

SEP_AIN3088

by Student Help

Submission date: 17-Apr-2023 06:37AM (UTC-0700)

Submission ID: 2067200003

File name: SEP_AIN3088.docx (26.45K)

Word count: 3180

Character count: 18797

1
CITING RELEVANT EXAMPLES AND LITERATURE,
DISCUSS ‘THE INTERNAL AND EXTERNAL
DETERMINANTS OF SMES’ PERFORMANCE, GROWTH
AND SURVIVAL WITHIN A SPECIFIC COUNTRY
CONTEXT’

Executive Summary

4

The purpose of the study is to evaluate the objectivities that SMEs have in the UK market. This also includes the facts that how the ongoing trend all over the world depends on the significant encouragement that has led small and medium businesses and creative minds in an organising way. The fundamental structures of any small business have revolted around certain plans that lead any business to move in the genre of the “Unicorn” tagline. Furthermore, this article also evaluates the do and don’s any SME needs to follow in the long run. Showcasing the facts that how the UK has emerged as one of the major SMEs in the world is another function of this article.

Introduction

SMEs (Small and medium-sized enterprises) are the most important sectors in the context of gaining revenue and generating the maximum job allocations around any country. This holds 99% of any country's overall GDP and maintains entrepreneurship across the country. In the context of the UK, SMEs remain one of the most important factors that run the main cycle of employment jobs and appreciate the concept of small businesses. Small and medium-sized enterprises offer maximum innovation for future generations and also favoured the notable “tax treatment” and help to generate maximum loans to maintain the SMEs in business organisations. The SMEs convey an important role in a specific economy that outcomes that generating the maximum number of jobs in the country and supports the entrepreneurial thinking that tries to help “innovation”.

Impact of internal determinants on the performance, development and survival of SMEs in the UK

Managerial skills

Managerial skills play an important role to control and moderate small and medium enterprises to grow on a large level. There are certain types of managerial skills that help the management skills to develop in the context of the UK. “Technological skills”, “Human skills” and “Conceptual skills” allow the skills of certain managers to help and maintain harmony within the company. These three types of managerial skills help certain entrepreneurs in the UK to develop and grow on a business level (Mbaknol.com, 2023). The technological advancements of any organisation need to be perfect to maintain the basic development of the company. As per the views of Coudounaris, (2021), technical managerial skills help any entrepreneur business to control the market and thus help the overall development of an economy to grow. In the context of the UK, as the country is one of the most developed countries in the world, enhances the employees of the organisations to organise the technological advancements according to the needs of the organisations.

Good knowledge of computers and the latest equipment that may be helpful in certain areas of any organisation will help the company and its employees in general to build a futuristic approach. “Human Skill” is also the key to a manager to support institutional growth. This skill evaluates the empowerment that links with relating to each other. An individual with some basic human skills can adopt the social structure of any organisation. Moreover, this skill develops the individual to collect the skill to engage with the customer and the

approaches the organisation needs to maintain for the future. “Conceptual Skills” are the fundamental approach any managerial department has to maintain with the relevance of the UK. According to Antcliff *et al.* (2021), conceptual advancements ability helps to understand tough situations and creates a solution within the individual. The UK as a socially and culturally developed country approaches the conceptual skills of company employees that will eventually help any entrepreneurial organisation.

Competencies

Competencies are the “Unique abilities” that attract the customers of a certain organisation on the basis of “Products” and “Services”. As per the views of Zahoor *et al.* (2021), any organisation i.e small and medium organisations that want to build a solid statement in the market needs to build its production strongly with a future-based approach. To include some examples from the UK, any individual can take the success story of “Marshfield Bakery” which runs a small bakery store. The organisation successfully created some headlines in the UK considering the fact that it is a small business chain (The manufacturer.com, 2023). The company and its employees made some of the basic bakery products with some of the most innovative styles including those that help the small business chain to generate some customers. As the customers are coming to the stores, the company had also included some fantastic services to the customers such as delivering the handmade cookies on time and the distribution of the products just in time attracting the business owner more valuable customers to grow as a company.

Business Experience

Experience in running any business plays an important role to ensure any small and medium size organisation builds organisationally. As per the views of Hsieh *et al.* (2019), experience in running any business is an essential part with reference to the future of the business's long run in the market. Experience in business and in SMEs in the UK is the key major factor that separates the country from the rest of the world. The EP (Entrepreneurial Organisation) in the country relies heavily on the experienced side of the employees which certainly helped the country to generate more investors around the world to invest in the SMEs in the country. While London remains the home of the fastest-growing SMEs in the country, more than 83 small businesses had achieved the status of “Unicorn” over the last couple of years (Growthbusiness.co.uk, 2023). In the context of this, “Tripledots Studios” is such an example that needs to be associated with the “experience” that helped the company to reach the

maximum height within the small time period. The above-quoted company is a mobile game-developing studio which reached a mammoth growth of 795% in 2022. The experienced staff and employees of the company helped the entrepreneurial organisation to reach “Unicorn” status in just a couple of years.

Access to finance

Financial accessibility is what any organisation or entrepreneurial business structure needs to build or maintain the company status. Raising finance and attracting new investors to startup brands or companies is the basic structural concept that stood alone among business-class individuals. The UK, as one of the most diversified and financially developed countries, has helped the entrepreneurial section of generations to build proper accessibility to finance. Supporting the latest SMEs in the country, the existing governments also helped the section with some of the major governmental grants. As per the views of Brown and Lee (2019), any country that believes in small and sustainable economic growth, needs to ensure the business troops with some belief and grants in the initial part of the organisations. “Hopin” for instance, is one of the small and medium business organisations of the UK that have attracted governmental grants by the name of “Innovation”, “Technological help” and “Energy” (Businessrescueexpert.co.uk, 2023). Moreover, “Loans”, “Invoice Finance” and “Asset Finance” also helped the country's entrepreneurs to grow in the long run.

Technological advances

Technological support is what the modern start-ups and the entrepreneurial section of generation have included in the long run of the organisation's futuristic approaches. As per the views of Jones *et al.* (2019), Technology as time progresses will ensure any organisation or a start-up builds its structure around it and that will help the following organisation to sustain itself in a long run. Technology in the UK has been enveloped around some of the major components that helped the SMEs to grow such as “Cloud Computing”, “Robotic process automation”, “AI” and “VR”. This ensures the companies to spare the company's supplements in the urban and the rural side of the UK and helped the development of the overall UK. In the context of this, such examples can be taken as the name of “Matillion” which has enveloped as one of the best tech advanced companies in the UK and across Europe as well (Spendmatters.com, 2023). As the company made certain changes in the approach by associating with technological advancements such as “Data Science”, and “Cloud computing” helped the organisation to reach the company's all-time high revenue

growth and thus set the bar in the entrepreneurial section. As stated by Chang and Johnston (2019), cloud computing and advanced usage in data science will improve the overall company structure towards the future and help generate the supplementary objects of small and medium enterprises in the long run. Usage of Million dollar projects in the field of technology and gathering knowledge of “Machine Learning” has helped Matillion’s benefits with some major favourable margins.

Effect of external determinants on the SMEs performances

Human capital

Human capital of a company certainly relies on the workforce of the company employees “Education”, “Motivation”, “Talent” and “Skills”. This comprises the organisation to meet the criteria that the organisation has set up. The UK is one of the most developed countries in the world and the workforce of this country is superior to any other country in Europe. According to the latest survey, the UK has a 99% literacy rate (2022) which has helped the country to build a solid base for small and medium businesses to build on their own (Worldpopulationreview.com, 2023). As per the views of Zhao and Thompson (2019), the major human capital of a country depends on the employment rate of the country as the majority of the individuals will always adapt to the situation accordingly. As of 2022, the UK has almost 76% of the country's employment rate, which is one of the highest among the developed countries around the world (Ons.gov.uk, 2023). In accordance with this, the prior example will be the workforce generated by the small, medium and large industries in the retail market in the country. According to the latest data, supermarket SMEs in the country has taken the employment responsibilities of the country with the number reaching 1182882 individuals working in the industry (Ibisworld.com, 2023). This helps the ongoing trend of creating specific SMEs running in the country's land.

Social acceptance

Social acceptance of an SME plays a substantial role in the long run in the specific industry or in the company in general. As per the views of Crossley *et al.* (2021), a nation that builds with historical heritage and some of the major cultural mixes will always help the industry to grow at a large level. The ethical part of society is always with the working class group of the UK as this helps the attitude towards small businesses across the country. For instance “Verdant Leisure” is a medium-sized “Holiday Park Company” that operates on the north side of the country. Launched in 2010, the company attracted the best number of the

employees with best facilities and proper working time with an annual turnover of nearly £35 million in the last couple of years (Realbusiness.co.uk, 2023). The holiday destination company has mixed some of the cultural and ethical accommodation that gathers attention around the country.

Economical advantages

The economical advantages of the UK have helped the creative part of the country to build a rigid business culture around the country. The overall GDP of the country has reached the height of “£2.2 trillion” in 2022, which gather the attention of investors to invest in the SMEs of the country. As stated by Dey *et al.* (2020), Any business group that needs the proper investors from the national and international levels needs to rely on the overall GDP count of that specific country. With a healthy 25% corporate tax rate, the SMEs of the UK have also developed based on recent data shared by the government. In the context of this, “Surelock Homes”, headquartered in the UK, is a prior example set by the company itself. The housing solution company has helped to generate some of the best investors from the country to invest in the company by showing them the perfect planning (Zoominfo.com, 2023). This helped the future housing solution SMEs to learn the business plan and generate some funding.

Political factors

UK is the best example of how a country that is surrounded by the political giants in the world is growing in small and large businesses. However, the recent status of UK politics has created some major concerns in the field of SMEs. For instance, the cost of living has raised the cash spending limit. Other than this, as fuel prices reached the highest mark in the last couple of years, SME businesses have hit the rock bottom. Moreover, the exit from the European Union (EU), also degraded the SMEs to reach the height that the companies hoped for. For instance, “Tessian”, a small company that gives email protection and gives protection towards “human security risks” has hit the bottom of its revenue generation due to the political instability in the UK, which ultimately downgraded the revenue of the company (Tessian.com, 2023). This may also indicate that the unstable government can also affect the SMEs and can cause economic downfall in the country.

Legal issues

UK as one of the diversified countries mostly offered the most designed and automated laws in accordance with the SMEs. “The Consumer Rights Act 2015” has provided the best possible rules to the consumers and the business minds in the country. This law has set the

bar for the sellers and the buyers of the country to work under basic regulations. The SMEs in the country have developed growth and sustainability with links to these specific laws. As per the views of Saka *et al.* (2021), legal advantages in business creation have helped entrepreneurs to maintain and regulate small and medium businesses. For instance, “Babylon Health”, headquartered in the UK, has grown in the last couple of years with the help of the ongoing government rules in the health sector and the support system provided by the health sector. “The digitally first health service provider” has developed the linkage between the government and the healthcare sector of the country by building the network chain across the country to ensure the individuals of the country have the best possible outcomes (Babylonhealth.com, 2023). This took the “healthcare SMEs” into a larger group.

Another significant impact of the UK legal system in the field of Small and medium-sector entrepreneurship is “Profit Margins”. The profit capability and gaining the business calculations have helped the businesses in the country to reach the maximum heights. In this context, “CoinBurp” is a crypto-generated website that helps customers maximise the money that they invested in crypto currency Crunchbase.com, (2023). This exact rotation in money through certain websites needs legal help to assist the customers with maximum profits.

Conclusion

SME is a concept that introduces the “Revolutionalisation” of entrepreneurship. It has a stronghold in entrepreneurship in foreign countries as well as in the UK and in the networks that grow surrounding the concept. Small and medium businesses consist of “Discover”, “Enactment”, and “exploitation of opportunities” throughout the national borders. This particular term is related to the tech advancements and the awareness of a culture that explores the internal business market and this eventually connects the upbringing markets around the world. Small and medium businesses help to connect with the cultural barriers and develop the business harmony that allows the business minds to accommodate the general business class. This also allows for showcasing the capabilities of the national and international markets that are related to new entrepreneurship concepts. The SMEs also allow creative minds to showcase the concepts they have with the help of technology and the environment that helps to maintain and grow the economy with a sustainable ratio. In the context of UK, the SMEs needs to circulate throughout the country to encourage the modern generation thus the economy of the country will flow at a rigours way.

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