

# Economic survey reveals obstacles to small business growth

July 19 2013

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Banks' continued reluctance to lend to small businesses, coupled with the bite of public spending cuts, are the two greatest obstacles to growth of small and medium sized enterprises, according to a two-year study of business owners' attitudes.

A team of academics from the University of Lincoln's Business School established a regular online questionnaire to gauge perceptions of the [recession](#) and recovery by SMEs in Lincolnshire and Rutland. It examined the relationship between businesses' perceptions of the economy and their growth [ambitions](#).

Owner-managers were encouraged to complete a bi-monthly survey between July 2010 and May 2012, the first two years of the Coalition Government and a period when Britain re-entered recession. Around 100 SMEs took part in the study, called the Lincolnshire and Rutland Economic Snapshot Survey, which was run by Lincoln Business School and supported by the Lincolnshire and Rutland Employment and Skills Board.

Findings have been published in the latest issue of the *Journal of Small Business and Enterprise Development*.

"Confidence is critical to [small business](#) growth," said Professor David Rae, Director for Enterprise & Innovation in Lincoln Business School at the University of Lincoln, who led the research. "As such, it is important for policymakers to listen to the concerns of owner-managers.

"The results of our survey, albeit a snapshot of one region of England, indicate that the outlook of small business owner-managers is influenced more by immediate trading conditions than national or international economic factors."

He added: "It is evident that the SME sector has been affected disproportionately by two consequences of the economic crisis and the Government's attempts to reduce the Budget deficit: the shortage of available finance and loss of business from the public sector.

"There are measures that can be taken to address these issues. Most significantly, the lack of access to finance remains a major barrier to small [business growth](#), five years after the initial credit crunch. This poses a risk to the UK's prospects of economic recovery which should not be underestimated. Steps can also be taken to support small businesses to develop new revenue streams and business models."

The article 'SME Perceptions of and Responses to the Recession' by Professor David Rae, Dr Liz Price and Veronica Cini is published in the latest issue of the '*Journal of Small Business and Enterprise Development*', published by Emerald.

**More information:** [www.emeraldinsight.com/journal ... 092532&show=abstract](http://www.emeraldinsight.com/journal ... 092532&show=abstract)

Provided by University of Lincoln

Citation: Economic survey reveals obstacles to small business growth (2013, July 19) retrieved 3 July 2024 from <https://phys.org/news/2013-07-economic-survey-reveals-obstacles-small.html>

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