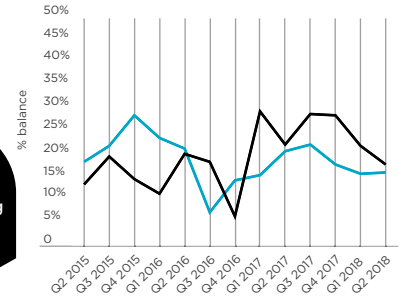
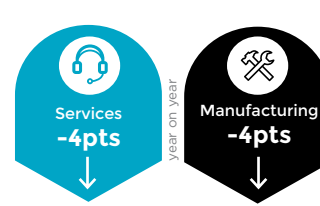


**This quarter:** UK sales balances for both service and manufacturing sector firms remained positive. However, for service sector firms these balances are down compared to the previous quarter, with only a slight increase for manufacturers.

**Year on year:** Balances for manufacturers were slightly improved compared to this quarter last year, whilst balances for service sector firms are lower.

## Workforce

Has your workforce: **increased, remained constant or decreased?**

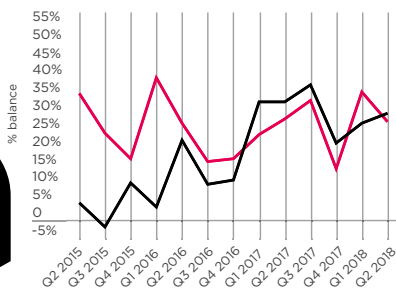
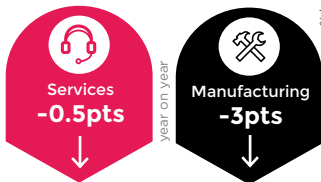


**This quarter:** Employment balances remain positive for both sectors. However, compared to the previous quarter a lower proportion of manufacturers report an increase in their workforce. Employment balances for service sector firms are slightly improved.

**Year on year:** Compared to the same quarter last year, employment balances for both sectors are lower.

## Orders

Have orders/advanced custom/bookings: **increased, remained constant or decreased?**

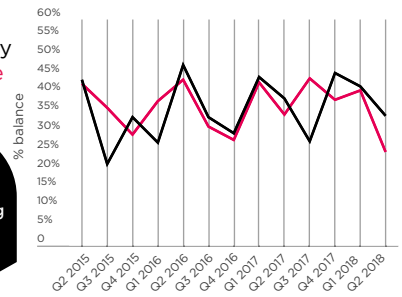
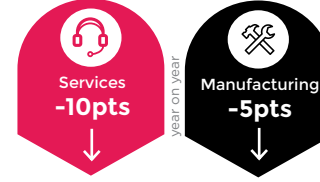


**This quarter:** Orders balances for service sector firms decreased compared to the previous quarter; Manufacturing firms reported a slight increase.

**Year on year:** Balances for both sectors are less strong compared to this quarter last year.

## Profitability

During the next 12 months how do you think profitability will fare: **improve, remain the same or decrease?**

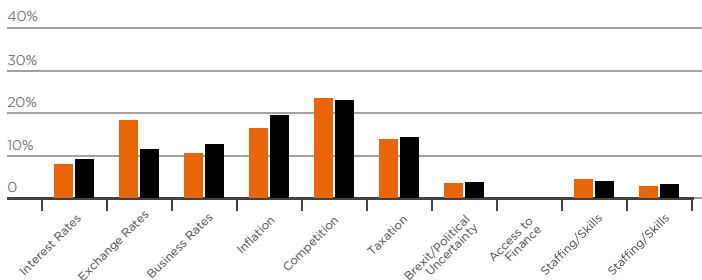


**This quarter:** Balances relating to profitability, whilst still positive for both sectors, have declined. Service sector confidence in profitability over the next 12 months is at historically low levels.

**Year on year:** Balances for both sectors are lower than at this time last year.

## Business challenges

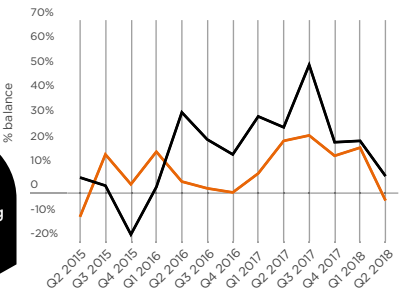
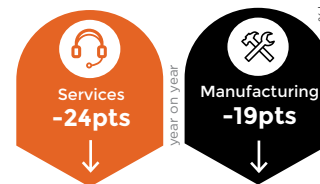
What is the biggest challenge facing your business today?



**Results show:** Exporters identify their biggest challenges as competition, exchange rates and inflation. Interestingly, Brexit and political uncertainty appear to be of limited direct concern.

## Export sales

Has your overseas activity/sales/custom: **increased, remained the same or decreased?**



**This quarter:** On balance, exporters in both sectors reported a worsening position. Balances for service sector firms were negative and their lowest for 3 years.

**Year on year:** Balances for both sectors have declined markedly compared to this quarter last year.

## QER Dates for your Diary 2018

Take the survey every quarter during the following periods:

**Q3** 27 August to 17 September

**Q4** 6 November to 27 November