

More than one in 10 small & mid-caps' growth curtailed by skills shortages relating to Brexit

Around a quarter of small and mid-sized quoted companies report that attracting (25%) and retaining (23%) EU nationals for roles has become harder since the 2016 EU referendum, according to the latest *Small & Mid-Cap Sentiment Index* from the QCA and YouGov.

While Brexit has yet to happen, companies report that non-UK EU nationals are deterred from taking or remaining in jobs in the UK. Small and mid-cap leaders report that workers from continental Europe lack certainty about their future status and feel that the UK is now a less-welcoming place. The decline of the pound has also reportedly made working in the UK less attractive.

Of those surveyed, 13% of companies also report that their growth is being curtailed as a direct result of skills shortages relating to Brexit.

In spite of this, small and mid-caps remain optimistic about their own prospects and many are indifferent to Brexit risks because they are either wholly domestic focused, or deal mostly with non-EU international customers and suppliers. Some in the sector also see political and economic uncertainty as an opportunity for these companies, as they view the larger, most established businesses as being the most vulnerable to potential disruption, with smaller companies able to take advantage. As one survey respondent (advisory firm) noted, "There are a great deal of young enterprising entrepreneurial companies in the UK who have low central overheads and can make quick decisions. This compares with the large corporates who are totally the opposite."

Job growth expectations are also high for small to mid-sized quoted companies – 77% expect to increase the number of full-time employees in the next 12 months and average job growth is 8.5% – the highest recorded since the survey began in 2011.

Tim Ward, Chief Executive, Quoted Companies Alliance, said:

"The uncertainty from Brexit is only going to get worse for companies as we get closer to March 2019, unless the 'no deal' scenario can be ruled out by the UK and EU negotiators.

"Whilst the small to mid-cap community remains robustly optimistic about their own prospects, a quarter report that it has become harder to attract and retain EU nationals since the referendum, and more than one in 10 say their growth is being curtailed by skills shortages relating to Brexit."

For Immediate release: Tuesday 21st August 2018**Oliver Rowe, Director of Reputation Research at YouGov said:**

“Many firms in the mid-market remain confident that any negative impact from Brexit is going to happen to someone else. These firms expect their own growth to be strong as they believe they are sheltered from any potential ill winds of Brexit, however a sizeable minority do worry that the necessary talent to underpin their success may be hard to find.”

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Notes to editors:

The Quoted Companies Alliance is the independent membership organisation that champions the interests of small to mid-size quoted companies.

For more information please visit www.theqca.com.**Methodology**

This survey has been conducted using an online interview administered to members and associates of the QCA. An email was sent to the QCA database, inviting them to take part in the survey and providing a link to it. A link to the survey was also circulated by the QCA to their contacts. The sample definition is "small and mid-cap UK quoted companies and advisory companies". The responding sample is weighted by industry to be representative of small and mid-cap UK quoted companies, as derived from London Stock Exchange data, but the advisory companies are not weighted in any way.

153 interviews were conducted between 25/06/18 and 11/07/18. 111 from small and mid-cap UK quoted companies and 42 from advisory companies.