

Majority of small business owners suffer from stress caused by late payments

As companies look to invest their time and energy in growing and rebuilding post-pandemic, the burden of late payments is having a negative impact on the mental wellbeing of UK business owners and a knock-on effect on economic growth.

Late payments are having a worrying effect on small businesses across the UK. A recent report by digital payments platform, Juno, revealed that the late payment crisis was creating mental health issues for small business owners, with 63% of those questioned admitting they suffered from stress, anxiety or depression as a direct result of late payments issues.

The survey, which assessed the responses of 500 self-employed small business owners across the UK, also revealed that a further fifth claimed they were at risk of bankruptcy while 1 in 10 admitted to considering or making redundancies.

The results act as a strong indicator that the issue of late payments in the UK has now reached crisis point. According to the Federation of Small Businesses, around 50,000 businesses close every year as a result of late payments, but the pandemic has exacerbated the issue.

While the issue affects every sector of the economy, communications are now

hit hardest with 91% of media, marketing and PR companies admitting they have felt burdened by late payments. The issue also disproportionately affects younger business owners. Almost 80% of those questioned aged 21-30 admitted the issue had a negative effect on their stress levels at work.

“The problem of late payments has been around for a while but that does not mean that we should accept it,” said Juno’s Co-founder and Chief Product Officer Pete Bailey. “Businesses are facing a crippling crisis caused by a culture of late payments which continues to have a negative impact on their cash flow, ability to focus on growth as well as mental health and wellbeing.”

Chasing late payments also takes valuable time away from building and rebuilding company gains in the wake of the pandemic; over 60% of businesses admitted to chasing their clients extensively for payments, instead of focusing on new clients or opportunities for growth.

UK Government Small Business Commissioner, Liz Barclay said fair and fast payment should be essential in corporate governance as we move forward.

“Companies that subject suppliers to unfair payment terms or pay late are not acting ethically and responsibly and should consider the longer term impact on their corporate reputation. Every business needs to play their part in creating a culture and a system of prompt payment,” she added.

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