

# [Managing small and medium sized enterprises essay](https://assignbuster.com/managing-small-and-medium-sized-enterprises-essay/)

Businesses these days need to be competitive enough to survive the competition in the market. Growth is an essential area which the organisation needs to explore and adapt the growth strategies. Small and medium sized enterprises these days play a major role in the economy and inject a lot of financial benefits to the economy.

However it is the small and medium sized enterprises which face the most problems these days and with the economic crisis banks have stopped supporting the new entrepreneurs and have cut down the amount of loan which the provide for new entrepreneurs. In this case the governments can provide the help and support which these small and medium sized businesses need. This essay will look into the barriers to growth and the options to growth and provide a critical appraisal. Introduction Small and Medium sized businesses play an important role in the economy of any country. According to Federation of Small businesses ‘ the number of small businesses in the uk were 4.

8million and the sector employed 23. 9 million people’ the turnover from these companies stood at £3, 100 billion. It can be clearly seen that the businesses play an important part to create jobs, keeping the economy stable and generating money for the government. But the picture is not very clear because SME’s is the industry which faces the most trouble in getting the finance from banks and also faces a lot of trouble from the government in terms of taxes and policies. For small and medium sized enterprises it has always been hard to meet all the policies because of their short of funds. There are many challenges which they face especially barriers to their growth and most of all there is very less support from the government side.

In this essay the case of a local Entrepreneur will also be analysed who has an idea of expanding his business (irepair) but does not get the required finance. Issues facedThe first and foremost problem which is faced by almost all the small is the access to finance. Finance plays an important role in the expansion and growth of a business where the business required finance. The irepair business has a very high potential but does not get enough finance.

Banks have made their lending criteria strict and most of the small businesses find difficulties in raising money for expansion. Moreover another factor is the competition from the big players in the market who have taken up a large share and are using the cost leadership strategies to beat the small businesses. An example is of large superstores like Tesco which has badly damaged the business of corner shops which were a part of UK’s household for ages. Not only corner shops but because of online stores so many high stores have closed down which has resulted in the jobs being lost. Small and medium sized businesses apart from funding face problems in coping up with the regulations because the red tape regulations are sometimes so hard to meet that many ideas are lost in the initial phases because they cannot be taken forward.

There are reported number of cases where entrepreneurs have been racially discriminated because they belong to ethnic minority groups. Some of the barriers to growth are as follows: According to the business survey The Economy has been the main obstacle to the business growth. The UK has been hit by recession by two times and still faces the danger of triple dip recession which has unfortunately resulted in many businesses being closed down. Because of turbulent times people do not have money to spend and look for cheaper prices which only big organisations are able to provide. For 11% SME’s cash flow accounted as the main obstacle.