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| Nota di contenuto | Do financing conditions pose a threat to the performance and transformation of SMEs? -- Contents -- Abstract -- Authors -- Keywords -- Acknowledgements -- 1 Introduction and research background -- 2 Data -- 3 Econometric framework -- 4 Empirical Results -- 4.1 External Funding Difficulties and Investments -- 4.2 Internal Funding Difficulties and Investments -- 4.3 External and Internal Funding Difficulties by Firm Type -- 4.4 Structural and Cyclical External Funding Difficulties by Firm's Type -- 4.5 Conditional Impact of External Funding Difficulties on Investments -- 4.6 Impact of External Funding Difficulties on Profitability and Growth -- 5 Conclusion and Policy Implications -- Reference -- Annex. |
| Sommario/riassunto | The availability of internal and external financing sources significantly influences firms' investments and growth. Even profitable firms with ample financing in normal times can be adversely affected by demand and supply shocks such as the COVID-19 pandemic, the energy crisis, or the recent tightening of financing conditions. This paper examines the impact of funding difficulties on firms' investment, performance and growth during normal periods and periods affected by external shocks, using a regression adjustment treatment effect approach. It distinguishes between structural barriers to external financing and cyclical deteriorations in financing conditions, while controlling for |

other major investment barriers. The analysis uses data from eight years of the EIB Investment Survey (EIBIS). Empirical evidence shows that micro and small firms, as well as leading innovators, are particularly vulnerable to deteriorating funding conditions. Results indicate that firms lagging in digitalisation and green investments face more of a structural financing issue than a cyclical one. Consequently, policy support should be oriented towards these structural financing impediments to ensure a fair and faster transformation.
