



## Research Paper No. 114

### EXECUTIVE SUMMARY

October 2024

(full paper link: <http://enterpriseresearch.ac.uk/publications/erc-research-papers/>)

# The relationships between business support, managerial practices and firm performance over time

**Stephen Knox**

University of Stirling

[Stephen.Knox@stir.ac.uk](mailto:Stephen.Knox@stir.ac.uk)

**Samuel Mwaura**

University of Edinburgh

[Samuel.Mwaura@ed.ac.uk](mailto:Samuel.Mwaura@ed.ac.uk)

**Victoria Oziri**

University of Dundee

[VOziri001@dundee.ac.uk](mailto:VOziri001@dundee.ac.uk)

The Enterprise Research Centre is an independent research centre which focusses on SME growth and productivity. ERC is a partnership between Warwick Business School, Aston Business School, Queen's University School of Management, Leeds University Business School and University College Cork. The Centre is funded by the Economic and Social Research Council (ESRC); Department for Business and Trade (DBT); Department for Science, Innovation and Technology (DSIT), Innovate UK, the British Business Bank and the Intellectual Property Office. The support of the funders is acknowledged. The views expressed in this report are those of the authors and do not necessarily represent those of the funders.

## **ABSTRACT**

Governments have long favoured business advisory services and grants as key tools for supporting firms. While existing research generally underscores their positive impact on firm performance, there is less clarity on how this support influences specific managerial practices. These practices, which encompass a firm's strategies and activities, are thought to be first shaped by business support, which then in turn more directly impact firm performance. In this research paper, we analyse data from the Longitudinal Small Business Survey (LSBS) between 2018 and 2022 to examine the links between receiving business support in 2018, the managerial practices implemented in 2019, and firm performance (turnover growth and employee growth). Our study reveals that although business advice and government grants enhance the likelihood of adopting managerial practices, their individual and combined direct and indirect effects on firm performance are marginal. Additionally, the impact of business support on performance seems lagged, as SMEs require time to implement the support before observing any noticeable improvements. We discuss the implications of these findings and highlight the need for further research to explore these results in greater detail.

**Key words:** business advice, government grants, combined business support, managerial practices, firm performance