

techUK member survey on the UK's membership of the European Union

Summary

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About techUK

techUK represents the companies and technologies that are defining today the world that we will live in tomorrow. More than 900 companies are members of techUK. Collectively they employ approximately 800,000 people, about half of all tech sector jobs in the UK. These companies range from leading FTSE 100 companies to new innovative start-ups and scale-ups. The majority of our members are small and medium sized businesses.

About the survey

A confidential survey of techUK members was conducted by ICM on behalf of techUK between 23 February and 7 March. The survey was used to gain the views of techUK members on the EU referendum following the conclusions of the UK's renegotiations on its EU membership and the announcement by the Prime Minister that an in/out referendum on the UK's membership of the EU would take place on 23 June 2016.

This was the second survey that techUK has undertaken on the EU Referendum. The first was published in November 2015 and can be found [here](#).

techUK's membership was de-duped and the survey was sent to 789 companies in February 2016. 277 companies responded to the survey.

For more on the methodology see [here](#).

75% of respondents to the survey were SMEs and 25% were large companies, which is a representative cross-section of techUK's membership.

Detailed breakdown of respondents:

- 25% Micro (<10 employees)
- 32% Small (10-49 employees)
- 18% Medium (50-250 employees)
- 25% Large (251 + employees).

All views as of February/March 2016.

Slide numbers (e.g. S8) below refer to accompanying ICM slides.

Executive Summary

- techUK members of all sizes (from micro to large) (93%) are positive about the sector's potential for growth over the next two years. S8
- The EU is an important market for UK tech. The majority of respondents have customers (70%) and suppliers (59%) across the EU. S10-11
- When asked should the UK remain a member of the EU or leave the EU, 70% support the UK remaining in the EU; 15% support the UK leaving the EU; 15% don't know. S17
- Those that support a vote to remain (70%) said the main three reasons were that EU membership makes the UK more attractive to international investment, makes the UK more globally competitive and gives the UK a better deal in its trading relationships with the EU. S18
- Those that support a vote to leave (15%) said the main three reasons the UK should leave the EU were that the UK would have more flexibility to adapt to a fast changing global economy, the UK would be more globally competitive and the UK would get a better deal in trade relationships with the rest of the world outside the EU. S20
- A majority of all respondents believe EU policies have a positive impact on their ability to buy and sell (69%) and trade and invest (64%) in the EU. Only 3% of all respondents said these policies had a negative impact on their business. S13
- 63% of all respondents have operations across Europe and would have to comply with EU rules, regardless of whether the UK is a member or not. S12
- 65% of all respondents said a decision to leave would be a cause of significant uncertainty for their businesses. S25
- Three quarters (75%) of all respondents believe the UK would lose influence on the EU issues that impact their business if it were to leave the EU, rising to 82% of respondents with suppliers in other EU Member States. S24
- Only 9% of techUK members believe that the practicalities of leaving the EU are well understood – down 1% compared to the 2015 survey. S25
- When asked to what extent, if at all, their companies had started to prepare for a potential UK decision to leave the EU, 62% reported they have made no preparations. S22

1. techUK members are still confident about prospects for growth

- techUK members of all sizes (from micro to large) are confident about their prospects for growth over the next two years (93%). S8
- 41% of respondents said they were very positive and 52% said they were fairly positive. S8
- These figures are consistent with the 2015 survey, suggesting that confidence has not fallen despite the changes in the global economy.
- The UK tech sector accounts for 1.56 million jobs across the UK. Job creation is 2.8 times faster than the rest of the economy (2011-2014)¹.
- In 2014, turnover of Digital Tech Industries was estimated at £161 billion. It grew 32% faster than the national average between 2010 and 2014².
- The tech sector accounted for 10% of UK GDP in 2015³.

2. techUK members of all sizes have customers and suppliers that operate across Europe

- The EU is an important market for UK tech. Most techUK members have customers and suppliers based in other EU countries.
- More than two thirds of respondents (70%) have customers in other EU countries (Micro 45%; Small 69%; Medium 71%; Large 95%). S10
- While more than half (59%) of respondents report having suppliers based in other EU countries. (Micro 39%; Small 58%; Medium 49%; Large 85%). S11

3. Views on EU Membership

- 70% of respondents said that the UK should remain a member of the EU S17
 - 59% Micro (<10 employees)
 - 71% Small (10-49 employees)
 - 66% Medium (50-249 employees)
 - 82% Large (250+ employees).
- 15% of respondents said the UK should leave the EU
 - 21% Micro (<10 employees)

¹ Tech Nation 2016 Report: <http://www.techcityuk.com/technation/>

² Tech Nation 2016 Report: <http://www.techcityuk.com/technation/>

³ Boston Scientific, 2015

- 17% Small (10-49 employees)
 - 14% Medium (50-249 employees)
 - 9% Large (250+ employees).
 - 15% don't know
 - 20% Micro (<10 employees)
 - 12% Small (10-49 employees)
 - 20% Medium (50-249 employees)
 - 10% Large (250+ employees).
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4. Reasons given for supporting REMAIN

- Respondents that support a vote to remain believe EU membership: S18
 - makes the UK more attractive to international investment (76%);
 - gives companies a better deal on trading relationships within the EU (75%);
 - makes the UK more globally competitive (71%);
 - means the UK can attract more skilled workers from across the EU (66%);
 - means the UK can get a better trading deal in its relationships with the rest of the world (53%);
 - means the UK can create more jobs (42%).
 - These companies said that a vote to leave could: S19
 - create more risk and uncertainty for their business (73%);
 - make the UK less attractive for foreign investment (65%);
 - give the UK less influence on the issues that impact their business (58%);
 - mean that the UK would have to trade internationally on less favourable terms (55%);
 - make their company less confident about its ability to create new jobs (35%).
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5. Reasons given for supporting LEAVE

- Respondents who said the UK should leave the EU believe leaving could: S20
 - give the UK more flexibility to adopt to a fast changing global economy (91%);
 - make the UK more globally competitive (64%);
 - give the UK a better deal in its relationships with the rest of the world (58%);
 - attract skilled migrants from around the world, not just the EU (48%)
 - mean the UK could create more jobs (24%).

- Companies that support leave said the main drawback of remaining in the EU is that the UK does not have sufficient influence in the EU (64%). S21
 - 54% pointed to the regulatory burden imposed by the EU as a reason to leave. S21
 - 38% said the UK is too focused on EU markets to the detriment of trade with new markets in non-EU countries. S21
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6. Impact of key EU policies on techUK members (all respondents)

- A majority of all respondents (regardless of their position on EU membership) believe that key EU policies have a positive impact on their ability to buy and sell (69%) and trade and invest (64%) in the EU. S13
 - Those with EU-based customers and suppliers are significantly more likely to be positive about these policies. S14-15
 - A small proportion of all respondents said the impact of the EU policies related buying and selling (3%) and investing and doing business (3%) across Europe was negative. S13
 - Only 3% of all respondents thought that the impact of the EU on their ability trade outside of the EU was negative. S13
 - 54% of respondents said that EU policies have a positive impact on their ability to buy and sell outside the EU without taxes and tariffs on trade flows as a result of EU trade agreements. S13
 - 64% of respondents said that EU policies have a positive impact on their access to skilled employees from across the EU labour market. S13
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7. Compliance with EU rules is essential for the majority of techUK members

- 76% of all respondents reported that their customers and suppliers operate across the EU and would need to be compliant with EU rules regardless of whether the UK is a member or not. S12
- Two thirds (66%) of all respondents sell products and services in the EU that would have to comply with EU rules, regardless of whether the UK is a member or not. S12

- 63% of all respondents have operations across Europe and would have to comply with EU rules, regardless of whether the UK is a member or not. S12
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8. Almost all respondents agree the practicalities of EU exit not understood

- There is a strong view that the consequences of a potential EU exit are unclear, with less than one in ten (9%) saying the practicalities of leaving the EU are well understood – down 1% compared to the 2015 survey. S25
 - 65% of respondents said a decision to leave would cause significant uncertainty for their business and their customers (up from 54% in the 2015 survey). 22% thought a decision to leave would not cause significant uncertainty. S25
 - When asked to what extent, if at all, their companies had started to prepare for a potential UK decision to leave the EU: S22
 - 62% said they have made no preparations at all, rising to 72% of SMEs;
 - 37% said they have had some internal discussions on a potential decision to leave the EU;
 - Just 1% of respondents reported that they have undertaken detailed scenario planning for a vote to leave.
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9. The UK would have less influence on the issues that matter to tech businesses if it left the EU

- Overall, three quarters (75%) of all respondents believe the UK would lose influence on the EU issues that impact their business if it were to leave the EU, rising to 82% of respondents with suppliers in the EU. S24
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10. Comparison with techUK survey undertaken in June/ July 2015

Topic	techUK survey Summer 2015	techUK survey February-March 2016	Change in % between 2015-2016
EU Membership	71% stay in the EU with reform 17% continued EU membership in its current form 9% leave	70% support a vote to remain 15% support a vote to leave 15% don't know	N/A
Tech sector confidence	94% are positive about the sector's potential for growth over the next two years	93% are positive about the sector's potential for growth over the next two years	Down 1%
Impact of EU policies on trade and investment	A majority believe that key EU policies have a positive impact on their ability to buy and sell (63%) and trade and invest (61%)	A majority believe that key EU policies have a positive impact on their ability to buy and sell (69%) and trade and invest (64%)	Buy & sell up 6%; Trade & invest up 3%
Impact of EU policies access to talent	53% think EU policies have a positive impact on their access to skilled employees from across the EU labour market	64% think EU policies have a positive impact on their access to skilled employees from across the EU labour market	Up 11%
Practicalities of leave	10% said the practicalities of leaving the EU are well understood	9% said the practicalities of leaving the EU are well understood	Down 1%
Impact of EU exit`	54% said a decision to leave would be the cause of significant uncertainty	65% said a decision to leave would be the cause of significant uncertainty	Up 11%
	30% thought a decision to leave would not cause significant uncertainty	22% thought a decision to leave would not cause significant uncertainty	Down 8%