87% OF OWNER MANAGED BUSINESS FEAR THAT INFLATIONARY PRESSURES WILL IMPEDE THEIR GROWTH IN 2022

Tuesday 5 April, 2022

Inflationary pressures pose a huge risk to the SME sector with 87% of owner managed businesses reporting these will impede their growth in 2022. That is one of the key findings of a survey of 335 of these businesses launched by the Association of Practicing Accountants (APA) today.

Other findings include:

- 64% of SMEs report that rising energy costs are impeding their ability to deliver
- 43% report that Brexit had either had a negative or very negative impact on their business against 4% who reported a positive impact
- 59% report that staff recruitment and retention is now presenting more of a challenge than 12 months ago with only 3% reporting this is now less of a challenge
- 62% are focused on surviving or sustaining their business against 33% who are looking to grow over the next 6 months

Despite these challenging economic headwinds there is also evidence that those businesses that have survived the pandemic are now more resilient and more confident.

- 81% of owner managed business report that they are in better shape for the future than before the pandemic
- 82% of respondents were either very or somewhat confident that they would be able to access the finance they needed over the next 6 months
- 79% think that overall the UK Government response to Covid has been either very or quite effective
- 48% report that it is either likely or very likely they will make significant capital investment in their businesses in 2022 / 23.

Commenting on the findings APA Chairman Martin Muirhead said:

“Having navigated Brexit and the pandemic owner managed businesses are now confronted with the double challenge of rising inflation and increased energy costs. Many of these businesses have done well to survive the last 2 years. Having looked forward to a period of economic stability post-Covid they are confronted with the opposite. It is imperative that the UK Government take a more realistic view of our future trading relations with Europe recognising that labour shortages coupled with an altogether more challenging export environment pose a real threat to recovery. The Government also needs to take all measures necessary to avoid the UK drifting into a period of sustained rampant inflation drawing on lessons learnt from the 1980s.

“Uncertainty remains across many sectors of the economy. Businesses want reassurance as well as clear and unambiguous advice and support - adopting a flexible approach to business policy which recognises the many challenges facing owner managers will be key to a sustainable recovery.”

A copy of the detailed research report is available here:

https://www.apa-uk.co.uk/members/public-policy/

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Notes to editors:

1. The Association of Practising Accountants (APA) is a network of 19 leading business advisory firms

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