ERC
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POLICY BRIEFING

High Growth Firms and Demand for Business Support

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Introduction

Small and medium-sized enterprises (SMEs) are key drivers of economic growth and employment creation. Policy debates frequently emphasise high-growth firms (HGFs), often referred to as "scale-ups", due to their outsized contribution to economic performance. However, recent research by the Enterprise Research Centre (ERC) suggests that business growth is seldom a continuous process (Hart et al., 2020). Rather than growing steadily over time, most firms experience growth in distinct phases, characterised by periods of rapid expansion followed by plateaus or pauses, and in some cases, subsequent growth episodes. In addition, many business owners express ambitions for growth that are not yet reflected in their firm's current performance (Hart, 2026). This highlights an important policy question: does business support primarily reach firms that are already growing, or does it also engage businesses with the potential to grow in the future?

This paper investigates patterns of business support utilisation among UK SMEs, with particular attention to firms currently experiencing high growth and those demonstrating strong growth ambitions. Drawing on data from the UK Longitudinal Small Business Survey (LSBS), the study examines which firms access support, how support usage differs across growth-oriented businesses, and whether engagement with business support is associated with an increased likelihood of converting growth ambitions into realised growth outcomes. The analysis combines evidence from over 10,500 SMEs surveyed in the 2024 LSBS wave with longitudinal data tracking firms between 2021 and 2024. The findings should be interpreted as evidence of associations rather than causal relationships.

Key Findings

- **Business support is reaching growth-oriented firms.** SMEs that are either currently experiencing high growth or have strong growth ambitions were significantly more likely to access business support than other firms.

- **The type of support accessed reflects firms' growth aspirations and activities.** High-growth and high-ambition firms are particularly likely to access support provided by consultants and business advisors related to business growth, innovation, exporting, technology adoption, skills development and access to finance.

- **Support uptake is unevenly distributed.** Within both high-growth and high-ambition groups, support was disproportionately accessed by larger firms and businesses already engaged in growth-related activities.

- **Smaller firms are less likely to engage with support.** Micro-businesses, firms with no employees and firms that are not yet exporting, innovating, or seeking external finance are significantly less likely to receive support, even where growth ambitions exist.

- **Current support systems may favour firms already on a growth trajectory.** The evidence suggests support is more likely to reach businesses already demonstrating growth-oriented behaviours than firms whose growth potential has yet to be realised.

- **Geographic disparities exist.** Among high-growth firms, those located in urban and more deprived areas were less likely to access business support than otherwise similar firms.

- **Growth ambition matters.** Firms reporting strong growth ambitions were more likely to achieve substantial turnover growth over the 2021-2024 period.

- **Business support is associated with stronger growth outcomes.** Firms that received support were more likely to report high growth over time, although the analysis does not establish a causal relationship.

Policy Recommendations

From a policy perspective, the results suggest that business support is largely reaching firms that display characteristics commonly associated with business growth and development. However, substantial variation in support uptake exists within both high-growth and high-ambition firms, suggesting that support is being targeted towards specific segments within these groups. This raises questions about whether some businesses with growth potential and ambition, particularly smaller firms and those with lesser focus on international markets, face barriers to accessing support.

Key policy recommendations:

1. **High-growth or high-ambition firms should not be treated as homogeneous groups**. Continued targeting of support within growth-oriented SMEs should be accompanied by efforts to identify and engage under-served firms, particularly smaller businesses and those not accessing finance, innovating, exporting, or participating in formal support programmes.
2. **Business support targeting should not rely solely on stated growth ambition.** While growth ambition is an important indicator, support use is associated with a broader range of growth-oriented behaviours, including innovation, exporting, skills development, technology adoption, and access to finance. Programmes should therefore support ambitious firms that have yet to develop these capabilities.
3. **Improve support to under-supported high-growth firms in urban and deprived areas**. Lower uptake among high-growth firms in urban and deprived areas suggests a need for more proactive engagement, better awareness, signposting and local support in these places.
4. **Monitoring and evaluation should be central to the design of business support programmes to ensure strong additionality.** Quality evaluation evidence on users and non-users of business support should be collected.

Directions for Future Research

Further research is needed to understand both supply-side and demand-side barriers to business support uptake. The LSBS data used in this study captures realised support use but does not distinguish between a lack of demand for support and limitations in support provision. Future research should combine business surveys with mapping of support provision to better understand business needs, awareness levels, capacity constraints, and the accessibility of different support providers. The uneven patterns of support uptake identified in this study may reflect a combination of these factors.

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