

# SMEs in the COVID-19 Recovery: Which SMEs Faced Most Pressing Challenges?

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Technical Annex



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## Annex 1 Methodology

### The survey on access to finance (SAFE)

This paper uses data from the EC/ECB Survey on the access to finance of enterprises. The SAFE is an EU-wide<sup>1</sup> survey focused on the financing conditions faced by SMEs and large firms, but also covers a range of other topics including firms' economic activity, future expectations, and other firm characteristics. The econometric analysis is based on the unweighted micro-data of wave 25 of the survey, for which fieldwork was conducted between 6 September and 15 October 2021. The analysis focuses on EU-27 SMEs.<sup>2</sup>

### Outcome measures

This paper aims to investigate how various characteristics of SMEs are associated with their experience of different types of problems over the period between April and September 2021. The types of problems covered in this paper include:

- Access to finance
- Competition
- Finding customers
- Costs of production or labour
- Regulation, for example European and national laws, industrial regulations
- Availability of skilled staff or experienced managers
- Other problem(s)

Firms were asked to rate how important these problems had been to their enterprise in the period from April to September 2021. Ratings could take a value between 1 and 10, with 1 denoting 'not at all important' and 10 meaning 'extremely important'.<sup>3</sup>

Based on this, a set of binary variables was produced, indicating whether an SME considered a given problem to be extremely important, i.e., whether it received a score of 10 out of 10. These binary indicators formed the dependent variables in the logit regression models used in this paper.

### Explanatory variables

The explanatory variables in the model capture various firm characteristics which include:

- Size, as measured by the number of employees and coded in different categories: micro (1-9 employees), small (10-49 employees) and medium-sized (50-249 employees) enterprises.
- Size, as measured by annual turnover in 2020. Different turnover categories include: up to €500,001, more than €500,000 and up to €1 million, more than €1 million and up to €2 million, more than €2 million and up to €10 million, more than €10 million and up to €50 million, and more than €50 million.

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<sup>1</sup> It also covers selected non-EU countries.

<sup>2</sup> For the purpose of this paper, SMEs are defined as businesses with less than 250 employees.

<sup>3</sup> It should be noted that the sample of SMEs that gave a score to 'other' problems was substantially smaller than that which gave scores to problems in the standardized list, as explained in note 6 of the main text.

- Firms were also separated into four major economic activities: industry<sup>4</sup>, construction<sup>5</sup>, trade<sup>6</sup> and other services<sup>7</sup>.
- Age: firms are categorised based on the amount of time they have been registered. These categories are: less than 2 years, 2-5 years, 5-10 years and more than 10 years.
- Type of owner.<sup>8</sup> Categories include: public shareholders, family or entrepreneurs, other enterprises or business associates, venture capital enterprises or business angels, one owner only, or other type of owner.
- Type of enterprise – namely whether the SME is an autonomous profit-oriented enterprise making independent financial decisions, a subsidiary of another enterprise, a branch of another enterprise, or a non-profit enterprise<sup>9</sup>.
- Country.
- Export intensity. Firms were categorised based on the percentage of their turnover made up by exports of goods and services in 2020. Categories include 0%, less than 25%, 25%-50% or over 50% of turnover.
- Whether SMEs had experienced problems due to late payments either regularly, occasionally, or not at all over the period from April to September 2021.
- Innovation. Four types of innovation are captured by separate indicators – namely, whether SMEs had introduced a new or significantly improved product or service to the market, a new or significantly improved production process or method, a new organisation of management, or a new way of selling their goods or services.
- Average yearly turnover growth rate over the three-year period from 2018 to 2020. Firms were classified as either growing at over 20% per year, growing at less than 20% per year, not growing or becoming smaller. A response option was also available for firms that were too young to be able to provide this information.
- Firms' outlook with respect to their sales and profitability or business plan over the past six months (i.e., from April to September 2021) – namely whether it had improved, remained unchanged, or deteriorated.

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<sup>4</sup> 'Industry' includes firms from mining and quarrying (NACE Rev. 2 section B), manufacturing (C), and electricity, gas, steam and air conditioning supply, and water supply (D), sewerage, waste management and remediation activities (E).

<sup>5</sup> 'Construction' includes NACE Rev. 2 section F.

<sup>6</sup> 'Trade' includes wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods (NACE Rev. 2 section G).

<sup>7</sup> 'Services' includes enterprises in transport and storage (NACE Rev. 2 section H), accommodation and food service activities (I), information and communication (J), real estate activities (L), professional, scientific, and technical activities (M), administrative and support service activities (N), arts, entertainment and recreation (R) and other service activities (S).

<sup>8</sup> Based on the owner(s) of the largest stake in the enterprise.

<sup>9</sup> There were no non-profit enterprises in the sample.

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## Annex 2 Detailed Econometric Results

This annex presents the findings from a set of logit regression model estimations used to understand how various factors are associated with the likelihood of SMEs considering certain problems as extremely important (Table 1) within the last six months (i.e., in the period between April and September 2021). This annex is structured into seven headings – each one representing a given problem.

### Finding customers

#### *Size*

Larger SMEs – as measured by turnover – had a lower likelihood of reporting that finding customers was extremely problematic in the past 6 months compared to SMEs with lower turnover – indeed, coefficients on different turnover ranges were negative,<sup>10</sup> statistically significant, and generally increased in magnitude with turnover. When measured by employment, larger SMEs were more likely to report that finding customers was extremely problematic compared to SMEs that had fewer than 10 employees, although there is no evidence that this likelihood further increases at higher levels of employment.<sup>11</sup>

#### *Other firmographics*

SMEs that carried out trade and services activities were more likely to consider finding customers as extremely problematic than SMEs operating in industry.

SMEs that were owned by venture capital enterprises or business angels were more likely to report finding customers as extremely problematic compared to SMEs that only had one owner.

Whether an SME was a branch or subsidiary was not a statistically significant predictor of whether it considered finding customers to be extremely problematic.

Age was not a statistically significant predictor of whether SMEs considered finding customers to be extremely problematic.

#### *Export intensity*

Export intensity was not a statistically significant predictor of SMEs' likelihood to view finding customers as extremely problematic.

#### *Growth*

Growing SMEs were less likely to consider finding customers an extremely important problem compared to SMEs that did not grow. However, this result was only statistically significant for SMEs

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<sup>10</sup> Thereby suggesting that the lowest turnover range (up to €500,001) is the one associated with the highest likelihood of experiencing the problem of finding customers.

<sup>11</sup> Indeed, the coefficient on the 50-249 category is slightly lower than that on the 10-49 category, albeit still positive and statistically significant.

growing less than 20%. Conversely, firms that reported negative growth were more likely to report finding customers as being extremely problematic

*Outlook with respect to sales and profitability or business plan*

Both SMEs whose outlook on their sales and profitability or business plan had improved and (to a greater extent) deteriorated were more likely to view problems with respect to finding customers as extremely important compared to SMEs that had an unchanged outlook.

*Innovation*

SMEs that introduced a new or significantly improved product or service to the market, a new organisation of management, or a new way of selling their goods or services were more likely to consider finding customers extremely problematic compared to SMEs that did not undertake these types of innovations.

*Problems due to late payment*

The extent to which SMEs experienced problems due to late payment was not a statistically significant predictor of SMEs' likelihood to consider finding customers as extremely problematic.

**Competition**

*Size*

Larger SMEs – as measured by turnover – had a higher likelihood of reporting that competition was extremely problematic compared to SMEs with lower turnover – indeed, coefficients on different turnover ranges are positive, increasing in magnitude with turnover and generally statistically significant.

Size, as measured by employment, was not a statistically significant predictor of whether SMEs considered competition as extremely problematic.

*Other firmographics*

SMEs that carried out trade and services activities were more likely to find problems with respect to competition extremely important compared to SMEs operating in industry.

Type of ownership, age, as well as whether an SME was a branch or subsidiary were not statistically significant predictors of whether it considered competition to be extremely problematic.

*Export intensity*

SMEs whose exports made up less than 25% of their turnover in 2020 were less likely to report that competition was a major problem compared to SMEs that did not export at all. Higher export intensities were not statistically significantly associated with the likelihood of considering competition as highly problematic.

*Growth*

Growing SMEs were less likely to experience highly important problems in relation to competition compared to SMEs that did not grow. However, this result was only statistically significant for SMEs growing less than 20%.

Conversely, firms that reported negative growth were more likely to consider competition as extremely problematic.

#### *Outlook with respect to sales and profitability or business plan*

SMEs whose outlook on their sales and profitability or business plan had deteriorated over the last six months were more likely to find competition extremely problematic compared to SMEs that had an unchanged outlook.

#### *Innovation*

SMEs that introduced a new organisation of management were more likely to consider competition as extremely problematic compared to SMEs that did not undertake that type of innovation.

#### *Problems due to late payment*

SMEs that occasionally and (to a greater extent) regularly experienced problems due to late payments were more likely to report that they had experienced major problems with respect to competition compared to SMEs not facing such problems.

### **Access to Finance**

#### *Size*

Regression results suggest that larger SMEs – as measured by turnover – had a lower likelihood of reporting that accessing finance was extremely problematic in the last six months compared to smaller SMEs – indeed, coefficients on different turnover ranges are negative, increasing in magnitude with turnover and generally statistically significant.

However, size – as measured by employment – is not a statistically significant predictor of whether SMEs considered access to finance to be extremely problematic.

#### *Other firmographics*

SMEs that carried out trade activities were less likely to experience highly important problems with respect to accessing finance compared to SMEs operating in industry.

SMEs that were owned by public shareholders were less likely to experience major problems regarding access to finance compared to SMEs that only had one owner.

SMEs that were subsidiaries of another enterprise were less likely to experience highly important problems with access to finance, compared to autonomous profit-oriented enterprises making independent financial decisions.

Age was not a statistically significant predictor of whether SMEs found accessing finance extremely problematic.

#### *Export intensity*

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Export intensity was not a statistically significant predictor of SMEs' likelihood of experiencing extremely important problems with respect to accessing finance.

### *Growth*

Growing SMEs were less likely to find access to finance extremely problematic compared to SMEs that did not grow. However, this result was only statistically significant for SMEs growing less than 20%.

Conversely, firms that reported negative growth were more likely to experience major problems in relation to accessing finance.

### *Outlook with respect to sales and profitability or business plan*

Both SMEs whose outlook on their sales and profitability or business plan had improved and (to a greater extent) deteriorated were more likely to find accessing finance extremely problematic compared to SMEs that had an unchanged outlook.

### *Innovation*

SMEs that introduced a new organisation of management, or a new way of selling their goods or services were more likely to consider accessing finance as extremely problematic compared to SMEs that did not undertake these types of innovations.

### *Problems due to late payment*

SMEs that regularly experienced problems due to late payments were more likely to view accessing finance as extremely problematic compared to SMEs not facing such problems.

## **Costs of Production or labour**

### *Size*

Larger SMEs – as measured by turnover – had a lower likelihood of reporting that costs of production or labour were extremely problematic compared to SMEs with lower turnover – indeed, coefficients on different turnover ranges were negative, generally statistically significant, and, for SMEs with over €10 million in turnover, increasing in magnitude with turnover. When measured by employment, larger SMEs were more likely to report that costs of production or labour were extremely problematic compared to smaller SMEs.

### *Other firmographics*

SMEs that carried out trade or services activities were less likely to consider costs of production or labour to be extremely problematic, compared to SMEs operating in industry.

SMEs owned by public shareholders or other enterprises were less likely to experience highly important problems regarding costs of production or labour compared to SMEs that only had one owner.

Whether an SME was a branch or subsidiary was not a statistically significant predictor of whether it considered costs of production or labour to be extremely problematic.

Age was not a statistically significant predictor of whether SMEs experienced major problems related to costs of production or labour.

#### *Export intensity*

SMEs with low export intensity (less than 25%) were less likely to report that costs of production or labour were extremely problematic compared to non-exporters. However, SMEs with high export intensity (over 50%) were more likely to experience highly important problems with respect to costs of production or labour.

#### *Growth*

Growing SMEs were less likely to experience major problems in relation to costs of production or labour compared to SMEs that did not grow. However, this result was only statistically significant for SMEs growing less than 20%.

Conversely, firms that reported negative growth were more likely to consider costs of production or labour as extremely problematic.

#### *Outlook with respect to sales and profitability or business plan*

SMEs whose outlook on their sales and profitability or business plan had deteriorated were more likely to have found costs of production or labour extremely problematic compared to SMEs that had an unchanged outlook.

#### *Innovation*

SMEs that introduced a new organisation of management, or a new or significantly improved production process or method were more likely to consider costs of production or labour as extremely problematic compared to SMEs that did not undertake these types of innovations.

#### *Problems due to late payment*

SMEs that occasionally and (to a greater extent) regularly experienced problems due to late payments were more likely to report that they experienced major problems with respect to costs of production or labour compared to SMEs not facing problems due to late payments.

### **Availability of skilled staff or experienced managers**

#### *Size*

Larger SMEs – as measured by turnover – had a lower likelihood of reporting that the availability of skilled staff or experienced managers was extremely problematic compared to SMEs with lower turnover, although the relationship is not extremely clear – indeed, only the coefficients on the two highest turnover ranges were statistically significant, but they were negative and increasing in magnitude with turnover.

Larger SMEs – as measured by employment – were more likely to report that availability of skilled staff or experienced managers was extremely problematic compared to SMEs that had fewer than 10 employees. This result was more pronounced for medium-sized SMEs than for small SMEs.

#### *Other firmographics*

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SMEs that carried out construction or services activities were more likely to experience major problems with respect to the availability of skilled staff or experienced managers than SMEs operating in industry. Meanwhile SMEs operating in the trade sector were less likely to report that availability of skilled staff was extremely problematic.

SMEs owned by public shareholders, other enterprises, or 'other' ownership were less likely to experience extremely important problems regarding the availability of skilled staff or experienced managers compared to SMEs that only had only one owner.

SMEs that were subsidiaries of other enterprises were less likely to experience major problems with the availability of skilled staff or experienced managers, compared to autonomous profit-oriented enterprises making independent financial decisions.

Age was not a statistically significant predictor of whether SMEs experienced major issues related to the availability of skilled staff or experienced managers.

### *Export intensity*

Exporting SMEs were less likely to experience major problems related to the availability of skilled staff or experienced managers compared to firms that did not export. Coefficients on increasing export intensity ranges are decreasing in magnitude, which suggests that the relationship between export intensity and the likelihood of experiencing highly important problems relating to the availability of skilled staff or experienced managers may be non-monotonic.

### *Growth*

Growing SMEs were more likely to report that the availability of skilled workers or experienced managers was extremely problematic for them in the last 6 months compared to SMEs that did not grow. This finding was more pronounced for SMEs growing over 20% per year.

### *Outlook with respect to your sales and profitability or business plan*

SMEs whose outlook on their sales and profitability or business plan had deteriorated were more likely to have found the availability of skilled staff or experienced managers extremely problematic compared to SMEs that had an unchanged outlook.

### *Innovation*

SMEs that introduced a new organisation of management, or a new or significantly improved production process or method were more likely to consider availability of skilled staff or experienced managers as extremely problematic compared to SMEs that did not undertake these types of innovations.

### *Problems due to late payment*

SMEs that occasionally or (to a greater extent) regularly experienced problems due to late payments were more likely to report major problems relating to the availability of skilled staff or experienced managers compared to SMEs not facing problems due to late payment.

## **Regulation**

### *Size*

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Size – as measured either by turnover or employment – was not a statistically significant predictor of whether regulation was considered to be an extremely important problem.

#### *Other firmographics*

SMEs that carried out services activities were more likely to experience major problems with respect to regulation compared to SMEs operating in industry.

SMEs owned by public shareholders, other enterprises, or venture capital enterprises were less likely to experience major problems related to regulation compared to SMEs that only had one owner.

Whether an SME was a branch or subsidiary was not a statistically significant predictor of whether it considered regulation to be extremely problematic.

SMEs older than 2 years old were less likely to report regulation as being an extremely important problem for them in the last 6 months. Coefficients on older age category indicators (2-5 years, 5-10 years and 10 years or more) are decreasing in magnitude, indicating that there may be a non-monotonic relationship between age and the likelihood of experiencing major problems with respect to regulation.

#### *Export intensity*

Export intensity was not a statistically significant predictor of SMEs' likelihood to view regulation as extremely problematic.

#### *Growth*

Growth was not a statistically significant predictor of SMEs' likelihood to view regulation as extremely problematic.

#### *Outlook with respect to sales and profitability or business plan*

SMEs whose outlook on their sales and profitability or business plan had deteriorated were more likely to have found regulation extremely problematic compared to SMEs that had an unchanged outlook. Conversely, firms with an improved outlook on their sales and profitability were less likely to report that regulation was extremely problematic.

#### *Innovation*

SMEs that introduced a new organisation of management, or a new way of selling their goods or services were more likely to consider regulation as extremely problematic compared to SMEs that did not undertake these types of innovations.

#### *Problems due to late payment*

SMEs that occasionally or (to a greater extent) regularly experienced problems due to late payments were more likely to report that they experienced extremely important problems with regulation compared to SMEs not facing problems due to late payment.

## Other Problems

### *Size*

SMEs with turnover over €500,000 had a lower likelihood of reporting major problems other than the six discussed above compared to SMEs with lower turnover. The regression coefficients did not suggest a clear relationship between turnover and the dependent variable at higher turnover ranges: indeed, although most coefficients on indicators of turnover ranges were negative and statistically significant, they were not strictly increasing or decreasing in magnitude, which suggests a potentially non-monotonic relationship.

Size, as measured by employment, was not a statistically significant predictor of whether SMEs considered 'other' problem(s) as extremely problematic.

### *Other firmographics*

SMEs that carried out construction and trade activities were less likely to experience 'other' major problems compared to firms operating in industry.

Type of ownership, age or whether an SME was a branch or subsidiary were not statistically significant predictors of whether SMEs experienced 'other' major problem(s).

### *Export intensity*

Export intensity was not a statistically significant predictor of SMEs' likelihood of considering 'other' problems as extremely important.

### *Growth*

SMEs that got smaller over the last three years were more likely to report 'other' problems as extremely important.

### *Outlook with respect to sales and profitability or business plan*

SMEs whose outlook on their sales and profitability or business plan had deteriorated were more likely to experience 'other' major problem(s) compared to SMEs that had an unchanged outlook.

### *Innovation*

SMEs that had introduced a new way of selling their goods and services were more likely to experience 'other' highly important problems.

### *Problems due to late payment*

SMEs that occasionally faced problems due to late payments were less likely to experience 'other' extremely important problem(s) compared to SMEs that did not face problems due to late payments.

**Table 1** Regression results: likelihood of considering problems as extremely important

VARIABLES	Finding customers	Competition	Access to finance	Production costs	Skilled staff	Regulation	Other
Active since = 1, 10 years or more	-0.331 (0.272)	0.0559 (0.906)	-0.545 (0.130)	0.0580 (0.884)	-0.401 (0.159)	-0.591* (0.0886)	-0.483 (0.258)
Active since = 2, 5 to 10 years	-0.427 (0.173)	-0.0561 (0.908)	-0.360 (0.337)	0.0826 (0.840)	-0.424 (0.152)	-0.667* (0.0659)	-0.232 (0.599)
Active since = 3, 2 to 5 years	-0.273 (0.403)	-0.219 (0.665)	-0.0314 (0.935)	0.198 (0.640)	-0.161 (0.601)	-0.691* (0.0703)	-0.457 (0.317)
Annual Turnover in 2020 = 2, more than €500,000 and up to €1 million	-0.251*** (0.00376)	0.147 (0.209)	-0.176 (0.111)	-0.254** (0.0112)	0.00587 (0.943)	-0.0885 (0.404)	-0.373*** (0.000660)
Annual Turnover in 2020 = 3, more than €1 million and up to €2 million	-0.344*** (0.000265)	0.216* (0.0902)	-0.252** (0.0425)	-0.0686 (0.512)	-0.0451 (0.610)	0.0264 (0.818)	-0.370*** (0.00192)
Annual Turnover in 2020 = 4, more than €2 million and up to €10 million	-0.317*** (0.00106)	0.422*** (0.00130)	-0.347*** (0.00831)	-0.209* (0.0561)	-0.0986 (0.281)	-0.00800 (0.947)	-0.346*** (0.00510)
Annual Turnover in 2020 = 5, more than €10 million and up to €50 million	-0.394*** (0.00166)	0.424** (0.0131)	-0.492*** (0.00504)	-0.374*** (0.00768)	-0.310*** (0.00876)	-0.183 (0.259)	-0.440*** (0.00768)
Annual Turnover in 2020 = 6, more than €50 million	-0.647*** (0.00184)	0.514* (0.0535)	-0.815** (0.0155)	-0.613** (0.0119)	-0.535*** (0.00615)	0.234 (0.342)	-0.383 (0.139)
Problems due to late payment = 1, regularly	0.0850 (0.286)	0.268*** (0.00848)	0.532*** (2.20e-08)	0.332*** (7.86e-05)	0.334*** (5.85e-06)	0.364*** (9.53e-05)	0.0608 (0.541)
Problems due to late payment = 2, occasionally	0.0281 (0.633)	0.135* (0.0874)	0.123 (0.123)	0.198*** (0.00226)	0.237*** (1.42e-05)	0.168** (0.0222)	-0.209*** (0.00609)
Average Growth (2018-2020) = 1, Over 20% per year	-0.00530 (0.951)	-0.183 (0.129)	0.0473 (0.676)	-0.0627 (0.520)	0.234*** (0.00431)	0.134 (0.210)	-0.0198 (0.863)
Average Growth (2018-2020) = 2, Less than 20% per year	-0.261*** (0.000188)	-0.275*** (0.00362)	-0.275*** (0.00422)	-0.157** (0.0440)	0.120* (0.0671)	-0.0288 (0.740)	-0.0807 (0.381)
Average Growth (2018-2020) = 4, Got smaller	0.386*** (8.74e-07)	0.338*** (0.000935)	0.248** (0.0176)	0.206** (0.0198)	0.0755 (0.345)	0.0450 (0.659)	0.451*** (1.23e-05)
Average Growth (2018-2020) = 7, NA as the enterprise is too recent	-0.182 (0.764)	0.105 (0.898)	0.491 (0.401)	-1.367 (0.196)	-0.412 (0.489)	-0.683 (0.397)	-0.560 (0.464)
Type of Firm = 4, a subsidiary of another enterprise	-0.0965 (0.266)	-0.0225 (0.850)	-0.439*** (0.00158)	-0.162 (0.112)	-0.322*** (0.000124)	-0.133 (0.258)	-0.0446 (0.699)

VARIABLES	Finding customers	Competition	Access to finance	Production costs	Skilled staff	Regulation	Other
Type of Firm = 5, a branch of another enterprise	-0.255 (0.550)	-0.340 (0.577)	0.0193 (0.972)	-0.185 (0.709)	0.0474 (0.903)	0.129 (0.791)	-0.137 (0.797)
Outlook with respect to your sales and profitability or business plan = 1, improved	0.127** (0.0374)	-0.135 (0.120)	0.274*** (0.00102)	-0.106 (0.131)	0.0414 (0.464)	-0.171** (0.0277)	0.0640 (0.419)
Outlook with respect to your sales and profitability or business plan = 3, deteriorate	0.504*** (0)	0.484*** (1.29e-08)	0.530*** (2.04e-09)	0.538*** (0)	0.214*** (0.00105)	0.237*** (0.00389)	0.442*** (2.52e-07)
Activity of Firm = 2, construction	-0.0922 (0.357)	-0.0907 (0.511)	-0.0775 (0.538)	0.111 (0.264)	0.303*** (0.000375)	0.0126 (0.921)	-0.274** (0.0295)
Activity of Firm = 3, trade	0.287*** (0.000399)	0.391*** (0.000257)	-0.306*** (0.00507)	-0.246*** (0.00608)	-0.182** (0.0199)	0.110 (0.295)	-0.237** (0.0230)
Activity of Firm = 4, services	0.293*** (6.87e-05)	0.196* (0.0506)	-0.130 (0.174)	-0.267*** (0.000793)	0.126* (0.0657)	0.441*** (1.84e-06)	0.0867 (0.353)
Owner of the enterprise = 1, public shareholder	-0.192 (0.306)	-0.236 (0.336)	-0.681** (0.0281)	-0.356* (0.0979)	-0.803*** (9.41e-05)	-0.547** (0.0395)	-0.184 (0.406)
Owner of the enterprise = 2, family	-0.0626 (0.288)	-0.0940 (0.240)	-0.0442 (0.573)	-0.0126 (0.847)	0.0392 (0.472)	-0.00958 (0.895)	0.103 (0.176)
Owner of the enterprise = 3, other enterprise	0.0994 (0.244)	-0.0194 (0.866)	-0.127 (0.298)	-0.247** (0.0124)	-0.329*** (0.000108)	-0.385*** (0.000770)	-0.101 (0.377)
Owner of the enterprise = 4, venture capital enterprise	0.818*** (0.00699)	-0.535 (0.378)	0.394 (0.383)	0.000644 (0.999)	-0.0185 (0.955)	-1.789* (0.0774)	-0.240 (0.626)
Owner of the enterprise = 7, other ownership	-0.124 (0.425)	-0.122 (0.551)	0.0200 (0.920)	-0.0927 (0.576)	-0.327** (0.0251)	0.196 (0.237)	-0.0430 (0.833)
Size of Firm = 2, 10-49 employees	0.238*** (0.00148)	-0.100 (0.322)	0.0489 (0.620)	0.238*** (0.00535)	0.313*** (9.46e-06)	-0.0490 (0.594)	0.0489 (0.609)
Size of Firm = 3, 50-249 employees	0.221** (0.0278)	-0.203 (0.133)	0.161 (0.238)	0.474*** (2.57e-05)	0.475*** (4.07e-07)	-0.0776 (0.534)	0.00835 (0.949)
Exports = 2, Less than 25%	-0.00682 (0.922)	-0.168* (0.0795)	-0.0607 (0.520)	-0.178** (0.0274)	-0.210*** (0.00149)	-0.117 (0.188)	-0.121 (0.188)
Exports = 3, Between 25% and 50%	0.113 (0.264)	0.136 (0.299)	0.0359 (0.789)	0.0144 (0.897)	-0.166* (0.0838)	0.0102 (0.938)	-0.0208 (0.875)
Exports = 4, Over 50%	0.0861 (0.308)	-0.0282 (0.804)	-0.0770 (0.502)	0.169* (0.0628)	-0.160** (0.0483)	0.131 (0.207)	0.0926 (0.394)
Introduced a new or significantly improved product or service to the market = 1, Yes	0.131**	-0.00809	0.0637	0.00856	0.0562	0.0543	0.0709

VARIABLES	Finding customers	Competition	Access to finance	Production costs	Skilled staff	Regulation	Other
	(0.0448)	(0.928)	(0.463)	(0.908)	(0.366)	(0.513)	(0.387)
Introduced a new or significantly improved production process or method = 1, Yes	-0.0550	-0.0166	-0.133	0.224***	0.124*	0.00437	-0.0596
	(0.436)	(0.863)	(0.152)	(0.00342)	(0.0558)	(0.960)	(0.497)
Introduced a new organisation of management = 1, Yes	0.107*	0.169**	0.223***	0.236***	0.211***	0.186**	0.0946
	(0.0878)	(0.0459)	(0.00663)	(0.000724)	(0.000316)	(0.0176)	(0.235)
Introduced a new way of selling your goods or services = 1, Yes	0.304***	0.140	0.424***	0.0313	-0.0278	0.175**	0.187**
	(4.97e-06)	(0.123)	(6.81e-07)	(0.682)	(0.670)	(0.0363)	(0.0258)
Constant	-0.664**	-2.476***	-1.593***	-2.010***	-0.194	-1.855***	0.876*
	(0.0471)	(1.55e-06)	(0.000147)	(4.41e-06)	(0.538)	(5.10e-06)	(0.0755)
Country dummies	YES	YES	YES	YES	YES	YES	YES
Observations	11,083	11,072	10,851	11,061	11,040	10,913	4,206

Note: p-values in parentheses, \*\*\* p<0.01, \*\* p<0.05, \* p<0.1

Source: London Economics analysis of data from the EC/ECB Survey on the access to finance of enterprises



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