2017

Sources of Financing for Small and Medium Enterprises in Nigeria

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Walden University
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Abstract

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Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

December 2017

Abstract

Small and medium enterprises (SMEs), which account for 96% of businesses in Nigeria are often forced to close because they lack access to funds. The purpose of this multiple case study was to explore the sources of funds available for the development and growth of SMEs in Nigeria. The conceptual framework guiding this study was the pecking order theory. Data were gathered from company documents and through semistructured interviews of a target population of 3 leaders of 3 SMEs from the oil and gas industry in Abuja, Kano, and Lagos in Nigeria, with a capitalization of between N5 million to N500 million. Data were compiled and organized, disassembled into fragments, reassembled into a sequence of groups, and interpreted for meaning. Member checking and triangulation of sources between the interviews and company documents added to the trustworthiness of the findings. Two themes morphed from the study: sources of business finance for SMEs and constraints of sourcing of finance for business. The implications for positive social change include the potential to create employment opportunities for youths in the communities by enabling SMEs in Nigeria to succeed and expand through the identification of sources of funding.

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Dedication

I dedicate this study to the two wonderful persons, who shaped my life, my father, late Abubakar Maina Bisalla and my husband, late Umaru Bello Watse, who always encouraged me to continue reading and that the sky will be the limit.

Acknowledgments

I express my sincere appreciation to my chair, Dr. Mohamad Saleh Hammoud, for his patience, unwavering guidance, and encouragement, to see me through this study. I will remain ever grateful to Dr. Hammoud. I would also like to acknowledge Dr. Janet M. Booker and Dr. William Stokes, for their review and critic of the study to ensure scholarly writing. I would like to thank Dr. Freda Turner, for her wonderful leadership through my program. I would like to thank the faculty staff for their support, and my fellow scholars for their contributions and interactions in the class, which I benefited immensely. Finally, I would like to thank my children, Alhamdu, Salamatu, Hadiza, Faritha, and my mother, Salamatu Maina Bisalla for their patience, understanding, and support through the time of my study. I thank you all for making me achieve my dream of achieving a doctorate.

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Section 1: Foundation of the Study

Small and medium enterprises (SMEs) contribute to the business growth and economic development of countries; however, the funding of SMEs is fundamental to this growth and development (Al-Hyari, 2013; Lewandowska, Mateusz, Stopa, & Humenny, 2015; Neagu, 2016). Financing SMEs in Nigeria is necessary for encouraging enterprises development (Gbandi & Amissah, 2014). According to Gbandi and Amissah (2014), SMEs are an important part of Nigeria's economy and account for approximately 96% of the country's businesses. A developing country like Nigeria requires sustained economic growth, and paying attention to the SME sector is essential to harnessing the potential of the SMEs for greater output diversification (Gbandi & Amissah, 2014). The focus of this study was on sources of financing for SMEs in Nigeria.

According to Gbandi and Amissah (2014), SMEs in Nigeria are classified according to capital involved, revenue, and the number of workers. One of such classification of an SME is an enterprise with an asset base (without land) of between N5 million to N500 million, and with a labor force of between 11 and 300 employees (Gbandi & Amissah, 2014). The Small and Medium Enterprises Credit Guarantee Scheme (SMECGS) in Nigeria adopted this definition (Gbandi & Amissah, 2014).

Sufficient capital needed to stay in business is often unavailable to SMEs in Nigeria, and they are often forced to close shops because they are not able to access the necessary funds (Adebisi & Olayinka, 2013; Gbandi & Amissah, 2014). Banks find it challenging to cover the high costs of credit associated with lending to SMEs because of the weak capital base, poor financial records of SMEs, and market competition (Adebisi & Olayinka, 2013; Vasilescu, 2014).

Background of the Problem

The government of Nigeria established policies to support financing SMEs because the SMEs will contribute to economic growth of the country (Adedayo, Ojo, & Toluwalope, 2016; Gbandi & Amissah, 2014; Tende, 2014). Banks in Nigeria have the same criteria for funding SMEs; however, the banks provide funding based on collaterals (Onakoya, Fasanya, & Abdulrahaman, 2013). SMEs with 5M Naira in capital can have access to bank financing in Nigeria (Gbandi & Amissah, 2014). Bank lending is the primary source of external finance to SMEs; however, banks determine the limit of a funding offer to an SME after assessing capital base and collateral (Onakoya et al., 2013). The SME sector continues to fall short of expectation in contributing to Nigeria's economic development (Gbandi & Amissah, 2014). Capital market imperfections, private placements, domestic banking, and strict supervision restrict access to funding by SMEs (Adebisi & Olayinka, 2013).

At the early stage of SMEs' investments, angel investors, bootstrapping, and venture capitals (VC) finance provide individual investors a variety of capital portfolios (Sambajee & Dhomun, 2015). For instance, Maldivian SMEs use various approaches of bootstrapping to sustain existing investments and start-ups (Sambajee & Dhomun, 2015). Angel investors and VC businesses usually meet face-to-face with initiators of SMEs who seek sponsorship, and conduct a due diligence assessment of the potential success of the venture before investing in the project (Agrawal, Catalini, & Goldfarb, 2016). Funding through informal sources facilitate access to liquidity; however, sources from the banking sector are often difficult to obtain (Agrawal et al., 2016). Banks traditionally ignore SMEs in developing countries because of the risk and limited nature of investment (Hishigsuren, Spahr, Estevez, & Magnoni, 2014).

Problem Statement

SMEs in Nigeria have limited access to short-term credit from banks because of the absence of collateral security, poor record keeping, poor creditworthiness, and inadequate project proposals (Abe, 2015). The Nigerian banking regulations require banks to use 10% of their pretax earnings to fund SMEs (Tende, 2014). The general business problem is that the lack of bank credit negatively affects some SME business leaders, which hampers SMEs' growth and development in Nigeria (Abe, 2015; Ugoani & Dike, 2013). The specific business problem is that some SME leaders are unaware of the sources of funds necessary for the growth and development of their businesses (Gbandi & Amissah, 2014).

Purpose Statement

The purpose of this qualitative multiple case study was to explore the sources of funds necessary for the growth and development of SMEs in Nigeria. The target population for this study was three SME leaders from the oil and gas industry. One participant leads an SME with a capitalization between N5 million and N100 million, one leads an SME with a capitalization of between N100 and N300 million, and one leads an

SME with between N300 million and N500 million. The selected geographic locations of Abuja, Lagos, and Kano have a broad range of SMEs providing essential transporting petroleum product transporting services in Nigeria. The outcome of this study may influence monetary and financial policy decision makers in Nigeria to create an enabling environment for SMEs to access credit for development, which can help alleviate financial problems and contribute to employment, especially of young people.

Nature of the Study

There are three research methods: qualitative, quantitative, and mixed methods (Heyvaert, Hannes, Maes, & Onghena, 2013). Qualitative research involves the use of different sources of information collected through interviews, questionnaires, observations, and diaries (Bazeley, 2015; Lawrence & Tar, 2013). The quantitative method involves the use of numerical data, theoretical concepts, and cross-referenced relationship (Kihn & Ihantola, 2015). The quantitative approach was not appropriate for this study because it cannot be used to address *why* and *how* questions (Frels & Onwuegbuzie, 2013; Yin, 2014).

The qualitative research approach enables researchers to understand participant's view and explore events and processes in a specified context or case (Yu, Abdullah, & Saat, 2014). The mixed method involves the use of quantitative and qualitative data in the same study (Agerfalk, 2013; Bazeley, 2015; Brown & Bala, 2013; Venkatesh, Brown & Bala, 2013). A mixed method is demanding, time intensive, and requires considerable resources (Agerfalk, 2013; Brown & Bala, 2013). A mixed method was not feasible for the duration of this study.

Researchers using the qualitative method choose among different qualitative designs that include case study, phenomenology, grounded theory, ethnography, and narrative (Lawrence & Tar, 2013; Yin, 2014). Ethnography usually requires longer periods in the field and emphasizes observational evidence (Yin, 2014), which was not suitable for this study. The grounded theory approach is a systematic inductive approach to data collection and analysis where theory emerges from the data, while narrative study emphasizes stories told by individuals (Yin, 2014). The grounded approach was not suitable because the study was not about establishing a theory. Narrative researchers collect descriptions of happenings and configure the data into a story (Bazeley, 2015). The narrative approach was not suitable for this study because the study was not about collecting data on happenings to narrate a story.

The case study was appropriate for this study because the case study enables researchers to focus on contemporary single or multiple events (Yin, 2014). The choice of a multiple case study design was suitable for this study because it involves understanding in-depth opinions, interests, and predispositions, of participants at different geographic locations (Frels & Onwuegbuzie, 2013; Yin, 2014; Zhou & Nunes, 2013). Researchers use the multiple case study to address the questions of *what*, *how*, and *why* (Yin, 2014).

Research Question

What sources of funds do SMEs leaders use to grow and develop their businesses?

Interview Questions

1. What are the sources of business funds available to SMEs?
2. What are the conditions guiding lending to SMEs?
3. Who are the key players in the SME loan market?
4. Why are there constraints in accessing finance by SMEs?
5. How can SME leaders facilitate their access to finance from commercial banks?
6. What additional information, processes, procedures, or documentation relating to SMEs' fundraising can you share with me?

Conceptual Framework

The conceptual framework for this study centers around the pecking order theory, as developed by Myers Majluf (1984). The authors of the pecking order theory attribute the concept to information asymmetry (Adair & Adaskou, 2015; Kozarevic, Jukan, & Softic 2015). According to Dutter (2013) and Kozarevic et al. (2015), business leaders adopt a financial policy aimed at minimizing the costs associated with the disclosure and accessibility of information in the financial market for investors. The decisions in the selection of capital by investors start with internal financing followed by external (Kozarevic et al., 2015). The authors of the pecking order theory asserted that firms favor internally generated resources over the external capital, followed by debt, and equity in financing decision of business activities (Akorsu, 2014; Kozarevic et al., 2015; Miettinen & Virtanen, 2013).

The problem of lack of access to resources by SMEs is mainly the consequence of a lack of information transparency (Aabi, 2014). The growing interest of banks in the SME sector centers on the importance of SME contributions to the economies of most countries (Kozarevic et al., 2015; Obaji & Olugu, 2014). SMEs seem to adapt their financial policy to the principles of the pecking order approach; however, firms could also use a design-borrowing ratio to manage their financial strategy (Adair & Adaskou, 2015; Akorsu, 2014). Lack of financial reporting creates a scenario of information asymmetry between banks and the borrowing firms (Adair & Adaskou, 2015). The pecking order theory may contribute to new understandings of the dynamics involved in finance sourcing for SMEs by banks and VCs looking for favorable investment opportunities.

Operational Definitions

Business angel: Business angels are sources of external funding from wealthy individuals with extensive business experience who invest directly in high success SMEs (Abdulsaleh & Worthington, 2013; Adebisi & Olayinka, 2013).

Capital constraints: Capital constraints are the inability of a business or company with limited cash to fund required investments (Gorodnichenko & Schnitze, 2013).

Design-borrowing ratio: The design-borrowing ratio is the proportion to which businesses use debt, equity, and alternative financing (Nițescu, 2015). While choosing the percentage of investment, SME leaders reflect on the appropriate funding, the amount necessary for the fund accessibility, use for the money, business environment, and contractual conditions (Nițescu, 2015).

Equity financing: Equity financing is capital acquired by small business owners and investors as a preferred source of debt for funding business SMEs (Vasilescu, 2014).

Information asymmetry: Information asymmetry means that those providing the financial services do not have as much of information on the financial position of the firm providing services (Zagaglia, 2013).

SMEs finances: SMEs finances are the various sources of funding available to SMEs' business operations. The sources comprise private and external sources (Abdulsaleh & Worthington, 2013).

Small and medium enterprise (SME): The definitions differ between countries in regard to the capital base, turnover, and the number of employees (Govori, 2013). The World Bank describes SMEs as enterprises with a maximum of 300 employees, $15 million in annual income, and $15 million in assets (Govori, 2013). The Federal Ministry of Industries in Nigeria defined SMEs as businesses with an asset base of between 5 million Naira and 500 million Naira, and a labor force of not more than 300 individuals (Central Bank of Nigeria, 2014).

Venture capital: Venture capital is a source of funds from investors investing in high-risk, informationally cloudy firms (Abdulsaleh & Worthington, 2013; Vasilescu, 2014).

Assumptions, Limitations, and Delimitations

Assumptions

Assumptions in research are factors that potentially influence the research but may not be within the control of the researcher (Anney, 2014). As a researcher, I assumed that the sample chosen was representative of the population and thus appropriate for making interpretations. I assumed that the sample size of three SMEs leaders would be sufficient to obtain enough information to complete the case study (Anney, 2014). In assuming that the members would provide reliable answers, I clarified to the participants how I would preserve their confidentiality and privacy (see Kuha & Jackson, 2014). Further, I assumed that participant responses would be reliable; however, participants may choose not to be honest if they fear that the information may not be confidential.

Limitations

Limitations are potential flaws and influences that are not within the control of the researcher (Kemparaj & Chavan, 2013). Because I used a convenience sample, which is different from a random sample, the outcomes of this study may not be applicable to a wider population (see Kemparaj & Chavan, 2013). I identified enough SMEs leaders who discuss their sources and problems of accessing funds, however, the sample size was small and may not provide objective views of SME leaders in the country. Further, the result cannot be a representation of all SMEs and banks in Nigeria because of my selection of only three geographic areas: Abuja, Kano, and Lagos. Time was also a limitation to the study. The period of this study was a snapshot, reliant on conditions occurring during the research (Kemparaj & Chavan, 2013).

Delimitations

Delimitations are the limiting parameters of a study, which are in the control of the researcher (Kemparaj & Chavan, 2013). Delimitations include the choice of objectives, the research questions, theoretical perspectives of the researcher, and the population under investigation (Kemparaj & Chavan, 2013). I limited the sample size to three SME leaders operating in Abuja, Kano, and Lagos, in the oil and gas industry. I gathered data by interviewing business leaders and triangulating that interview data with additional documents the participants provided. The case study design was also a delimitation because the source of the data was through interviewing three SME leaders.

Significance of the Study

This study may help with understanding the sources of financing for SMEs in Nigeria; these sources can determine the success of SMEs that positively influence economic growth (Aminu & Shariff, 2014; M. Ibrahim & Ibrahim, 2015). This study may enable policy makers to understand the financing conditions experienced by SMEs in the process of accessing funds from commercial banks in Nigeria. Other sources of financing available to SMEs in Nigeria included state and federal government-assisted financing institutions (Ibrahim & Shariff, 2016; M. Ibrahim & Ibrahim, 2015). Results of this research may influence the business community, government, and financial institutions of the need for cooperation in seeking funding sources for SMEs. The collaboration of all parties could promote SME economic growth. Finally, the findings of this study may contribute to the existing body of literature on sources of financing for SMEs that they can use for development and growth.

Contribution to Business Practice

A practitioner can apply knowledge gained from a doctoral research project to make informed decisions in an organization. I work in a government agency where the knowledge that may emerge from this study will have the potential to influence decision-making. The findings may contribute to business practice by prompting further studies on financing SMEs, which ultimately may bolster the financial strength of SMEs. These future studies may show how SMEs can improve on strategies to access financing by improving on their financial record keeping. The findings may influence SME leaders identify financing strategies they do not use. Ultimately, the findings may influence monetary policy and decision makers to promote financing of SMEs in Nigeria. I will share the summary of the results of the research with the research participants.

Implications for Social Change

The success of SMEs will contribute to economic growth that will bring about social change in the community, specifically the growing economy of Nigeria. SME success can improve economic conditions in emerging countries by encouraging innovation, growing GDP, and reducing unemployment (Aminu & Shariff, 2014; Govori, 2013). Reducing unemployment will have a positive social impact on positive social change in the community through employing youths, thereby easing poverty in poor households and leading to a more secure society (Aminu & Shariff, 2014; Ufot, Reuben, & Michael, 2014). SME leaders who are successful in accessing financing can provide employment opportunities, goods, and services to their communities (Ufot et al., 2014). Policy efforts directed at SMEs often work from the premise that SMEs are engines of improvement and development (Aminu & Shariff, 2015; Beck, 2013).

A Review of the Professional and Academic Literature

The following literature review includes a synthesis of various studies regarding sources of financing for SMEs, with relevant theories. Search terms included *small and medium enterprise, the concept of finance in SMEs, business angels, equity financing, venture capital, capital structure theories,* and *sources of finance*. I used those words to search academic databases in the Walden University Library. The databases included Business and Management databases, ProQuest, Business Source Complete, Google Scholar, and EBSCOhost.

The literature reviewed included 248 references, 237 (96%) of which are peer-reviewed articles published in the last 5 years (i.e., all articles were peer-reviewed and published between 2013 and 2017). Though the available literature appears abundant on the topic, my focus was on understanding the perceptions and experiences of SMEs on sources of the financing business. The evidence in this literature review provided an overview of sources financing for SMEs. The information in the literature review also gave an overview of business finance theories.

Relevant Theories

The authors of the pecking order theory, capital structure theory, and trade-off theory acknowledged the concepts of cost-effectiveness, size, liquidity, and market ratio elements of capital structure of businesses (Zhang & Mirza, 2015). Pecking order theory addresses the order in which an organization seeks funding, starting with internal sources, then debt, and then equity (Aabi, 2014). The problems of access to finance is a priority area of concern and can hamper the survival and growth of the SME sector (Ibrahim & Shariff, 2016; M. Ibrahim & Ibrahim, 2015).

Capital structure theory proponents explained how firms finance investments using different sources of funds, such as short-term debts, long-term debts, common stock, and preferred equity (Daskalakis, Eriotis, Thanou, & Vasiliou, 2014). The SMEs can apply the capital structure theories suggestions for their investment portfolios (Daskalakis et al., 2014). Although the capital structure theory focuses on large businesses and some of the determinants have little or no effect on SMEs, the theoretical arguments that postulate the relationships between debt ratio as the dependent variable of profitability, asset structure, size, and growth could be relevant to SMEs (Daskalakis et al., 2014). The hypothesis initiated by Myers (1984) and developed by Myers and Majluf (1984), indicated that profitability would negatively relate to debt, which aligns with the pecking order theory (Daskalakis et al., 2014). The asset components of any firm are of major importance in accessing debt financing (Daskalakis et al., 2014). Consequently, companies with more real assets will have better access to bank credit, and eventually, use more debts (Daskalakis et al., 2014).

Pecking Order Theory

The pecking order theory served as the underlying theory that I used to reflect on the sourcing of funds by SMEs in Nigeria. Proponents of the pecking order theory contend that managers prefer financing from retained earnings, followed by debt, and then equity (Serrasqueiro, Nunes, & Armada, 2016). The proponents of the pecking order theory specified funding demands are within the limits of the accessibility of funds because the accessibility of funds is governed by different amount of information asymmetry and related agency costs included in the various sources of finance (Serrasqueiro et al., 2016). Pecking order theory became one of the most influential theories of corporate capital structure, followed by agency theory, information asymmetry, and signaling theory (Degryse, Goeij, & Kappert, 2013; Serrasqueiro et al., 2016).

SMEs seem to adjust their investment plans to the principles of the pecking order approach and could use a form of borrowing ratio to achieve their funding policy, as maintained by the trade-off theory (Chimucheka & Mandipaka, 2015). Variations in debt are not the immediate goal of firms to reach an optimal level of debt (Serrasqueiro et al., 2016). The desire to reach an optimal standard of debt is the outcome of external financing requirements because when private funds are insufficient, firms prefer debt to external equity (Serrasqueiro et al., 2016).

Capital Structure Theory

Modigliani and Miller (1958), propounded the capital structure theory, in the field of investment, where the capital structure represents the mix of debt and equity used by firms to finance long-term investment. Debt is the component of capital loaned by other parties or investors and subject to repayment (Serrasqueiro et al., 2016). Serrasqueiro et al. (2016) examined the capital structure decisions of high-tech SMEs and non-high-tech SMEs in Portugal. The outcome of the study revealed that information asymmetry has an impact on the relationships between SMEs and creditors on capital structure decisions of service and manufacturing SMEs (Serrasqueiro et al., 2016). Small businesses rely on internal sources for financing business projects (Daskalakis et al., 2014; Foo, Jamal, Karim, & Ulum, 2015; Serrasqueiro et al., 2016). The internal sources of funding constrain SMEs' ability to finance big projects (Daskalakis et al., 2014). The capital structure theory led the most dominant discourse in corporate finance (Foo et al., 2015; Serrasqueiro et al., 2016). Modigliani and Miller (1958) set the stage for succeeding scholars on investment choices where current markets are immaterial (Serrasqueiro et al., 2016). The capital structure theory led to vigorous debates in areas of corporate finance and academics (Serrasqueiro et al., 2016).

Despite the diversity of the capital structure literature, relatively few scholars have explored the financing decisions of SMEs (Foo et al., 2015; Serrasqueiro et al., 2016). Most of these researchers have ignored the uniqueness of SMEs, which represent most of activities contributing to gross domestic product (GDP) and employment in most countries (Foo et al., 2015). One possible explanation for the limited research is that SME data are often insufficient and sometimes inaccurate because of private ownership, and owners may not disclose information (Foo et al., 2015; Serrasqueiro et al., 2016). The proponents of the capital structure theory simplified the procedure for companies but did not adequately describe the opportunities available to small businesses, thereby offering limited advice on capital choices to small enterprises (Foo et al., 2015; Serrasqueiro et al., 2016).

Tradeoff Theory

Scholars who developed the tradeoff theory (TOT) have proposed that firms supported by both equities and debts deal with two fundamental concepts of financial and agency costs (Aabi, 2014; Serrasqueiro et al., 2016). According to the TOT, financial leadership consists mainly of maximizing investors' equity by increasing the market value of the company (Aabi, 2014; Serrasqueiro et al., 2016). Proponents of the TOT have suggested that an optimal capital structure maximizes the value of the firm by balancing the prices and benefits of an additional unit of debt (Ghazouani, 2013; Serrasqueiro et al., 2016). In tradeoff theory, the interests of agents are dependable and valuable to the leader (Aabi, 2014). Firms achieve an optimal level of debt by balancing the benefits and costs of debt (Serrasqueiro et al., 2016).

The problems of lack of access to resources by SMEs are mainly the effect of lack of informational transparency (Aabi, 2014). The lack of information transparency on the part of SMEs creates difficulty for external agents to identify their financial circumstances (Aabi, 2014). The information distortion, which characterizes the relationship between banks and SMEs, leads to exposure to credit control (Aabi, 2014). There are conflicts of interest between the various parties involved in financing and borrowing (Aabi, 2014). SMEs have difficulty accessing credit, and the key constraint players are credit institutions (Aabi, 2014).

Sources of Funds for SMEs

According to Abdulsaleh and Worthington (2013), financing approaches sourced by SMEs diverge from original private sources of the owner and manager's savings and retained earnings. Other sources included financial support from family and associates, trade credit, VC, and angel investors (Abdulsaleh & Worthington, 2013; Adebisi & Olayinka, 2013; Ibrahim & Shariff, 2016; M. Ibrahim & Ibrahim, 2015). The external sources included banks, commercial institutions, and securities markets (Abdulsaleh & Worthington, 2013). According to the economic growth cycle model, business requirements and the investment decisions available to SMEs changes through the various stages of the business development cycle (Abdulsaleh & Worthington, 2013; Ibrahim & Shariff 2016).

Fatoki (2014) examined the traditional and innovative financing options available to new SMEs in South Africa. The analysis included the traditional sources of capital equity and debt such as business angels, venture capitalists, commercial banks, trade credit, and government agencies (Fatoki, 2014). Several challenges and barriers, including lack of external finance, prevented the creation of new SMEs and increased failure rates of surviving SMEs in South Africa (Fatoki, 2014). Access to funding is one of the fundamental constraints on new SMEs in South Africa (Fatoki, 2014). Fatoki found that SMEs had limited access to external finance despite the existence of various financial market sources of equity and debt to new SMEs. Fatoki suggested that one of the innovative ways to increase access to finance for SMEs is through crowd funding with the support of a government regulatory environment.

Golić (2014) examined crowd funding as an alternative means of financing SMEs. Crowd funding is a pioneering and somewhat new idea of sourcing funds through the internet that links entrepreneurs and investors (Golić, 2014; Fatoki, 2013). Entrepreneurs can collect funds through the internet, by way of open invitation, to finance business ventures from relatively small offerings of a relatively large number of investors (Golić, 2014). Golić examined the expansive collection of opportunities that crowdfunding provided, which could benefit the wider socio-political community and the potential crowdfunding customers like SMEs. SMEs suffered the significant impact of the global financial crisis in 2008 (Golić, 2014). Golić observed that the banks did not provide enough funding under sufficiently and acceptable terms to finance SMEs in developing countries. The macroeconomic uncertainty in developing countries did not encourage banks to grant credit to SMEs (Fatoki, 2014; Golić, 2014). Golić concluded that crowd funding was an alternative source of financing SMEs more reachable than the banks and capital markets.

Investment decisions of SMEs differ across countries (Golić, 2014). The financing classification options of SMEs vary from small to large companies (Golić, 2014). Crowdfunding is another means of financing SMEs (Golić, 2014). Golić revealed that large enterprises differed significantly from SMEs in their funding decisions because financial information on large firms was readily available for investors. In the case of SMEs, there was the lack of information and investors could not determine the risk involved in investing with SMEs (Golić, 2014). The range of financing sources available to SMEs included private funds, retained earnings, and debt capital (Golić, 2014).

Luu and Nguyen (2013) investigated factors that affected SMEs' business financing strategies for new investment projects that included banking sector and informal credit sources in Vietnam. Luu and Nguyen analyzed a sample of about 2200 SMEs with 7900 observations from the manufacturing sector in Vietnam for the period 2005, 2007, and 2009. The objective was to examine the financing formation of the new business ventures. After enactment of the Enterprise Law in Vietnam, SMEs developed rapidly in numbers and operations, with significant contributions to the country's economy (Luu & Nguyen, 2013). The mode of collection of funds by SMEs proprietorship, proper bookkeeping, and firm size determined their credit mix (Luu & Nguyen, 2013). The findings provided insight into the current supply and demand variance in the capital market in Vietnam, and the authors identified the need to establish programs in support of SMEs (Luu & Nguyen, 2013).

Briozzo and Vigier (2014) examined the use of personal loans in funding SMEs in Bahia Blanca, Argentina. Lending to SMEs increased by 30% between 2005 and 2006 (Briozzo & Vigier, 2014). The dependence on bank loans represented a barrier to the growth of SMEs, predominantly given a small percentage of funds allocated to such enterprises in Argentina (Briozzo & Vigier, 2014). The use of personal loan was a partial solution to the demand for credit, which remained disappointing by the traditional financial sector (Briozzo & Vigier, 2014). Mature companies, businesses with unpredictable growth, new owners, and owners with emotional costs associated with the liquidation, were less likely to use personal loans to financing business operations (Briozzo & Vigier, 2014). Briozzo and Vigier concluded that the owner's private loans invested in the small business created a form of equity while loans held by the enterprise function represented part of the firm's debt. The variation also affected the method, which the owner assessed the company's financial risk compared to the owner's financial risk (Briozzo & Vigier, 2014).

Kozarevic et al. (2015) examined the degree of SME banking development with the emphasis on drivers and obstacles to banks involvement with SMEs in Bosnia and Herzegovina (BH). Banks began to seek for solutions to the challenges of the high credit risk of the SME sector (Kozarevic et al., 2015). The main findings indicated that the SMEs sector is a strategic area for banks to invest by granting credit to SMEs (Gbandi &

Amissah, 2014; Kozarevic et al., 2015). The ratio of SME loans to total corporate loans fluctuated between 7% and 85%, with an average of 38% (Kozarevic et al., 2015). Further to the granting of loans, banks offered wide ranges of different financial services to SMEs that compensated for the higher risks of the segment (Kozarevic et al., 2015).

Gbandi and Amissah (2014) studied the business financing of SMEs in Nigeria, taking into consideration the importance of microfinance banks, cooperatives, and commercial banks in Nigeria. The sources of investment finance for SMEs in Nigeria included proprietor's savings, moneylenders, and local authorities. The formal investment sector included equity financing through VC and business angels (Gbandi & Amissah, 2014). The informal finance sector (IFS) provided more than 70% of the funds needed by SMEs (Gbandi & Amissah, 2014).

Financing for SMEs is crucial to the economic growth of Nigeria (Gbandi & Amissah, 2014; Ilegbinosa & Jumbo, 2015). SMEs in Nigeria face difficulty in accessing bank credits and other commercial agencies (Gulani & Usman, 2013; Ilegbinosa & Jumbo, 2015). Banks found it harder to deal with SMEs in comparison to other clients because of the high risks and lack of information associated with SMEs (Kozarević et al., 2015). Access to operational funds such as credit finance, labor, and technology were significant problems faced by SMEs (Gulani & Usman, 2013). Financing for SMEs usually comes from individual savings, family, and associates, while credits from banks and other commercial institutions hardly occur (Gulani & Usman, 2013; Ilegbinosa & Jumbo, 2015).

Small businesses in Greece depended on private funds and did not create additional capital from sources outside the family (Daskalakis, Jarvis, & Schizas, 2013). There was reluctance on the part of small businesses to use independent outside funds such as VC or business angels (Daskalakis et al., 2013). The level of financing SME in Albania increased; however, the increase was insufficient to promote a speedy development of the SME sector (Cela & Shkurti, 2013). The government of Albania introduced several measures relating to credit guarantee schemes in factoring SMEs to improving the investment environment for SME (Cela & Shkurti, 2013).

The Malaysian government advanced SMEs access to funding; with the interventions from Credit Guarantee Corporation (CGC) scheme, a limited private enterprise that facilitated guarantee credit to SMEs (Dang, 2015; Hussain, Bhuiyan, & Bakar, 2014; Ramlee & Berma, 2013). There was an inverse relationship of factoring with the level of debt to SMEs and the willingness of banks to lend (Cela & Shkurti, 2013). The factors included the higher the level of liability, the lower the availability of bank lending, with greater use of factoring (Cela & Shkurti, 2013; Hussain et al., 2014). Albanian SMEs needed liquidity and working capital while factoring will be a potential financial product available to the Albanian SMEs (Cela & Shkurti, 2013). SMEs in Malaysia, Thailand, and Indonesia indicated that the finance for SMEs was available; however, the bank funding was inaccessible to the SME (Dang, 2015; Ramlee & Berma, 2013).

Although SMEs need outside financing, however, few capital markets are available for the SMEs to access equity financing (Hussain et al., 2014). The lack of awareness on the rising cost of capital market on the part of owners and managers posed another challenge to the SMEs in accessing finance (Hussain et al., 2014). Credit scoring practice is essential for banks to distinguish financially weak SMEs from financially stable SMEs, regarding creditworthiness (Hussain et al., 2014; Vasilescu, 2014). The failure of banks to measure SME's risk profile resulted in limited resource allocations to SMEs (Hussain et al., 2014). In the event of a surplus demand for the bank credits, interest rates were more likely to increase to the banks' advantage (Hussain et al., 2014).

The internal sources of SMEs capital in China comprised of individual and family savings, reserved earnings, working capital, and disposal of fixed assets (Gudov, 2013). The external funding sources included established VC speculations, bank loans; initial public offering (IPOs) (Gudov, 2013; Vasilescu, 2014). The agreement between sources of financing and small start-up businesses was predominantly individual and family savings (Gudov, 2013; Vasilescu, 2014). Meanwhile, the percentage of business angels' investment was low, compared to innovation-driven countries (Gudov, 2013).

Kerr, Lerner, and Schoar (2014) investigated the consequences of financing for start-up ventures by angel financiers. Angel investment represented an economically driven activity, engaged by individuals who often invest to meet the capital demands of small businesses (Kerr et al., 2014). Angel investors invest in high-net-worth individuals and private startup companies (Kerr et al., 2014). Angel investors invest in high-net-worth individuals and private startup companies (Kerr et al., 2014). Angel investors pool resources collectively and create more substantial investments than when they could have had an independent investment (Kerr et al., 2014).

Hishigsuren et al. (2014) examined the financial impact on microfinance institutions (MFIs) concerning serving very small enterprises (VSEs) in Latin American Countries (LAC). Hishigsuren et al. (2014) used the Inter-American Development Bank's (IDB) definition of small enterprises (SEs) as those needing \$10,000–150,000 in funding while micro enterprises as those demanding less than \$10,000 in the financing. Increase access to financing SMEs became an important goal for many governments and development agencies because SMEs are the potential drivers of economic growth and employment generation (Hishigsuren et al., 2014; Moscalu, 2015). Banks traditionally ignored SMEs in developing countries because of the limited nature of investment (Hishigsuren et al., 2014). Moscalu (2015) examined the integration of banking and stock Euro markets based on quantities and price-based measures. The financial integration in the Euro area positively influenced SMEs' access to debt finance (Moscalu, 2015). Cross-border lending by microfinance institutions in the Euro zone positively correlated with the evolution of SMEs' debt ratio (Moscalu, 2015; Vermoesen et al., 2013; Wehinger, 2014).

Banks regard SMEs as too risky and expensive to give loans (Hishigsuren et al., 2014). Banks began to identify prospective viable SMEs to grant credit (Hishigsuren et al., 2014). Notwithstanding the intention of banks to give loans to SMEs, only a portion of SMEs had access to the loans from banks (Abdulsaleh & Worthington, 2013; Hishigsuren et al., 2014). Most MFIs in LAC had challenges offering low-interest rates loans to subtle price VSEs and had trouble contending with banks, with lower financing cost structures (Hishigsuren et al., 2014).

Yildirim, Akci, and Eksi (2013) examined firm characteristics that influence accessibility to loans with a sample of 970 SMEs that operated across nine provinces of Mediterranean and South-East Anatolia regions of Turkey. Insufficient equity, working capital, difficulty accessing credit financing, and rising cost of issuing stocks in financial markets, were among the financial constraints faced by SMEs in Turkey (Yildirim et al., 2013). Yildirim et al. revealed a lack of secure credit history information, poor legal, and institutional framework on the part of business managers in developing economies, hamper access to finance. Only a small proportion of the SMEs in Turkey could generate high earnings adequate to appeal to VC, private equity, or new forms of capital (Yildirim et al., 2013). Yildirim et al. suggested a sustainable economic growth, through the banking sector collaboration with the real economy sector, to provide SMEs, the much-needed funds and at minimal costs.

SME mutual bond was a key improvement that delivered new funding network for SMEs in China (Yang, Li, & Bai, 2014). The mutual bonds market played a significant part encouraging everyday financing for SMEs (Yang et al., 2014). The findings indicated that the cause of inefficient funding to SMEs was the loss of confidence in the value of assets, and a high degree of information asymmetry (Yang et al., 2014). The mutual bond market had a guarantee credit effect for sourcing internally and externally (Yang et al., 2014). Narteh (2013) examined the SMEs capital decision and risk behavior in the banking industry in Ghana. Narteh evaluated 503 SMEs by randomly selecting from a database of National Board for Small Scale Industries in Ghana. Market competition, credit availability, service standards, staff characteristics, and bank characteristics were the determinants of SME capital choice (Narteh, 2013).

Narteh (2013) noted that loans and overdrafts, cash collection, transfers, bank securities, advisory services, and training were among the essential services benefited by the SMEs. Africa's SMEs enabled economic growth and development; however, the fundamental constraint to the SME growth and development was a lack of access to capital from the banking sector and the capital markets (Yeboah & Koffie, 2016). SMEs mostly relied on short-term financing options, which included overdrafts, bank loans, and other lines of credit (Yeboah & Koffie, 2016). There is a need for further studies on Nigeria SMEs' experience on funding practices by commercial banks.

Gana (2013) examined the influence of social relationships on SME's access to bank credit and charges, based on the theories of monetary intermediation and social connections. Gana used data from 300 Tunisian SMEs to obtain evidence on credit relationships with funding banks during 2008. Banks issued credits to SMEs with high-interest rates because of information asymmetry (Gana, 2013). To decrease the cost of borrowing, the SMEs relied on the individual relationship with their bankers (Gana, 2013). The proposition of social theory revealed that the social relationships encourage the flow of information between parties (Gana, 2013). The power of social relations is only in the period of the social relationship between the SME owner and banker (Gana, 2013).

External sources of funds for SMEs comprise funds from associates, families, employers, and coworkers (Barlas, 2014; Bloodgood, 2013). Startup firms can also access loans from banks and other monetary institutions; backed by an asset, such as land, machinery, with agreements on repayments and in the event of default, the banks would sell off the properties (Osano & Languitone, 2016). Other sources of capital include bank credit, credit from suppliers, VC, and funding from government agencies such as the US Small Business Administration (SBA; Osano & Languitone, 2016). Crowd-funding is a way for start-ups and small enterprises to raise funds in comparatively small contributions without issuing stock (Barlas, 2014; Bloodgood, 2013).

Bains, Wooder, and Guzman (2014) examined VC funding patterns of biotechnology corporations, from which a startup today may require little VC funding. Venture capital funding led SMEs to conclude that the era of biotech start-ups funding was over outside the USA (Bains et al., 2014). The company's financial records showed adoption of economic models based on angel investment, grants, and revenue, moving away from business models that needed substantial investment (Bains et al., 2014). The VC virtually fled from backing up new companies of biotech start-ups in Europe, particularly in the UK (Bains et al., 2014). The trend of flight of VC could increase because internet-mediated angel investing, such as crowd-funding arrangements explored other sectors as evolving force in the next decade (Bains et al., 2014).

Firms assembled ideas from customers for transformation and integration into the early stages of the innovation process (Guardo & Castriotta, 2014). Guardo and Castriotta (2014) examined three crowdsourcing models: contest, collaborative, and moderated. In an open innovation paradigm, small firms could use internal and external concepts during the innovation development (Guardo & Castriotta, 2014). Explanations for the increased importance of markets for technologies were emerging in various industries while the need for crowdsourcing is evolving (Guardo & Castriotta, 2014).

The survey of SBA of 2003 indicated security increase to lenders by 90% (Geho & Frakes, 2013). Elimination of fees encouraged SMEs interest to borrow and banks interest in lending to SMEs (Geho & Frakes, 2013). Access to capital with highly attractive terms and the environment created demand for funds by a small business community (Geho & Frakes, 2013; Krishnan, Nandy, & Puri, 2014). South Africa adopted business incubation as one vehicle for upgrading the SMME sector (Masutha & Rogerson, 2014). Masutha and Rogerson noted that 67% of mainstream SMMEs leaders financed their start-up businesses from private or family savings, while 33% funded through bank credits. Masutha and Rogerson also noted that 90% of the SME entrepreneurs reluctantly joined the incubation program (Masutha & Rogerson, 2014). The World Bank account reported that 15% of the small business in Malawi used bank financing, which was higher than the 10% of firms using bank funding in the Sub-Saharan Africa (L. R. Caceres & Caceres, 2015; Mulaga, 2013).

Hoque, Sultana, and Thalil (2016) examined the credit rationing of SMEs in the city of Chittagong, Bangladesh using a sample of 200 SMEs. The Bangladesh government established an SME Foundation (SMEF) in 2007, to support in promoting the financing of SMEs to grow to their full potential (Hoque et al., 2016). The Central Bank of Bangladesh encourages lending to SMEs through a refinancing window for business directly involved in the SME sector (Hoque et al., 2016). The outcome of the study revealed that 89 % of the SMEs obtained loans from microfinance institutions, while 60 % obtained credits from the banks, and 48 % obtained less than desired to obtain (Hoque et al., 2016).

Taiwo, Yewande, Edwin, and Benson (2016) explored the roles of microfinance banks on SMEs and the benefit derived from the credit scheme of microfinance banks. Taiwo et al. (2016) interviewed 15 SMEs leaders across Lagos state in Nigeria. Taiwo et al. indicated that the recapitalization of microfinance banks in Nigeria would improve the capacity to granting credit to SME for growth and development. Hoque et al. (2016) noted that improving the accessibility of credit facility to SMEs was significant to the development of SMEs in Bangladesh. Taiwo et al. recommended that the government of Nigeria should encourage microfinance banks and other, monetary institution to support the SMEs in Nigeria.

Erdoğan (2015) examined firm-level determinants of the funding sources and structure of operational funds of Turkish SMEs (Erdoğan, 2015). Erdoğan used a cross-sectional data set of 1,278 SMEs for the year 2013. Larger firms and businesses with international standard quality certification had a lower proportion of working capital from internal sources (Erdoğan, 2015). Adel, Tarek, Affes, and Jarboui (2016) examined VC as a source of financing SMEs in Tunisia. Tunisia created an Investment Company with VC called SICARs. The motivation for VC financing was because new businesses often found it difficult to obtain loans from commercial banks (Abe, 2015; Abdulazeez, Suleiman, & Yahaya, 2016; Adel et al., 2015; Bomyr & Wabo, 2015; Oke & Aluko, 2015).

Popa and Ciobanu (2014) examined the financial factors that affected the functionality and profitability of SMEs in Romania, taking into consideration the financial indicators from 2009 to 2012 on investment capital and profitability. The SMEs contributed significantly to the developments of the SME sector and the economy, which characterized about 99% of all businesses in Romania, provided around 50% of GDP, and approximately 65% of employment (Neagu, 2016; Popa & Ciobanu, 2014). Kumar and Rao (2015) examined the funding preferences of SMEs and what influences the financing decisions of SMEs in India. The inadequate finance faced by SMEs was a result of demand and supply gap (Kumar & Rao, 2015). There was also a lack of information on the accessibility to sources of finance and the unwillingness of financial institutions to provide SMEs with funding (Kumar & Rao, 2015). Kumar and Rao proposed a conceptual framework that could analyze the financing preferences of SMEs, through incorporating the fundamentals of capital structure theories elements.

Yazdanfar and Öhman (2015) examined the correlation between debt degree and performance among Swedish SMEs. Debt policy influences firm performance, firm value, and survival; therefore, SME owners should have an emphasis on finding a reasonable debt level (Yazdanfar & Öhman, 2015). The population sample comprised active unlisted, non-financial limited liability firms with fewer than 200 employees in five industry sectors (Yazdanfar & Öhman, 2015). Trade credit (i.e., accounts payable), short-term debt, and long-term debt significantly and negatively affected SMEs' profitability (Yazdanfar & Öhman, 2015). Profitable SMEs were more likely to use equity capital and retained earnings than external funding in line with the pecking order theory (Mulaga, 2013; Yazdanfar & Öhman, 2015).

Moro, Fink, and Maresch (2015) examined the association between reduction in information asymmetry and provision of bank credit to SMEs. Moro et al. (2015) used 828 loan applications of SME managers to examine the relationships between 16 local cooperative banks and SMEs in northern and central Italy. Moro et al. (2015) and Serrasqueiro et al. (2016) noted that decrease in information asymmetry influenced access to credit by SMEs. Moro et al. pointed out that there was a positive relationship between the loan manager's assessment of the amount, quality, completeness, and the period of the receiving information from the SMEs on short-term credit, and the credit obtained by SMEs.

Kraemer-Eis and Passaris (2015) noted that after the financial crisis, SMEs became the focus of policymakers in the Euro area. The securitization of SME investment had the prospect of bridging the gap in funding needs and the availability of bank loans to SMEs (Kraemer-Eis & Passaris, 2015; Raju & Kurpad, 2013). The securitization allowed banks to partly offload SME credit risks and transfer the risks from their balance sheets to the capital markets (Kraemer-Eis & Passaris, 2015; Raju & Kurpad, 2013). The term SME securitization encompasses transactions founded on advances and leases to SMEs by banks and companies (Kraemer-Eis & Passaris, 2015; Raju & Kurpad, 2013). Kraemer-Eis and Passaris (2015) examined the importance of securitization in financing SMEs in Europe. Kraemer-Eis and Passaris (2015) noted that the European securitization market grew progressively in the preceding years until the outburst of the financial crisis in 2008. In the first three-quarters of 2014 overall SME securitization grew in Europe with France having a market share of 29%, UK 19%, the Netherlands 13%, Italy 9%, and Germany 9% (Kraemer-Eis & Passaris, 2015).

Vasilescu (2014) conducted an economic review on financing innovative SMEs in the EU after the financial crises of 2008. The financial crisis increased the financing gap for EU SME's financing (Cowling & Zhang, 2016; Moro et al., 2015; Vasilescu, 2014). Banks tightened lending principles throughout the financial crisis (Cowling & Zhang, 2016; Vasilescu, 2014). The European Commission created a single portal in 2013 termed Horizon 2020 to help alleviate the financial needs of innovative SMEs in the EU (Cowling & Zhang, 2016; Moscalu, 2015; Vasilescu, 2014). Even, though, bank financing was the leading source of capital for European SMEs, access to the bank loans deteriorated in recent years because of the current economic crisis (Jeger, Šarlija, & Bilandžić, 2016; Moro et al., 2015; Moscalu, 2015).

Hong and Zhou (2013) reviewed the policy of collateral provisions including guarantee fee rates, risk consortium; capital assurance requirements and supporting organizations in China. The findings indicated that only under certain conditions can third party's guarantee provisions tackle the financing problems of SMEs (Hong & Zhou, 2013). The most significant way was the efficient control by collateral agencies, primarily when the agency would benefit from the lending (Hong & Zhou, 2013).

Tende (2014) examined government strategies and programs encouraging entrepreneurship and investments in new businesses. Governments in developing countries introduced some strategies and interventions intended to promote entrepreneurship through SMEs expansion programs (Adedayo et al., 2016; K. G. Tan & Tan, 2014; Tende, 2014). Tende used a random sample of 1,159 beneficiaries of Entrepreneurship Development Programs (EDP) and National Directorate of Employment (NDE) programs to obtain information for 10 years, between 2001 and 2010. Successive Nigerian government established various agencies and policies, which included credit guidelines for credits and loans for banks to make available credits to Nigerian SMEs (Abdulazeez et al., 2016; Adedayo et al., 2016; Tende, 2014). The government credit policies had no significant effect on the development of entrepreneurial activities in the country (Tende, 2014). The EDP and NDE beneficiaries did not achieve maximum benefit from government programs and policies (Tende, 2014).

One of the priorities for economic development programs in developed and developing economies is considering the development of SMEs through establishing some economic support systems to financing SMEs (K. G. Tan & Tan, 2014; Lotfizadeh & Shamsi, 2015). Stimulating in the direction of an open and competitive economy requires evolving and supporting private sector initiatives like the SMEs (Lotfizadeh & Shamsi, 2015). Despite the history of SMEs as a promoter of economic development, Iran did not provide SMEs the full attention needed for growth (Lotfizadeh & Shamsi, 2015). SMEs accounted for more than 99% of Iran's enterprises (Lotfizadeh & Shamsi, 2015).

Xiang and Worthington (2015) examined the finance-seeking behavior and outcomes by Australian SMEs using firm-level panel data. The findings of the study indicated that business objectives significantly influence SME finance-seeking choices behavior. SMEs that focused on profitability or growth had a strong readiness to seek external funding (Xiang & Worthington, 2015). The pecking-order theory and not the trade-off theory better explained the financial behavior of SMEs in the study (Xiang & Worthington, 2015). Half of the respondents SMEs considered business viability as the key focus and driver of the funding decisions (Xiang & Worthington, 2015). Banks were unwilling to offer loans because the banks lost confidence in the abilities of the SMMEs managers to run their business and did not have collateral security (Chimucheka &

Mandipaka, 2015). The SMMEs pattern of funding investment followed the pecking order theory of Myers and Majluf (Chimucheka & Mandipaka, 2015). The SMME managers depended on private savings and funds obtained from family and associates as primary sources of funding (Bilal, Khan, & Akoorie, 2016; Chimucheka & Mandipaka, 2015).

The successive government in Nigeria, over the years, established various financing institutions, structured to provide assistance to SMEs to help in the development and growth of the SME sector (Afolabi, 2015; Obaji & Olugu, 2014). The institutions included the Nigerian Industrial Development Bank (NIDB), the Nigerian Bank of Commerce and Industry (NBCI), National Economic Reconstruction Fund (NERFUND), Nigerian Export-Import Bank (NEXIM), and the Peoples Bank of Nigeria (Afolabi, 2015; Obaji & Olugu, 2014). Other institutions included National Directorate of Employment (NDE), Industrial Development Coordinating Centre (IDCC), Community Banks, Family Economic Advancement Program (FEAP), and State Ministries of Industry SME schemes, the Nigerian Agricultural, and Cooperative Development Bank (NACDB), and Bank of Industry (BOI). However, the innovative success of developing nations depended on the financial policy behavior of government (K. G. Tan & Tan, 2014; Obaji & Olugu, 2014).

McCarthy, Oliver, and Verreynne (2015) examined the availability of finance as an essential instrument to SME's viability and growth in Australia. McCarthy et al. investigated two aspects of bank financing using a sample of 1,973 Australian SMEs.

McCarthy et al. compared the variables that explain why Australian SME leaders seek bank finance with those that strengthen bank credit rationing of loan requests. According to McCarthy et al., when credit-rationing exit, the demand for loans exceeds supply at the prevailing price. Credit rationing resulted in an application for loans by SMEs not honored, inability to get the full amount of loan applied for, or getting the amount applied for at a higher price (McCarthy et al., 2015). SMEs are inherently less transparent with information on financial data, thus creating a scenario of information asymmetry, for banks and therefore, less borrowing (McCarthy et al., 2015).

Kumar and Rao (2016) examined the extent of funding SMEs in India. Kumar and Rao (2016) obtained data from the financial statements of 1,524 SMEs provided by the database of Centre for Monitoring of Indian Economy through the period 2006-2013. The SMEs depended on short-term debt, and the most frequently used sources of finance included trade credit and bank loans (Kumar & Rao, 2016; Ogawa, Sterken, & Tokutsu, 2013). The financing condition of SMEs in India needs to improve, and SMEs should explore new avenues of funding designed to solve the problems of funding (Kumar & Rao, 2016; Raju & Kurpad, 2013).

Brian and Shingirayi (2014) examined the challenges faced by SMEs in Chitungwiza, Zimbabwe, using data from 2011-2012. The aim of the study was to establish how SMEs access loans from financial institutions, and the impact of government policies on SME strategies that could lead to the vibrant SMEs sector (Brian & Shingirayi, 2014). Brian and Shingirayi (2014) used descriptive case study survey to access information from a sample of 100 SMEs participants from Chitungwiza. Findings indicated that 53% of the respondents benefited from government policies such as black empowerment programs resulting in accessing loans from the Ministry of Small to Medium Scale Enterprises (Brian & Shingirayi, 2014). A further 47% of respondents indicated not benefitting from government policy on SMEs (Brian & Shingirayi, 2014). About 40% of the interviewees reported that they were self-financing their operations (Brian & Shingirayi, 2014). A further 34% reported accessing financial assistance from various financial institutions while the remaining 26% got support from families and friends (Brian & Shingirayi, 2014).

Quaye and Sarbah (2014) examined the diverse sources of finance to SMEs in Greater Accra Region of Ghana. Quaye and Sarbah reviewed the role of nonbanking commercial organizations such as Savings and Loan Company. The savings and loans companies were a reliable and alternative source of finance to SMEs in Greater Accra Region (Quaye & Sarbah, 2014). Quaye and Sarbah distributed 120 questionnaires to SME operators using a convenience sampling procedure of, which 100 responded. Nonbank financial institutions like savings and loan enterprises reflected on the neglect of SMEs' financial needs from banks, as an opportunity to serve the SME private sector businesses (Quaye & Sarbah, 2014).

Savings and loan companies face challenges lending to SMEs in Ghana, which included asymmetry of information, the unusual informal nature of business ownership, and a low level of managerial and financial literacy (Quaye & Sarbah, 2014). Quaye and

Sarbah (2014) recommended that savings and loan corporations should agree to other methods of collateral security apart from property collateral security, train operatives of SMEs on appropriate business practices and record keeping. Quaye and Sarbah suggested that SMEs develop their professional management skills and exhibit transparency in presenting business records to avoid information asymmetry.

Abor, Agbloyor, and Kuipo, (2014) examined SMEs' access to bank finance and how that affected export activities. Export financing is critical because of the high cost of shipping, branding, and meeting higher quality standards required for overseas markets (Abiodun & Mahmood, 2015; Abor et al., 2014). Ghana encouraged the establishment of support institutions, which included the Office of Business Promotion and Ghana Enterprise Development Commission (GEDC), for funding of SMEs (Abor et al., 2014). The National Board for Small Scale Industries (NBSSI) was also established in the Ministry of Industry, Science, and Technology to tackle the needs of small businesses (Abor et al., 2014). Policy interventions should direct at reducing the bottlenecks that prevented SMEs from obtaining funds from the commercial banks (Abiodun & Mahmood, 2015; Abor et al., 2014).

Saeed and Sameer (2015) examined the impact of bank market concentration of financial influence on SMEs' substantial investment in Pakistan. The issue of bank market concentration was more pertinent to SMEs for two reasons: SMEs financial information are more cloudy than big business, and unlike large organizations, with more options to raise funds from the credit market, the SMEs mainly relied on bank lending

(Saeed & Sameer, 2015). The government of Pakistan initiated several programs to increase bank lending to SMEs as part of the banking sector reforms (Saeed & Sameer, 2015). The most significant reform was the establishment of Small and Medium Enterprises Development Authority (SMEDA) in 1998 (Saeed & Sameer, 2015).

Shinozaki (2014) used empirical analysis to examine the limitations of traditional bank lending to SMEs in Asia and suggested possible policy approaches that could facilitate SMEs access to capital for development. Experience from the international financial crisis prompted countries to consider SME access to finance outside the traditional bank credit as significant, to strengthen their domestic financial systems (Da-Costa & Mata, 2016; K. G. Tan & Tan, 2014; Shinozaki, 2014). The development of SME capital markets presented a two-fold challenge: demand creation and market sustainability (Da-Costa & Mata, 2016; K. G. Tan & Tan, 2014; Shinozaki, 2014).

In emerging Asia, equity financing avenues for SMEs created under stock exchange operations (Shinozaki, 2014). For instance, in India, the Bombay Stock Exchange launched the SME Exchange in 2012 and had 41 SMEs listed by November 2013 (Da-Costa & Mata, 2016; Shinozaki, 2014). In the People’s Republic of China, the Shenzhen Stock Exchange, developed a three-tier market, comprising the Main Board, SM Board, and ChiNext (high-tech venture) Board; in line with China’s national economic development strategies (Da-Costa & Mata, 2016; Shinozaki, 2014). Capital market financing is one of the emerging issues in long-term funding for SMEs growth in China (Shinozaki, 2014).

China’s Growth Enterprise Market (GEM) established an alternative stock market for high-growth enterprises, operated by the Stock Exchange of Hong Kong Ltd (Shinozaki, 2014). KOSDAQ was the largest regulated market for SMEs and venture businesses in the Republic of Korea, and a new market named KONEX launched under the Korea Exchange in 2013 (Shinozaki, 2014). Shinozaki (2014) suggested that to move forward, SME policy makers and financial regulators should develop a comprehensive menu of policy options that support diversified financing models accessible to SMEs, rather than strictly regulating new funding modalities.

Dwyer and Kotey (2015) explored IPOs and the National Stock Exchange of Australia (NSX) from the perspectives of some SME owners and their key advisors. Dwyer and Kotey (2015) used qualitative research approach with grounded theory method, to examine the lack of interest among high growth Australian SMEs in issuing IPOs on the NSX and the influence of accountants and lawyers in the decision to issue IPOs. Dwyer and Kotey (2015) interviewed six SME owners and 13 accounting, and legal advisors on the SMEs. The SMEs investment funding followed the pecking order preference for financing business; from internal equity to debt, and debt to external equity (Dwyer & Kotey, 2015).

The SBA was the main roadmap for support to the SMEs and the promotion of entrepreneurial activity in the EU (Czegledi et al., 2015; Hishigsuren et al., 2014). In Germany, the SBA was a creation, based on the European Charter for small enterprises and modern SME policy for growth and employment (Czegledi et al., 2015). The SBA had 100 specific actions, which included some key areas of SME policy (Czegledi et al., 2015). The actions included an SME test in national decision-making procedures, relaxing of laws and regulations, raising openness of the public directly to the needs of SMEs, and the reduction of bureaucratic administrative processes (Czegledi et al., 2015; Hishigsuren et al., 2014). There was an approach by the EU to support one of the central elements of the European economy, which is the SME sector (Czegledi et al., 2015; Hishigsuren et al., 2014).

Financing Constraints to SMEs

During the last decades, there was increasing awareness in studies focusing on the SMEs sector, determined by the acknowledgment that SMEs are powerful engines of economic development (Aziz, Mahmood, Tajudin, & Abdullah, 2014; Daskalakis et al., 2014). Notwithstanding, not all the researchers considered the broad diversity in the broad category of SMEs (Daskalakis et al., 2014). Researchers revealed that size does matter when it comes to accessing finance (Daskalakis et al., 2014). Several reasons, such as opaqueness and lack of collateral, led SMEs to have limited access to funding (Aziz et al., 2014; Daskalakis et al., 2014). SMEs determine their capital structure regardless of their sizes (Daskalakis et al., 2014). Academic exploration reached remarkable inferences that the capital structure of larger firms can apply to SMEs (Daskalakis et al., 2014).

The developing countries' banking system offers little financial products to SMEs (Obaji & Olugu, 2014). Obaji and Olugu (2014) noted that securing credit by SMEs requires borrowers to pledge collateral against the loan. The condition of pledging collateral hinders the establishment of new SMEs and the expansion of existing ones (Obaji & Olugu, 2014). Obaji and Olugu suggested that governments of developing countries should motivate SMEs by guaranteeing such high-risk loans to boost SMEs businesses. The reasons, why banking and financial institutions were reluctant to disburse funds to SMEs in Malaysia, included a lack of collateral and business records (Haron, Said, Jayaraman, & Ismail, 2013). Collateral and inadequate documents, to support a loan application, had a significant influence in the possibility of loan approval by commercial institutions from the viewpoint of credit officers (Haron et al., 2013).

Pandula (2015) examined the situation of SME financing in Sri Lanka and highlighted some constraints faced by banks and SMEs. The banking sector faced the limitations of high risk, high administration costs, and lack of information on the borrower, and poor legal systems to fall back to in the event of default by borrowers (Pandula, 2015). On the other hand, the SME operators faced the lack of collateral, complex application procedures; and the high cost of finance associated with obtaining loans from the banks (Pandula, 2015). Pandula recommended financial institutions to develop credit-scoring systems, simplify loan documentation, promote structured finance tools, and train bank staff who handled the applications of SME customers (Pandula, 2015). Pandula (2015) also recommended the introduction of new credit guarantee schemes, setting up of an SME rating agency, and developing a cluster-based approach to SME lending.

One of the significant barriers to SMEs' survival and growth appeared to be a lack of institutional funding, along with inadequate legislation, and unnecessary regulations (Arasti, Zandi, & Bahmani, 2014). Notwithstanding the major contribution of SMEs to national economies, the greatest challenge was sourcing of capital to finance business because of the high cost of borrowing (Azizet al., 2014; Dubihlela & Dhurup, 2013). The SME managers in Iran complained about the bureaucratic processes and obstacles to accessing financial services (Arasti et al., 2014). SMEs are more flexible to market demands than big business and fundamentally contribute to job creation in industrialized economies (Arasti et al., 2014; Dubihlela & Dhurup, 2013). Effective application of market positioning concept could promote SMEs' growth and development; however, most SMEs failed to develop to their full potential and achieve the benefits of the market alignment concept (Aminu & Shariff, 2015; Aziz et al., 2014; Dubihlela & Dhurup, 2013).

Adebisi and Olayinka (2013) noted that small businesses faced funding constraints, in developing economies, which hampered their development and long-term existence. Adebisi and Olayinka examined the presence and significance of business angels as a source of capital, to overcome the challenges of equity financing by SMEs in Nigeria. Adebisi and Olayinka obtained data from 120 participants through questionnaires, using Kolmogorov-Simirov (KS) test to determine if angel funding were present in Nigeria. Lack of access to financing constraints included economic policies and banks practices where banks found it difficult to consider the high costs and risks associated with lending to SMEs (Adebisi & Olayinka, 2013). About 75% of small businesses were not aware of angel market investors and 25% financed by angel investors (Adebisi & Olayinka, 2013). Oke and Aluko (2015) examined the impact of commercial banks in financing SMEs in Nigeria between 2002 and 2012. Abe (2015) observed that the lack of capital was the most severe constraint on SME survival and growth in Nigeria. The stringent regulation by banks for SMEs to raise funds, and increase the amount of venture funding, is always challenging (Boateng & Abdulrahamn, 2013; Onakoya et al., 2013).

Wehinger (2014) examined problems faced by SMEs in accessing funding during the financial crisis, alongside the contingent weakening of bank profitability, and the depletion of bank capital as well as the effect on lending to SMEs. Vermoesen, Deloof, and Laveren (2013) examined the period of the financial crisis in Belgium and investigated the constraint faced by SMEs during the period. Wehinger (2014) reviewed the weakening of bank credit channel, the financial crunch, and the role of global banking in alleviating and spreading the financial shocks to various economies. The SMEs engaged more than half of the private-sector labor force in the Organization for Economic Co-operation and Development (OECD) member countries (Vermoesen et al., 2013; Wehinger, 2014).

Some countries established Credit Guarantee Schemes (CGSs) demonstrating significant policy instruments to address the funding needs of SMEs after the 2008-2009 financial crises (Dang, 2015; Vermoesen et al., 2013; Wehinger, 2014). Vermoesen et al.

(2013) noted that SMEs with a large proportion of long-term debt maturing at the start of the financial crisis witnessed some challenges in the renewal of loans because of the negative credit stream shock, and therefore, could not have a substantial investment. Vermoesen et al. found a considerable disparity in the maturity structure of the long-term debt on the SMEs. The SMEs with a proportion of their long-term debt maturing in the preceding year of the financial crises experienced a significant drop in their investments in 2009 (Vermoesen et al., 2013; Wehinger, 2014). The European Central Bank (ECB) indicated that the financial crisis of 2008 decreased the amount of credit granted to SMEs by the European banks (Vermoesen et al., 2013; Wehinger, 2014).

Chimucheka and Mandipaka (2015) explored the challenges faced by SMMEs in the Nkonkobe Municipality of South Africa. Chimucheka and Mandipaka interviewed 30 participants using purposive sampling technique. The challenges identified as barriers to the creation, survival, and growth of the SMMEs included lack of networking prospects, lack of access to finance, and inadequate government support (Chimucheka & Mandipaka, 2015; Mthimkhulu & Aziakpon, 2015; Lotfizadeh & Shamsi, 2015; Petkovsk, 2015). The establishment in 2004 of the National Small Enterprise Development Agency (SEDA) was a gesture of government assurance to improve the coordination of state support for small enterprise development (Chimucheka & Mandipaka, 2015).

Udin (2014) investigated SME financing policies and problems associated with the SME financing policies in Bangladesh. According to Bangladeshi Ministry of

Agricultural Credit, SMEs accounted for 45% of manufacturing output, 80% of industrial employment, 90% of total industrial units, and 25% of labor force (Uddin, 2014). Commercial banks constituted principal sources of financing SMEs in Bangladesh (Uddin, 2014). Continuous monitoring, problems of loan recovery distributed to the SMEs, and the high risk with little returns; made SME financing unattractive to commercial banks (Uddin, 2014). Although the government supported the SMEs, however, the performance of the sector remained below the international level (Uddin, 2014).

SMEs in Tunisia experienced challenges in accessing credit from banks because of the failure of underwriters of funds to assess information on the degree of risk related to the small entities (Ayed & Zouari, 2014). Credit managers anticipated high investment premium to protect their investments while SMEs owners' objective is to maximize wealth and retain full proprietorship; hence the preference for internal funding (Ayed & Zouari, 2014). Notwithstanding the diversity of the business sector, viable interests, and profitability, commercial debts continued to cause of bank liability to SMEs in Tunisia (Ayed & Zouari, 2014).

SMEs face difficulties in satisfying their financing requirements, which raise fundamental problems regarding factors influencing their capacity to control credit access (Benkraiem & Gurau, 2013). SMEs have limited profitability, insufficient tangible assets, and relatively high unpredictability of performances that barred the SMEs from getting credit (Benkraiem & Gurau, 2013). SMEs face difficulties in accessing loans from the banking sector with the relatively high cost of obtaining the credit (Cela & Shkurti, 2013). Banks tightened lending standards because of the circumstance of non-performing advances as well as the macroeconomic condition of the country (Cela & Shkurti, 2013).

Hasan and Jamil (2014) examined the challenging issues confronted by SMEs in Bangladesh. SMEs in Bangladesh faced difficulty in accessing finance, with the attendant cost, terms, and conditions unfavorable for the growth of the sector (Hasan & Jamil, 2014). Microfinance institutions rendered commercial services to lower-income customers who could not access sufficient commercial bank services and consequently relied on private financial service providers (Hasan & Jamil, 2014). Collateral-based lending imposed by financial institutions created an obstacle to SMEs accessing credit (Hasan & Jamil, 2014).

McGuinness and Hogan (2016) examined the effect of the financial crises on bank lending to SMEs in the EU. After the financial crisis of 2008, bank loans to SMEs deteriorated considerably in most developed markets (McGuinness & Hogan, 2016; Vasilescu, 2014). Between the periods 2008-2011, new bank loans to SMEs of less than €1m declined by 47% in the EU, ranging from 21% in Italy to 66% in Spain, and 82% in Ireland. The reduction in credit to SMEs became a major policy issue because; the inability of the SMEs to access finance reduced investment opportunities and slow economic recovery (McGuinness & Hogan, 2016; Vasilescu, 2014).

The SMEs played a substantial role in various economies around the globe; however, the global financial crises upset accessing of credit by the SMEs (Vermoesen et al., 2013; Wehinger, 2014). Trade credit improved for financially weak SMEs that were less liquid and highly reliant on short-term bank funding when the financial crises started (McGuinness & Hogan, 2016; Vasilescu, 2014). McGuinness and Hogan noted that financially stronger SMEs extended trade credit to financially weak SMEs after the financial crunch.

Osano and Languitone (2016) pointed out that lack of external funding experienced by SMEs, could not allow the SMEs to compete in the international markets (Osano & Languitone, 2016). SMEs in Mozambique provided employment, diversified the economy, stimulated innovations, improved social standing of owners, and created better economic competitiveness; however, lack of access to finance was a key issue (Osano & Languitone, 2016). Commercial banks in Mozambique charged undue high-interest rates and other fees for transfer of funds, bank account statements, banking guarantees, and letters of credit (Osano & Languitone, 2016).

Yuan (2013) examined the origins of financing difficulties faced by small and micro businesses in China. The problems included activities factors, information asymmetry in the market, the disequilibrium of the financial structure, and imperfection of the credit market system (Yuan, 2013). Information asymmetry and the funding need made it difficult for SMEs to borrow from traditional banking institutions (Yuan, 2013). China introduced SMEs' convertible bonds and assets bills in recent years; however, it was far from satisfying the financing demands of micro and small enterprises (Yuan, 2013). Yuan suggested some effective and practicable measures to solving the problem, through the availability of financial services and information disclosure system for small and micro enterprises.

Having realized the importance of the innovative SMEs, the Chinese government established a 12th Five-Year National Economic and Social Development Plan to fund SMEs development (Wonglimpiyarat, 2015). The SMEs played a significant role in the economy of China because the sector accounted for 60% of total industrial outputs and 80% of jobs created in China (Wonglimpiyarat, 2015). Chen, Ding, and Wu (2014) examined 27,000 Chinese SMEs to explore whether and how foreign equity investment in local SMEs influenced the cost of debt. Foreign ownership lowered the cost of borrowing for Chinese SMEs, and the effect was stronger in more developed provinces of China (Chen et al., 2016). Chen et al. noted that the funding pattern was in line with the pecking order theory signifying the effect of equity financing structure and debt financing. Chen et al. also noted that SMEs served as the engine of economic growth in both developed and developing countries.

Wonglimpiyarat (2015) pointed out that notwithstanding the importance of SMEs to economies, banks and other financial institutions are reluctant to provide credit to the SME sector because of the risky nature of early start-ups ventures with insufficient assets. The establishment of specialized development banks for SME, loan offerings for SMEs could be part of the government policies to help alleviate the SMEs' financial constraints (Wonglimpiyarat, 2015). Bomyr and Wabo (2015) examined the management of credit risk as the most critical factor in Cameroonian banking sector. Bomyr and Wabo (2015) interviewed fund managers and bank executives to explore the SME credit risk management. Given the high percentage of bad and doubtful debts in 2009, up to 47% of loans given to SMEs became doubtful (Bomyr & Wabo, 2015). The SMEs mismanaged almost 50% of credit granted, which attributed to the reasons why banks were cautious in granting credits to the SMEs (Bomyr & Wabo, 2015).

The high risk associated with lending to SMEs was the main cause of the reluctance of banks to give credit (Bomyr & Wabo, 2015). The lack of trust by the banks on SMEs created two inflexible effects: insufficient financing of the economy and an uneven distribution of available funds for investment (Bomyr & Wabo, 2015). Credit risk associated with SME default often led to the rescheduling of loans or litigations (Bomyr & Wabo, 2015).

Sambajee and Dhomun (2015) compared the role of government in the development of SMEs in the Maldives and Mauritius located in the Indian Ocean of Sub-Saharan Africa (SSA). Sambajee and Dhomun (2015) used SMEs in the tourism sector, to identify and analyze the strategies used by SMEs in the constrained business environment. There was a growing understating that those SMEs in the Island nations are heterogeneous and therefore, require policies that could cater for a stable economic base because of their reliance on the seasonal industries of tourism and hospitality (Sambajee & Dhomun, 2015). The Maldivian SMEs accounted for 45% of total employment, while the Mauritian SMEs contributed up to 40% of GDP and employed 54% of the labor force (Sambajee & Dhomun, 2015).

Underlying the Mauritius growth, a survey by the Economic Commission for Africa described the policy and regulatory environment of SMEs in Mauritius as enabling and improved compared to other African nations (Sambajee & Dhomun, 2015). The Maldivian government was less proactive in supporting SMEs than the Mauritian government (Sambajee & Dhomun, 2015). The failure of Maldives to facilitate access to finance and provide business support services led the Maldivian SMEs and start-ups, to use various approaches of bootstrapping to sustain investments (Sambajee & Dhomun, 2015). Despite operating in a more empowering business environment, Mauritian SMEs were found to engage in similar approaches because of lack of trust in government-led initiatives (Sambajee & Dhomun, 2015). Sambajee and Dhomun suggested that the policy-makers in the island economies can use the findings for informed decision-making on how to encourage the financing of SMEs' growth for development planning.

Yahaya, Geidam, and Usman (2016) explored the role of MSMEs in the economic development of Nigeria, with a case study of Damaturu metropolis in the Yobe State of Nigeria. The rationale for the study was to explore the contribution of MSMEs sector, the challenges faced by SMEs, and the level of government support and regulation (Yahaya et al., 2016). Yahaya et al. interviewed eight MSMEs leaders, one government official from SME Development Agency of Nigeria (SMEDAN), and one credit officer of a microfinance bank. The MSMEs are an essential instrument of economic development to Nigeria through the provision of employment and self-sufficiency (Yahaya et al., 2016). The SME sector in Nigeria faced the challenges that ranged from the high-interest rate on lending, poor access to funding, and inconsistent government policies towards SMEs (Afolabi, 2015; Obaji & Olugu, 2014). The SME leaders also lack the willpower and unaware of the SMEDAN program (Yahaya et al., 2016).

Bilal and Al-Mqbali (2015) examined the challenges and constraints faced by SMEs in Al Batinah Governorate of Oman, using questionnaires and nonparametric testing to analyze the variance. The outcome of the study revealed that the obstacles and constraints faced by SMEs in Al Batinah Governorate included the investment environment, capabilities of the business owners, marketing obstacles, financing obstacles, and legislations and regulations obstacles (Bilal & Al-Mqbali, 2015). Distinguin, Rugemintwar, and Tacnen (2016) used firm-level survey responses from 2009 to 2012, to examine the informal sector influence on credit constraints of registered SMEs in 86 countries globally. The registered SMEs, which faced competition from informal firms, were more credit-constrained than other formal SMEs that were not confronted with such competition (Distinguin et al., 2016).

Eleodinmuo (2015) examined SMEs in Abia State, Nigeria using a case study, with structured questionnaires. Eleodinmuo considered the major problems influencing the development and growth of SMEs in Aba that included finance. Notwithstanding the difficulties militating against the growth of SMEs in Nigeria, potential opportunities abound for the development of SMEs in Nigeria (Akpan & Nneji, 2015; Eleodinmuo, 2015). Poor access to finance restricted the investment capacity of SMEs operators (Eleodinmuo, 2015).

Karadag (2015) examined the major business management problems on the performance of SMEs in Turkey. Karadag noted that insufficient levels of equity capital and poor access to external finance were the major financial challenges faced by SMEs in Turkey. Karadag indicated that financial management is necessary to access credit by SMEs in Turkey (Karadag, 2015). The SMEs in Turkey faced challenges of poor decision-making skills, lack of skilled personnel, poor access to business resources, and low application of new technologies (Karadag, 2015). Johnson and Alphonse (2016) examined the financial accessibility challenges faced by SMEs in Rwanda. Johnson and Alphonse analyzed 400 samples of SMEs from Kigali City. The result of the study revealed that shortages of raw material was another leading challenge followed by access to finance (Johnson & Alphonse, 2016). The inability of SMEs to obtain bank loan was because of lack of financial records, collateral, and proven record of accomplishment of loan repayment (Johnson & Alphonse, 2016; Rosli & Mahmood, 2013).

Johnson and Alphonse (2016) suggested that commercial banks, through microfinance institutions should enable lending to viable SMEs with proven track record, open non-traditional finance sources such as peer-to-peer lending, and cooperatives. Taiwo et al. (2016) suggested that microfinance banks in Nigeria should increase the repayment period to SME loans and use corporate group-based loan disbursement strategy to reduce the level of portfolio risk. Rwandan government lending institutions should also provide equity financing to SMEs by using state funding alongside private sector investment (Johnson & Alphonse, 2016).

Mashenene and Rumanyika (2014) examined business constraints affecting the potential growth of SMEs in Tanzania. Variables measured included, inadequate business training, insufficient capital, competition, anti-entrepreneurial culture, and bureaucratic procedures for business registration (Mashenene & Rumanyika, 2014). Other issues that affected the potential growth of SMEs in Tanzania included high taxes, technological barriers, theft, and lack of trust, poor infrastructure, and corruption (Mashenene & Rumanyika, 2014). Inadequate business training, insufficient capital, and entrepreneurial culture were critical constraints that hampered the potential growth of SMEs in Tanzania (Mashenene & Rumanyika, 2014). Mashenene and Rumanyika suggested the use of multiple sources of financing businesses to mitigate insufficient capital and training programs on management of investments by SMEs.

Bayraktar (2015) explored how the recent regulation changes, namely, Base II and the New Turkish Commercial Code influenced SMEs and the relationship between SMEs and banks. Bayraktar explored through the opinions of SMEs' financial representatives rather than the viewpoints of bank representatives, and conducted in-depth interviews with SMEs leaders in the Anatolia Organized Industrial Zone. The loan approval process was standardized and centralized (Bayraktar, 2015). Bayraktar noted that regulations had different effects on larger and already stable firms than on smaller and start-ups. For the most part, risk managers claimed that there was no change regarding their credit allocation; thus, indicating that nothing was going to change for allocation of credit to SMEs with the introduction of the Base II and the New Turkish Commercial Code (Bayraktar, 2015).

Mthimkhulu and Aziakpon (2015) examined key constraints to the growth and development of micro, small, and medium enterprises (MSMEs) in South Africa. Although access to finance was a top presumed constraint factor to MSMEs development in South Africa, however, the SMEs face other more severe problems than access to finance (Fatoki, 2014; Mthimkhulu & Aziakpon, 2015). The biggest setback to SMEs was that the resource allocation was insufficient to fund investment (Kinyua & Ali, 2016). In the Mombasa County, SMEs remained at the individual proprietorship level because the owners have limited access to formal credit, services, and infrastructure (Kinyua & Ali, 2016). Kinyua and Ali noted that finance was not the only major problem affecting MSMEs growth in South Africa. Other factors included crime, lack of electricity, and corruption (Mthimkhulu & Aziakpon, 2015).

Bartoš, Rahman, Horák, and Jáčová (2015) examined the relationship between education of SME entrepreneurs and other aspects of entrepreneurship in the SME segment of the Czech Republic and Slovakia using rating model. Bartoš et al. (2015) indicated that professional SME managers understood banks' approach to the evaluation of creditworthiness and were also able to evaluate their expected probability of default (PD). The knowledge of the expected PD led to the provision of the necessary documentation by SMEs on their businesses for better assessment of the creditworthiness and further negotiations with the banks (Bartoš et al., 2015). There was a significant difference in the approaches of different categories of SME entrepreneurs in their desire to starting a new business and the knowledge of lending criteria of commercial banks (Bartoš et al., 2015). When SMEs have knowledge about their creditworthiness, they could influence management decisions for new sources of external funding (Bartoš et al., 2015).

Companies need to increase flexibility and adapt strategies to develop abilities that will assist in surviving the dynamics of the volatile business environments (Auken & Carraher, 2013). Consequently, to manage activities in such a dynamic environment, entrepreneurs need adaptive management strategies that embrace change for survival (Auken & Carraher, 2013). Management of financial records by SMEs in Nigeria is crucial to securing credit from banks (Akpan & Nneji, 2015; Rosli & Mahmood, 2013). In Nigeria, SMEs provided over 90% of employment prospects in the manufacturing sector and accounted for about 70 % of aggregate employment per annum (Ezejiofor, Olise, Emmanuel, & Otugo, 2014).

The accessibility to resources by SMEs is a component of study interest to scholars and policymakers in developed and developing countries (Afolabi, 2013; Daskalakis, Eriotis, Thanou, & Vasiliou, 2014). The challenging aspect of starting and developing new SMEs are acquiring capital (Al-Hyari, 2013; Ezejiofor et al., 2014). SMEs have limited sources of finance, and their credit sources are often informal and adversely affected during economic crises (Adebisi & Olayinka, 2013; Daskalakis et al., 2014; Jeger et al., 2016). The difficulty of obtaining funding led SMEs to find alternative sources to promote their business on a small scale (Akpan & Nneji, 2015; Daskalakis et al., 2014; Jeger et al., 2016).

Financing SMEs remains one of the most critical issues determining the existence and growth of small enterprises in a developing country like Nigeria (Akpan & Nneji, 2015; Boateng & Abdulrahamn, 2013; Daskalakis et al., 2014; Jeger et al., 2016). SMEs in emerging nations have less access to funding than their counterparts in advanced countries (Daskalakis et al., 2014; Ezejiofor et al., 2014; Jeger et al., 2016). Banks and SMEs relationships posed a concern for studies in the academic literature, highlighting the main problems, characterizing the influence of finance on the growth of SMEs (Akpan & Nneji, 2015; Daskalakis et al., 2014; Jeger et al., 2016).

Transition

Section 1 was an introduction to sources of financing small and medium enterprises in Nigeria. Small business leaders face different challenges including challenges relating to accessing capital. The literature review gave an inside into various studies on sources of financing SMEs around the globe. Providing information on sources of financing for SMEs and identifying the limitations associated with access to business capital will help in the research on long-term planning on financial access by SMEs leaders. The lack of access to capital links to banks practices where banks find it challenging to cover the high charges of credit and the risks associated to lending SMEs.

Section 2 is an explanation of the techniques used for collecting data for the study and the presentation of information on sources of financing for small and medium enterprises in Nigeria. I collected data from three SMEs leaders. The data collection was through interviewing the SMEs leaders in line with the case study methodology. The process of data collection was through semistructured face-to-face interviews with open-ended questions. I used member checking to follow-up confirmation of the discussions to ensure reliability and validity of the data. I presented the detailed analysis of the results, summary, and suggestions based on the findings of the study in Section 3.

Section 2: The Project

Purpose Statement

The purpose of this qualitative multiple case study was to explore the sources of funds necessary for the growth and development of SMEs in Nigeria. The target population for this study was three SME leaders from the oil and gas industry. One participant leads an SME with a capitalization between N5 million and N100 million, one leads an SME with a capitalization of between N100 and N300 million, and one leads an SME with between N300 million and N500 million. The selected geographic locations of Abuja, Lagos, and Kano have a broad range of SMEs providing essential transporting petroleum product transporting services in Nigeria. The outcome of this study may influence monetary and financial policy decision makers in Nigeria to create an enabling environment for SMEs to access credit for development, which can help alleviate financial problems and contribute to employment, especially of young people.

Role of the Researcher

As the researcher, I was the primary data collection instrument in this qualitative case study. In qualitative research, researchers are the primary instrument of data collection (Yin, 2014). According to Manderscheid and Harrower (2016), a qualitative researcher should possess the skill to obtain information from participants and be flexible in obtaining that information. Qualitative researchers need to reflect on and clarify their role as data collection instrument (Sanjari, Bahramnezhad, Fomani, Shoghi, & Cheraghi, 2014). I conducted the case study with semistructured interviews.

I developed an interest in sources of financing for SMEs because most SMEs in Nigeria have limited access to bank finance because of lack of collateral security to guarantee the loans (Abe, 2015). Sources of funding are crucial to SME growth and development (Abe, 2015). I work in the downstream sector of the Nigerian oil and gas industry where most of businesses are independent petroleum marketing SMEs that transport petroleum fuel by road to service stations throughout the country.

Researchers face ethical challenges in all stages of the study (Sanjari et al., 2014). The ethical challenges include informed consent, anonymity, confidentiality, and a researcher's potential influence on the participants (Sanjari et al., 2014; Thorpe, 2014). I used consent forms for the participants in which I promised the participant that I would not disclose their confidential information and would keep all data in a secure place. I indicated in the consent form that all participants (a) understood the right to participate, (b) could withdraw from the interview at any time they so wished without explanation and reason for the withdrawal, and (c) knew that participation in the research was voluntary.

To ensure compliance with ethical and Walden University Institutional Review Board (IRB) considerations, I followed *The Belmont Report* protocols that outline the participants' rights and privileges. According to Bromley, Mikesell, Jones, and Khodyakov (2015), a researcher must follow these protocols to conduct an ethical study. The moral principle involves issues regarding access to participants, informed consent, and confidentiality of the information (Bromley et al., 2015).

I worked to mitigate bias by avoiding viewing the data from a personal standpoint. I allowed the participants to discuss their experiences as SME leaders in the oil and gas industry in Nigeria. According to Tumele (2015), safeguarding against researcher bias and considering opinions is crucial when dealing with participants in a qualitative study. I also mitigated bias by using an interview protocol, ensuring data saturation, member checking, and reviewing transcripts for validation. I forwarded the first transcripts, via email, to all the participants to review and confirm the content of the interviews. I then followed up via participants' email, phone calls, and personal visits, as requested by the participants. Interview protocols are the development of not only a set of questions but also a practical guide, comprising a list of step by step activities on the conduct of qualitative research interviews by investigator through the interview process (Alshenqeeti, 2014; Jansen, 2015).

Bracketing is another way of addressing bias in a qualitative study (Chan, Fung, & Chien, 2013). Bracketing is a technique used in qualitative research to mitigate the possible biased of assumptions that may fault the investigation process and findings (Chan et al., 2013). Bracketing is a method used by researchers to mitigate the potential of the preconceptions (Chan et al., 2013). According to Chan et al. (2013), to successfully bracket, the researcher needs to develop strategies for dealing with influence throughout the research process. I thus worked to put aside all the knowledge I had on the sources of financing for SMEs and adopted an open mind to listen to the participants and understand their views and experiences.

Developing an interview protocol is crucial to conducting qualitative research. Interview protocols are more than a list of interview questions (Alshenqeeti, 2014); they are also a practical guide for directing a new qualitative investigator through the interview process (Jansen, 2015). Appendix A includes the interview questions and Appendix B the interview protocol. Before interviewing the participants, I developed summaries with important details for direction through the process of the interview. The details included a personal introduction, the topic of the study, the reason for the study, explanation of the consent form, and the rights and privileges of the participants. I also explained how I would record the interview processes, take notes, and provide clarification on any other questions that the participants asked. I allowed participants to respond to the interview questions without influence.

Participants

Subject selection in qualitative research is purposeful (Seidman, 2014). Participant selection centers on who can best inform the researcher to address the research question and enhance understanding of the subject under study (Jansen, 2015; Seidman, 2014). Selecting the appropriate participant is one of the most significant responsibilities in the study design phase (Seidman, 2014). Selection of a participant centers on the research questions, theoretical viewpoints, and evidence of information on the subject (Seidman, 2014). Purposeful sampling enables the gathering of rich data because participants will be in their suggested setting and relaxed during the interview

(Jansen, 2015; Seidman, 2014). I used purposeful and snowball sampling to select the participants.

I contacted the first participant who I asked to recommend three other participants who he or she thought would agree to participate in the study and were also SME leaders in the oil and gas sector. I explored the sources of funds necessary for the growth and development of SMEs in Nigeria. The target population for this study was three SME leaders from the oil and gas industry. One participant leads an SME with a capitalization between N5 million and N100 million, one leads an SME with a capitalization of between N100 and N300 million, and one leads an SME with between N300 million and N500 million. To meet eligibility criteria, participants needed to be SME leaders from the oil and gas industry who successfully applied for and obtained funds necessary for the growth and development of their SMEs in Nigeria. The SME leaders interviewed have business capitalization in the range of N5 million to N500 million. The participants were SME leaders in the geographic areas of Abuja, Kano, and Lagos.

Building the interview relationship starts the moment the researcher explains to the potential participants the subject of the study and the reason for the study (Seidman, 2014). A researcher’s contact by telephone is necessary, and often the first step in creating a relationship (Seidman, 2014). I initially contacted each participant by telephone to request their participation in the face-to-face interviews and confirmed the time and venue convenient for them to conduct the interviews. During the initial contact, I introduced myself as the researcher, and explained the topic and purpose of the study.

Research Method and Design

When conducting a study, the researcher can choose among various methods and approaches (Yin, 2014). The research methods include qualitative, quantitative, and mixed methods (Venkatesh et al., 2013; Yin, 2014). The different research methods have their advantages and disadvantages. When deciding on a suitable research method, the researcher should consider the purpose of the study that would enable addressing the study problem, logical procedures to follow in conducting the study, and the validity of the potential outcomes (Dresch, Lacerda, & Miguel, 2015; Mayer, 2015).

Research Method

Choosing a qualitative research method for this study was appropriate because I sought to explore SME leaders' understanding of the sourcing of funds for their businesses. Using a qualitative approach, researchers can explore opinions and experiences that may emerge from the discussions with the participants (Irvine, Drew, & Sainsbury, 2013). According to Park and Park (2016), qualitative researchers focus on applied and theoretical findings from research questions through field study in natural surroundings. Qualitative research is an in-depth approach to issues or phenomena to answer *what* and *why* questions (Kişlali & Boz, 2016). The qualitative approach provided an opportunity for understanding the in-depth issues of sources of funds available to SMEs leaders that will enable the growth and development of their businesses.

Khan and Quaddus (2015) noted that qualitative researchers study subjects in their natural settings in an attempt to make sense of and understand the phenomena from the participant's views. Researchers can use qualitative studies when the research is explorative (Khan & Quaddus, 2015). Exploration facilitates in-depth understanding of meanings and continuing openness to alternative viewpoints (Buckley, 2015; Welch, Plakoyiannaki, Piekkari, & Mäntymäki, 2013). The qualitative research approach enables the researcher to explore the experiences of participants and assists the researcher in identifying common themes flowing from the participants' viewpoints of the phenomenon under review (Khan & Quaddus, 2015; Welch, 2013).

Qualitative methods enable researchers to gather rich data and conduct in-depth analysis without using large volumes of numerical data or aiming to reach statistical significance (Hagen, Pardo, & Valente, 2016). The flexibility of the open-ended interview format enables researchers to include a broad range of subjects and richer data than a more restrictive procedure (Hagen et al., 2016). In qualitative research, the researcher plays an active role in both the gathering and interpretation of the data (Johnson, 2015). The focus of this qualitative study was to explore the following research question: What sources of funds do SMEs leaders use to grow and develop their businesses?

The qualitative approach was suitable for this study because, through the probing questions, I was able to gather rich data from the perspectives of SME leaders regarding the sources of funds they used to grow and develop their businesses. Johnson (2015) and Barnham (2015) noted that the responses of participants could provide deeper insight and a more complete understanding of the relevant subject. In this study, the qualitative approach enabled me to elicit the opinions of participants through their answers to the open-ended questions (see Barnham, 2015; Johnson, 2015).

Researchers use the quantitative method to compare and predict variables using mathematical terms and deduction to synthesize data (Choy, 2014; Göttfert, 2015; Yin, 2014). A quantitative method was not suitable for this study because the purpose of the study was not to compare or predict variables but to explore strategies SMEs leaders use when seeking sources of funds for business. The disadvantage of the quantitative method is that the research does not occur in a natural and it cannot capture connotation of the responses of participants with diverse opinions (Choy, 2014; Yin, 2014). According to Yin (2014) and Park and Park (2016), the larger the sample, the more time it takes to collect and analyze the data. Among the disadvantages of quantitative research is the cost involved, which is usually more than that of a qualitative study (Park & Park, 2016).

In mixed methods, the researcher needs to have sufficient knowledge to conduct both quantitative and qualitative research and the competence to integrate thematic and statistical data (Alavi & Hąbek, 2016; Johnson, 2015; Kişlali & Boz, 2016; Stockman, 2015). The mixed method entails combining research methods, and perhaps different concepts (Johnson, 2015; Stockman, 2015; Wardale, Cameron, & Li, 2015; Venkatesh, Brown, & Sullivan, 2016). One challenge of the mixed methodology includes the extensive nature of processing, handling, and interpreting multiple pieces of evidence that encompass stories and numbers (Yin, 2014). A second challenge is the legitimating of interpretations with the attendant difficulties of finding reliable answers and conveying reliable and transferable conclusions resulting from the quantitative and qualitative components (Venkatesh et al., 2016; Yin, 2014). The mixed method was not suitable for this study because my aim was not to combine research methods or interpreting numbers.

Research Design

The different qualitative research designs to choose among include case study, ethnographic, grounded theory, and narrative (Lawrence & Tar, 2013; Yin, 2014). Ethnography involves longer periods in the field and stresses on observational proof (Yin, 2014), which was not appropriate for this study. Ethnography observational evidence could not address the research question of sources of funds for the SME leaders. For each study design, the choice made by researchers must fully exploit the opportunities that the data are present, or enough data would be accessible (Park & Park, 2016).

Case study research best conveys an understanding of a complex issue or object and can extend the experience or add strength to previous studies (Yin, 2014). When researchers need an in-depth examination of real happenings, a case study is the preferred research design (Vohra, 2014). Even, though, multiple case designs are multifaceted, the design, however, allows induction of robust and reliable representation of data. Similar to Hitchcock and Newman (2013), I used multiple case studies for an in-depth understanding of how SME leaders' sources funds to develop and grow their businesses.

Yin (2014) explained the case study research method as a pragmatic inquiry that explores a contemporary phenomenon in the real-life situation; when the limitations between phenomenon and context are not apparent (Yin, 2014). Researchers can use multiple sources of proof to explore a situation. Distinct from surveys, semistructured interviews lead to framing the discussion in advance and still allow participants to express their opinions, feelings, and flexibility (Guetterman, 2015; Yazid, 2015). The researcher can explore the purpose of the case study extensively using various data collection methods to establish evidence that leads to an understanding of the research questions (Yin, 2014). Case study research answers one or more questions, which begin with *how* or *why* (Yin, 2014).

Focus groups use a group discussion about a phenomenon while participants are under observation (Kellmereit, 2015). Focus group is a useful tool when a researcher needs to get more than one participant's opinions or observe the interaction among the cluster (Kellmereit, 2015). The use of focus groups to discover the sources of financing business by SMEs as a data collection method was not suitable for conducting individual face-to-face interviews. Participants may not want group discussions because of compromise of confidentiality and anonymity of participants, which could lead to short answers because of a lack of privacy (Kellmereit, 2015). I did not use a focus group to protect the privacy of each participant and information. Furthermore, participants may also respond differently just to impress other participants in the group and not necessarily provide the actual opinion of the case (Kellmereit, 2015).

The narrative emphasizes on stories told by individuals, in the form of a journal and biography (Yin, 2014). The narrative approach was not suitable for this study because the study was not to produce a biography. A phenomenological approach helps a researcher identify the meaning of social being concerning a phenomenon as defined by the participants (Bevan, 2014) and was not appropriate for this study. By undertaking the phenomenological approach, the researcher will remain faithful to the accounts of the experience of the people interviewed as the description of their world (Bevan, 2014).

The grounded theory deals with details of the qualitative investigation to develop relevant theories about the phenomena of study (Lawrence & Tar, 2013; Yin, 2014). Lawrence and Tar (2013) used case study findings to provide new insights into the dynamics that led SME's decision to adopt and use the Internet in business. Lawrence and Tar illustrated that the grounded theory, a method employed in the social science perspective, can help with sound, context-based interpretive information system (IS) research. The objective of this study was not to prove a theory; therefore, the grounded theory approach was not suitable for this study. The advantage of the case study design is that a researcher can focus on specific and unfamiliar cases (Mazzarol, Clark, & Reboud, 2014).

Depending on the application of design, the case study design can be fundamental, descriptive, and investigative (Gog, 2015). The next steps in the study design are a selection of the sample size as the case. A case is the primary element of studies such as a person, a group, business, or a part of an organization (Gog, 2015). In this case study, three SMEs leaders were the subject of the multiple case studies. The purpose of the multiple case studies was to explore the sources of financing for SMEs in

Nigeria using a face-to-face semistructured interview with open-ended questions (Appendix A). In the case study no stringent set of procedures, however, the most important part is to ensure that the interview is focused and concise (Mazzarol et al., 2014). The interview conducted for this study was focused and concise. The use of an approach such as case study in this investigation addressed the research question of what sources of funds are available to SMEs leaders to grow and develop their businesses. Researchers recognized that some factors could affect the number of interviews needed to achieve data saturation (Marshall, Cardon, Poddar, & Fontenot, 2013). I used member checking and transcript review for validation until no new information was available to collect.

Population and Sampling

The sample was from SME leaders from the oil and gas industry in Nigeria. The relationship established with the first participant enabled access to other participants by way of recommendation from the associates of the first participant (Kemparaj & Chavan, 2013). The sample size comprised three SMEs leaders from the oil and gas industry in Abuja, Kano, and Lagos. Qualitative methodologists do not specify the exact sample size required for qualitative studies (Kaczynski, Salmona, & Smith, 2014; Marshall et al., 2013). The sample size of three SME leaders was adequate for this study.

Adequacy of sampling is an indication of attaining data saturation with the depth and comprehensiveness of acquired facts (O’Reilly & Parker, 2013). I interviewed a minimum of three participants. Qualitative researchers usually conduct evaluations relating to the sufficiency of the sample (O'Reilly & Parker, 2013). I used member checking, transcript review, triangulation, and saturation, for validation until no new information was available to reach saturation similar to O'Reilly and Parker (2013).

I used a snowball sampling method. Snowball sampling method or chain referral sampling is a unique technique of accessing members that proved convenient for conducting case study (Kemparaj & Chavan, 2013). The snowball sampling method enables the researcher to find participants from distinct populations through other members in areas where a researcher expects the difficulty in generating a representative sample of the study population (Kemparaj & Chavan, 2013).

Similar to Jonsson and Lindbergh, (2013), the interviews progressed in a face-to-face semistructured interview, with open-ended questions concerning sources of funds available to SME to develop and grow their businesses. The interviews with the SMEs leaders took place at their offices, which lasted between 45-60 minutes similar to (Jonsson & Lindbergh, 2013). Conducting the interviews in the environment acceptable to the participants led to sharing better information with the researcher (Zhou & Nunes, 2013).

Ethical Research

Research studies that involve human participation regardless of the method used must adhere to ethical principles (Waycott et al., 2015). Researchers need to understand ethical standards, on participants' voluntary participation, informed consent, confidentiality, and anonymity (Drake, 2014; Thorpe, 2014). The ethical standards are to ensure that participants do not experience a lack of privacy from involvement in the study (Drake, 2014; Thorpe, 2014; Waycott et al., 2015). As suggested by Waycott et al. (2015), I reflected on identifying the participants and conformed to the ethical standards guiding individual participation. I adhered to the ethical principles of the foundation of IRB guidelines (Drake, 2014), such as the Walden University IRB. The consent form contained the purpose of this study, rights of participants, addressed incentives, lists risks, and benefits (Killawi et al., 2014). The consent form also contained an explanation of the confidential nature of the study (Killawi et al., 2014). At the beginning of the interview, I reminded the participants on the right to withdraw at any point if they experience pressure or apprehension during the cause of the interview.

I conformed to the Walden University guidelines regarding the use of human participants as contained in Approval Number 03-29-17-0347737 for this study. Similar to Drake (2013), I kept all documents related to the interviews that comprised the participant's confidential information in a private storage. I kept the participants' responses electronically on a dedicated external hard drive, and on my laptop, with a password. I stored all data collected electronically with a password and kept written information in a filing cabinet. At the end of an appropriate holding period, not fewer than 5 years, the destruction of data shall occur (Drake, 2013). I will reformat the external hard drive, and destroy all reports and responses from the interviews at the end of 5 years.

Similar to Killawi et al. (2014), I provided information to participants about the purpose of the research. The information included the processes, possible risks, benefits, and changes. The information is a guide for the participants to understand and make a choice of voluntary participating (Thorpe, 2014; Waycott et al., 2015). I informed the participants through the phone that: (a) the exercise was voluntary; (b) participants could withdraw at any point, either through a phone call or e-mail; and (c) I also indicated that there was no any compensation for involvement in the research. The benefit to the participants was the opportunity for the participants to describe their perspectives, experiences, and the positive contribution to the research on the sources and constraints of financing SMEs in Nigeria. I assured the ethical protection of participants. According to Waycott et al. (2015), researchers should identify and guard against any risk, through consent form, and assure participants of protection of privacy by the confidentiality of the data. For the protection of privacy, and confidentiality of the participants and data collected, I used Participant 1, Participant 2, and Participant 3 (P1, P2, and P3), to protect the identity of the participants and information.

Data Collection Instruments

The data collection section encompasses the technique of data collection and the techniques employed in the collection. The collection is a way of accessing participants to gain information that will address the research question (Zohrabi, 2013). The various instruments of data collection in qualitative research includes unstructured interviews, structured interviews, semistructured interviews, in-depth phenomenological interviews, participant observation, focus groups, and archival documents (Rossetto, 2014; Yazid; 2015; Yin 2014; Zohrabi, 2013). I embarked on conducting the interviews with participants, after receiving the Walden University IRB approval. The approval number for this study is 03-29-17-0347737, and it expires on March 28th, 2018. As suggested by Yin (2014), I used semistructured interviews data collection instrument for the case study. The main advantage of the semistructured interviews is that the interviews involve personal and direct interaction with the participants, which can eliminate the lack of response rate (Yazid, 2015; Zohrabi, 2013). Interviewers need to have the necessary skills to carry out the interview successfully (Yazid, 2015).

Andriopoulos and Slater (2013) reviewed qualitative studies on international marketing review (IMR) and revealed that 72.2% of the researchers used structured and semistructured interviews. Informal interviews allow the researcher and participant to discuss and share views in a relaxed atmosphere (Rossetto, 2014). I used semistructured interviews with open-ended questions to administer on the SMEs leaders. The open-ended interview questions are available in Appendix A. Orobia, Byabashaija, Munene, Sejjaaka, and Musinguzi (2013) explored the actions of owner and managers of small businesses in the management of their working capital through semistructured interviews. In this case study, I explored how some SMEs source funds to grow and develop their businesses.

Ensuring adequate data for rational analysis is paramount for this study; however, rarely do qualitative researchers interpret the sample sizes of qualitative interviews (Marshall et al., 2013; O’Reilly & Parker, 2013). I used three SME leaders for the case study. Thematic and data saturation normatively means that a researcher should continue to collect data until nothing new comes up (Marshall et al., 2013; O'Reilly & Parker, 2013). The use of data saturation is necessary for gathering sufficient data for the qualitative study. I used member checking and transcript review for validation. In member checking, the researcher reverts to participants to check for accuracy of the information earlier collected (Birt, Scott, Cavers, Campbell, & Walter, 2016). Member checking is often stated as one in a list of validation techniques in qualitative study (Birt et al., 2016). I sent the transcript of all the interviews to each participant for review before the analysis and coding process. I used code P1 for participant one, code P2 for participant two, and code P3 for participant three. Member checking enhances the validity of the research.

Data Collection Technique

The techniques for data collection in qualitative research include interviews, questionnaires, observation, fieldwork, and diary studies (Murgan, 2015). Interview technique can be in the form of a face-to-face interview, telephone interview, and focused group interview (Murgan, 2015). The data collection technique for this study was through the semistructured face-to-face interview. The semistructured interview technique provides the researcher an opportunity to ask questions, listen to the participants, and take notes to capture rich understandings from the opinions of participants (Hofisi, Hofisi, & Mago, 2014; Kalla, 2016). Yazid (2015) pointed out that semistructured interviews are a flexible and adaptive exploration technique that can suit the needs of different participants.

I used an audio recorder, jotted notes, and other appropriate methods to record and collect any potentially useful data accurately. With the existence of various audio recorders, researchers can record the participant's opinions with better reliability than would have been achieved through notes taking (Alshenqeeti, 2014). The data collection method was according to the ethical principles guiding the research. Similar to Mason (2014), I used various communication methods to address the participant's readiness to take part in the study. I called the participants on the phone to make an appointment, for the time that was convenient for the participants to partake in the interview. I followed up with text messages for confirmation, before embarking on the trips to the location of the participants. Similar to Mason (2014), I established respectable interactive skills and was diligent in following participants. I showed appreciation and shared the outcomes of the interviews with the participants. Following the example of Rossetto (2014), I engaged in active listening that involved translating and probing to develop understanding and encourage in-depth discussions. Similar to (Kaba & Beran, 2014), I kept a journal of the study and any follow-up interview feedback.

Kalla (2016) noted that the advantages of the semistructured face-to-face interview include face-to-face contact with the participants and the participants will get to see whom they are divulging their information. The face-to-face interview, unlike the telephonic interview, offers the interviewer an occasion to notice non-verbal statement issues and listen at the same time (Hofisi et al., 2014). During the face-to-face interview, I capture verbal and nonverbal clues. Like Mason (2014), I used audio recording, which provided a verbatim discussion of the interview, to avoid any misrepresentation of the responses. The semistructured interview technique provides a researcher an opportunity to ask questions, listen to the participants, and take notes to capture rich understandings from the opinions of participants (Kalla, 2016). According to Alshenqeeti (2014), conducting interviews is valuable because researchers have the chance to discover evidence that would probably not be accessible through techniques of questionnaires and observations.

Interviews are timeconsuming during data collection and analysis because of transcription, coding, and possible translation, where there is a language barrier (Alshenqeeti, 2014). One of the disadvantages of the face-to-face interview includes the quality of data obtained by the interviewer. Being a first timer, I was nervous from the beginning. However, I gained momentum after the introduction and a brief discussion of the topic of study, and why I needed the SMEs leaders' information on the study. Another disadvantage for the face-to-face interviews was cost. I traveled to the location of the participants. The challenges relating to conducting interviews include the reluctance of participants to give permission to record interviews (Yin, 2015). All the participants, however, agreed to the recording of the interviews in this study.

The interviewer needs to seek for permission to record interviews, to douse the overall uncertainty during interviews (Yin, 2015). To guard against such skepticism by participants, I followed the example of Cooley, Pedersen, and Mainsbridge (2014), to ensure that all participants received full disclosure on the subject and purpose of the study. Following Cooley et al., I also obtained written permission that included participant's understanding of the basis for the study (Appendix B). The interviews conducted was for between 45-60 minutes per participant, including all discussions. I used an audio recording device and only took brief notes to maintain eye contact with the participant as suggested by (Cooley et al., 2014). Following the example of Alsaawi (2014), I made sure not to lead respondents' answer but asked follow-up questions during the interview to militate against bias. In practice, the interviewer should minimize researcher interruptions and give the participant as much time as needed to elaborate and explain any specific question (Alsaawi, 2014). Following the example of Alsaawi (2014), I verified from participants, the correctness of initial data collected through member checking, after the first transcription of the interview, before final transcription and coding processes.

I requested for relevant documents to support the discussions of the interview from the participants. Some participants provided documents to support the discussions. However, some offered no documents. Documents may provide a behind the scenes look at the issue that may not be openly noticeable and may bring up issues not noted by the participant (Singh, 2015). Document review may be relatively inexpensive, as a good source of contextual evidence, and unobtrusive (Singh, 2015). However, the disadvantage of examining documents includes time-consuming to collect, review, and analyze the various documents (Singh, 2015). I had no problem reading through the documents provided. Information may be irrelevant, disorganized, inaccessible, or out of date, and the selective survival of the information can be biased (Singh, 2015). Denzin suggested that the usage of more than one method and different sources of data leads to higher confidence in the results (Graue, 2015). By triangulating the data, a researcher's inner world of comparisons, imagery, bias, and the existing literature are important themes, which could help create the abstraction regarding developing occurrences (Singh, 2015).

Member checking, also known as respondent validation is a technique for exploring the credibility of the outcome of research (Harvey, 2015). Data or results are reverted to participants to check for correctness of the recordings of their participating experiences (Harvey, 2015). Member checking is one in a list of validation techniques in qualitative research (Harvey, 2015). In qualitative research, the researcher doubles as the data collector and data analyst, giving the potential for researcher bias (Harvey, 2015). The possibility of researcher bias may be reduced by actively involving the research participant in checking and confirming the results (Harvey, 2015). The method of returning an interview or analyzed data to a participant is member checking (Harvey, 2015). To guard against bias, I had follow-up meetings and phone calls, with the participants to review the interview transcripts and perform member checking, to ensure validity and reduce both researcher and respondent bias.

Data Organization Technique

I continued to interview participants, audio-record, and take interview notes until no new information was available to obtain. To arrive at explanations from the audio-recorded face-to-face interviews, a researcher needs to decrease thoroughly the density of the information generated into meaningful information (Göttfert, 2015). I took interview notes, using the same methods to identify the discussions of the different SME leaders. While it is essential for qualitative researchers to reduce the complexity of the information, to arrive at a meaningful outcome, I used codes, such as P1, P2, and P3, to protect the identity of each of the SME leader interviewed and audio-recorded in line with Mayer (2015).

Gaining access to the realm of a qualitative researcher is often challenging. However, the compilation of a research journal offers a window into the experience of the researcher through personal reflection (Lamb, 2013). I created a reflective journal from the jottings to augment on the recorded interviews. The utilization of reflective journal serves as a valuable methodological tool in enhancing the trustworthiness of the study (Lamb, 2013). Creating reflective journals and learning logs are an important part of the qualitative research (Roulston & Shelton, 2015). According to Lamb (2013), writing a research journal is one of the processes of reflection that a researcher can develop to record experiences quietly and efficiently. Bell (2013) used reflexive strategies to achieve reliability and validity. The strategies included explaining the perspective, making the process transparent, being open, thorough documentation of the research, using methodology triangulation, and checking the interpretations during the interviews and informal discussions (Bell, 2013).

In journal reflection, scholars capture all formal and informal events, which will provide useful information when the time comes to review the reflective journal or learning log for reconsideration (Lamb, 2013; Roulston & Shelton, 2015). Researchers use journals in exploratory writing activities, but journaling can also benefit the scholars beyond learning how to write (Roulston & Shelton, 2015). Journals and learning logs can reflect on a range of concerns and circumstances from various viewpoints and perspectives of the researcher (Roulston & Shelton, 2015). Through considering how the interview unfolded, and the complexity of the discussion, a researcher, can reflect on what that process entailed for both the interviewer and the interviewee (Roulston & Shelton, 2015). The reflective script is an indication of bearing in mind back at an experience, opinions, and, processes (Lamb, 2013).

The potential to impact upon the quality of the reflective journal primarily depended on the memory of the researcher (Lamb, 2013). Depending on the memory of the researcher is one of the limitations of using this method to record experiences, because the researcher needs time and space to record observations (Lamb, 2013). The procedure of reflection enables exploring and assessing the research methods utilized, instead of concentrating on the result of the study data (Lamb, 2013). Similar to Lamb (2013), I used the reflective journal to echo on the discussions with the participants on the experiences, opinions, and processes of the interviews.

Data organization followed the interviews, beginning with the transcription of the audio recordings and notes taken during the interviews. I transcribed each audio recording after each interview, while all the new facts were within the memory. I kept the data in an organized manner, with raw data saved on the computer with a secure password. Discovering the correct amount of evidence through interviews can complete the research objective (Marshall et al., 2013). Each research must have some element of originality, through the interview procedure (Marshall et al., 2013). The sampling plan limits the set of data collection to a manageable analysis size and establishes a population of relevant ‘words’ for data analysis (Gläser & Laudel, 2013). Data analysis may begin informally during interviews, observations, and continue during; when repeated themes, patterns, and groups become evident. Once written records are available, the analysis includes identification of salient points or structures and coding (Gläser & Laudel, 2013).

I stored all documents related to the interviews that comprised the entire participant's confidential information in a private storage. I kept the participants’ responses electronically on a dedicated external hard drive and any physical documents in a fireproof safe. To safeguard the security, integrity, and confidentiality of the participants, I locked all the raw data, audio recordings, interview notes, and transcribed interviews with reports, in a secure password-protected safe, computer, and external hard drive only accessible to me. To provide adequate security to both the electronic, notes taken, and physical documents collected, I used a password on the fireproof safe, which will only be accessed by me. I will preserve the data for a minimum of 5 years after, which I will erase, all electronically, recorded, and stored documents, and shred any physical documents.

Data Analysis

Data analysis in qualitative research consists of preparing and organizing information, text data, audio records, and representation to translate figures into ideas (Gläser & Laudel, 2013). Qualitative research involves establishing themes, patterns, meaning, and validity of the insights generated from the qualitative inquiry (Yu et al., 2014). Conducting qualitative research depends on the qualitative researcher’s observational and analytical skills also to the information richness of the cases selected and the sample size (Yu et al., 2014). Collecting qualitative data is a lengthy and time-consuming process. Dense and rich data must undergo codification and analysis in ways that make sense to the research context and questions (Garcia & Gluesing, 2013).

I reviewed the recordings after each interview and transcribed verbatim the interview with themes emerging. I compared the transcribed data with each interview notes and commenced the data organization process. I reviewed the data with the interview questions, the transcribed interview recordings, and interview notes. Organizing the data include (a) checking, (b) reviewing a reflective journal of the interview, and (c) entering the raw data into qualitative data analysis software (Heyvaert et al., 2013). To mitigation risk against data collection discrepancy, a cross-referencing of the study data with some literature review may be a requirement during the analysis phase (Gläser & Laudel, 2013). The rich data in qualitative research needs coding and analysis in ways that make sense to the research context and questions.

After each an interview, I transcribed the recordings into text for coding. During the data organization process, I identified themes, patterns, trends, and dominant features similar to Hanson and Moore (2014). According to Gläser and Laudel (2013), the outcome of research is an explanation of connotation of the experience of the participant. Classifying and finding raw data includes sorting parts of the text and incorporating information that is relevant to answering the research question (Gläser & Laudel, 2013). Working on extensive qualitative data can be demanding for a beginner of qualitative research. Coding helps researchers to consolidate piles of information in the form of notes, observations, transcripts, documents, and audio interviews that provide the first step in abstracting the details (Gläser & Laudel, 2013). Coding allows the translation of qualitative data into manageable categories and examination by an analysis method (Gläser & Laudel, 2013).

According to Fitzgerald, Rumrill, and Merchant (2015), synthesis of qualitative studies includes the steps of data extraction from studies and the thematic synthesis of findings from those studies. According to Harden and Thomas (2013), data analysis begins once all textual data are extracted from the qualitative studies and entered one of the commonly used qualitative data analysis software packages, such as QSR's Nvivo (Fitzgerald et al., 2015). Once entered, the thematic separation progresses in stages starting with the breaking down and coding of texts with the development of strong themes from the qualitative studies (Fitzgerald et al., 2015). Data from these studies will emanate from a researcher's descriptions of the study outcomes (Fitzgerald et al., 2015).

When analyzing the data in software, through line-by-line coding, the analysis of similarities and differences among the codes of cluster emerges (Fitzgerald et al., 2015).

Yu et al. (2014) asserted that to make the task more manageable; I used computer-assisted analysis software NVivo 11 for the data analysis and coding. According to Woods, Paulus, Atkins, and Macklin (2015), coding provides an evolving graphical guide to the analysis and integrating of information. Woods et al. compared the outputs of data analyses coding by researchers, who used ATLAS.ti and NVivo. Researchers primarily use ATLAS.ti and NVivo to analyze textual data from interviews, focus groups, documents, field notes, and open-ended survey responses (Woods et al., 2015).

The NViv offers the unique advantage of creating an indexing system of data categories called nodes in the NVivo lexicon (Woods et al., 2015). By opening a node, researchers can view the data in the entire category (Woods et al., 2015). The most commonly used qualitative analysis software tools are ATLAS.ti and NVivo; however, researchers mostly use NVivo than ATLAS.ti (Woods et al., 2015). Both ATLAS.ti and NVivo offer functions for creating text files and for transcribing audio and video files, making it possible for researchers to create field notes, interview notes, reflective journal entries, and interview transcripts in the software (Woods et al., 2015).

I triangulated using the audio recorded interview data with archival documents provided by the participants. I also used documents collected during the interviews, interview notes, and journal reflection for methodological triangulation to guarantee validity during the data analysis. Data triangulation involves using multiple sources of evidence during a study (Graue, 2015; Joslin & Müller, 2016; Malsch & Salterio, 2016). Investigator triangulation includes the use of more than one investigator in a study to participate in observations, interviews, coding, or examination of participants' responses (Graue, 2015; Joslin & Müller, 2016; Malsch & Salterio, 2016). Using multiple investigators lessens the possible bias involve in employing only one investigator (Graue, 2015). Using multiple investigators allows for data consistency through analysis (Graue, 2015; Joslin & Müller, 2016). Another triangulation is methodological triangulation, which comprises of multi-method, mixed-method, or methods triangulation (Graue, 2015; Joslin & Müller, 2016). The methodological triangulation was appropriate for the case study.

Reliability and Validity

Reliability and validity are relevant research concepts, particularly from a qualitative point of view; reflecting on the multiple ways of establishing the truth about the outcome of the study. There are four concerns of trustworthiness embedded in reliability and validity that need consideration in qualitative research, (Kemparaj & Chavan, 2013). The concerns include credibility, dependability, confirmability, and transferability (Li, Lee, Chen, Jeng, & Chen, 2014). Readers encounter a collection of terms for validity that include genuineness, goodness, credibility, sufficiency, trustworthiness, acceptability, validity, validation, and reliability (Houghton, Casey, Shaw, & Murphy, 2013; Kemparaj & Chavan, 2013; Venkatesh et al., 2013).

According to Hays, Wood, Dahl, and Kirk-Jenkins (2014), although establishing rigor is significant in qualitative research, however, it was difficult to determine what the criteria should be, where needed, how labeled when implemented, and how they may be used to evaluate research quality in qualitative research. Research quality, the same with rigor, encompasses the methodical approach to research design and data analysis, interpretation, and presentation (Hays et al., 2014). Rigor is trustworthiness, significance, and credibility (Hays et al., 2014).

Reliability

One of the main requirements of any research process is the reliability of the data and findings (Zohrabi, 2013). Reliability deals with the consistency, dependability, and replicability of the results obtained from a part of the research (Zohrabi, 2013). External and internal reliability deals with the coherence of collecting, analyzing, interpreting, and the replication of the study (Zohrabi, 2013). Reliability of the quality of the qualitative research to a significant level relates to the sampling sufficiency for transferability of findings (O'Reilly & Parker, 2013). Reliability ensures the likelihood of duplicating a study, and the researcher should follow specific processes essential to scientific research (O'Reilly & Parker, 2013).

Validity

Qualitative research consistency uses credibility, dependability, confirmability, and transferability as criteria for judging the trustworthiness of the study. The key fundamental to qualitative research centers on the validity of trustworthiness and dependability of the outcome of the study (Zohrabi, 2013). It is important for the researcher and research participants to use validity in the different stages of the research, from data collection through to data analysis and interpretation (Zohrabi, 2013). The main validity concern in qualitative research is whether, the outcome of the study is credible and replicable by future studies (Zohrabi, 2013). Validity is a necessary criterion for assessing the quality and acceptability of research (Zohrabi, 2013).

Credibility refers to the value and acceptability of the findings (Houghton et al., 2013). Credibility comprises two procedures: Acceptably conducting the research and being able to establish trustworthiness (Houghton et al., 2013; Kaczynski et al., 2014). Researchers should spend sufficient time in case-study sites to gain a full understanding of the investigation (Abban et al., 2013; Houghton et al., 2013). The analysis in qualitative research is an individual, unique process between the researcher and the data. The peer debriefing may make researchers' interpretation of the data more credible if peers define the data in the same way (Abban et al., 2013; Houghton et al., 2013). As in the case of Barnham (2014), I did not use peer debriefing but respondents' validation through phone calls, e-mails, and personal visits.

The case study strategy demands skill and sensitivity from the researcher to ensure meeting requirements accompanied by methodological rigor and acceptance in the scientific community (Marques, Camacho, & de Alcantara, 2015; Singh, 2015). The case study is usually nonreplicable; however, the reliability is established through data triangulation, starting from the use of different data collection tools, confirmation relating, and rigor in all the procedures achieved during the study (Marques et al., 2015). Triangulation is a process of verification of information that increases validity by incorporating several viewpoints and methods (Khan, 2014). I used methodological triangulation and member check to improve the validity of the study.

Dependability is the concept of reliability in quantitative research and discusses how consistently the data are (Houghton et al., 2013). Through audit trail, a researcher can achieve rigor by delineating the assessments made during the research process to justify the methodological and critical findings of the investigator (Anney, 2014; Houghton et al., 2013).

Similar to the case of Houghton et al. (2014), I maintained a trail of information through wide-ranging notes associated with the demographic data on the participants to seek patterns and ask questions about the data at a later phase of the scrutiny. The freedom to explore new paths of inquiry comes with the challenging responsibility of sustaining the highest integrity of the data, which in turn will strengthen the quality of the research (Kaczynski et al., 2014). I ensured that participants in this study reviewed the transcripts of the interview recordings, to check for accuracy, and to confirm that the transcriptions reflected the participants' views and not the researcher's views.

Confirmability refers to the objectivity and correctness of the data, and dependability in processes (Houghton et al., 2013). Reflexivity in qualitative research is the important personal decision trails contributions and responses of the researchers' recorded (Barnham, 2014; Houghton et al., 2013). In most qualitative research, the researcher is part of the research instrument; therefore, keeping a reflective diary can be an essential expression of reflexivity (Houghton et al., 2013). I kept a reflective diary as suggested by Houghton et al. to provide the rationale for decisions made, instincts and personal challenges that I experienced during the study. I achieved conformability through return confirmation from the participants.

The strategies for increasing the trustworthiness of qualitative data include member checking by clarifying with participants during the interviews (Li et al., 2014; Sandberg, Jakobsson, Midlöv, & Kristensson, 2014). Ivankova (2014) used some strategies to ensure reliability and integrity of the qualitative data and outcomes through triangulation of data sources. Similar to the strategies employed by Ivankova, I secured confirmability through follow-up interviews, e-mails, and respondents verification of the transcripts at the early stage of reading the records and during data. Each participant received a comprehensive summary of the interview report to confirm the accuracy (Ivankova, 2014; Sandberg et al., 2014). Even though most respondents upheld the accuracy of the recording, some participants used the reviews further to clarify their views, and some observations made during the interviews (Ivankova, 2014).

Transferability refers to whether precise results are transferable to other similar situations while still maintaining the significances and interpretations from the research concluded (Houghton et al., 2013; Venkatesh et al., 2013). Researchers can determine transferability through thick description. The concern of the researcher centers in providing detailed descriptions for the reader to make informed decisions about the transferability of the findings to relevant contexts (Houghton et al., 2013; Li et al., 2014).

Transferability is the extent to which the outcomes of a qualitative study can be transferable to other contexts or settings with different respondents by researchers (Anney, 2014). Researchers can attain transferability through thick description (Anney, 2014). Thick description involves the researcher explaining all the research processes from data collection, the context of the study, and the production of the final report (Anney, 2014). Thick descriptions enable further investigators to repeat the study using comparable circumstances in other settings (Anney, 2014). To enhance qualitative transferability inquiry the research, I collected robust descriptive data that allowed comparison of the context to other possible contexts to which can be transferable as in the case of Anney (2014).

The influence of, transferability places demands on the researchers to provide readers with sufficient depth to project that the situations are replicable in the future study (Malsch, & Salterio, 2016). The level of investigational details furnished by the researchers to contextualize their observations, analysis, and findings leads to what is known as a thick description (Malsch & Salterio, 2016). A full thick description is the detailed account of field observations and experiences that are necessary to aid in transferring the time, setting, situation and people of a specific study to the reader's reality, and by doing so strengthens the trustworthiness of the findings (Malsch & Salterio, 2016). Researchers attained transferability through the judicious selection of participants using inclusion and exclusion measures (Li et al., 2014). Li et al. (2014) ensured dependability through literal transcriptions of audio tapes promptly and achieved conformability by sustaining an audit trail through study reflection log.

The use of data saturation is necessary for gathering sufficient data for the qualitative study. Researchers need to determine when data saturation is achievable. Inability to reach data saturation can influence the quality of the research conducted and impedes confirmability (Fusch & Ness, 2015; Ivankova, 2014; Marshall et al., 2013). A smaller sample assists the researcher to analyze interview responses in detail and identify expressions with ease. A small study will reach saturation easily than a larger study (Fusch & Ness, 2015). A researcher can reach data saturation when there is enough information to replicate, when new information is no longer available, and when additional coding is no longer possible (Fusch & Ness, 2015; Marshall et al., 2013). Using the three-sample size for the study enabled the attainment of data saturation because, after the third interview, there was no new information to collect.

When and how a researcher reaches those levels of saturation will vary from study design to study design (Fusch & Ness, 2015). A researcher cannot assume data saturation just because the researcher has exhausted the resources (Fusch & Ness, 2015). Interviews are one method by which a researcher can reach data saturation (Fusch & Ness, 2015; Marshall et al., 2013; O'Reilly & Parker, 2013). Interview questions properly structured should facilitate probing multiple same questions to participants; otherwise, a researcher may not be able to reach data saturation (Fusch & Ness, 2015; O'Reilly & Parker, 2013).

The selection process, which included only small number SMEs leaders may not be representative of the majority of SMEs. The proof of validity emanated from the selection of SMEs that applied for bank loans and those that may have applied to other financiers or private sources, family, business associates, and venture capitalists. The proof of validity may, however, not be the overall representation of SMEs in Nigeria. Others included those who have the private capital to start a business or use bootstrapping methods and have no desire to apply for outside funding sources from the banks. The ability to provide generalization for the population sampling may pose a threat to this study. Comparing the number of SMEs domestically and internationally, may not apply to a larger, more diverse population. Further, conducting research with a more diverse population sample is essential. A smaller sample enables the researcher to analyze interview responses in detail and identify thematic expressions with ease. I compared the different responses of geographic the areas where SME's leaders applied for loans. I used respondent endorsement for validation and member checking.

Transition and Summary

Section 2 included an explanation of the role of the researcher, participants, methodology, and population sampling of this study. The data collected from the interviews enabled my understanding of accessing credit by SMEs leaders and the challenges faced in developing and growing their businesses. The chosen population and survey methodology aligned with the proposed research questions, allowing comparison of results to existing literature on the topic of study. The outcome of the study on the data regarding sources of financing SMEs will contribute to the economic enhancement of the SMEs and impact on social change. The qualitative research reports and findings will help professional practice for the benefit of business industry, academia, and society, with recommendations for further study. A description of the primary case study is in Section 3.

Section 3: Application for Professional Practice and Implications for Social Change

Introduction

The purpose of this qualitative multiple case study was to explore the sources of funds necessary for the growth and development of SMEs in Nigeria. Using methodological triangulation, I analyzed data from the following sources: (a) audio recordings from participant's interviews, (b) interview notes, and (c) information from documents provided by the participants. The central themes I identified were sources of business finance for SMEs, and constraints of sourcing of finance for business. Section 3 includes (a) an extensive presentation of findings, (b) a discussion of the study's application to professional practice, (c) implications for social change, (d) recommendations for action, and (e) recommendations for further study.

Presentation of Findings

The overarching research question guiding this study was: What are the sources of funds available to SMEs leaders for the growth and development of their businesses? I used NVivo 11 to analyze the transcripts of the interviews and identified themes from the data. The data analysis process included (a) transcribing the recorded interviews information verbatim, (b) creating codes for identifying the individual participants, (c) developing codes for the interview data, and (d) extracting themes from the analysis. The process enabled me to identify two central themes for discussion: (a) sources of business finance for SMEs, and (b) constraints in sourcing of finance for business. Under these key themes, several subthemes emerged, which were associated with the experiences and challenges of sourcing of business financing by the participants. The pecking order theory provided the conceptual framework I used to explore the overarching research question of this multiple case study. The pecking order theory aligned with the literature and the findings of the study.

Emergent Theme 1: Sources of Business Finance for SMEs

The three participants discussed their experiences as SME leaders conducting business in the oil and gas industry in Nigeria. Specifically, they discussed how they accessed financing to start their businesses. When addressing the interview question on the sources of business financing for development and growth of SMEs, each participant gave a different explanation of the sources of funding they used. The three participants reported sources that included (a) personal savings, (b) family, (c) business associates, (d) community leaders, (e) government, (f) credit suppliers, and (g) banks. The thematic analysis of responses using NVivo showed that all the participants reported these various sources of business funding; however, the ratio or mix of sources differed by participant (see Table 1).

Table 1

Emergent Theme 1: Sources of Business Financing for SMEs

Sources of financing	*N*	P1	P2	P3
Personal savings	10	20	60	20
Family sources	20	35	40	25
Business associates	75	27	33	40
Community leaders	9	22	67	11
Government intervention	38	40	26	34
Credit suppliers	44	27	23	50

Note. *N* = Occurrences. P1, P2, and P3 = Percentage of occurrences in first, second, and third participant's responses respectively. Percentages are rounded to whole numbers.

In my thematic response analysis (see Table 1), I found that P2 emphasized how personal savings and family helped in raising capital to start a business, while P1 stressed using government intervention and credit suppliers for the business. P3 used mostly business associates and credit supply as sources of financing the business.

The financing approaches sought by SMEs differed from original private sources of the owner, to managers' savings and retained earnings (see Abdulsaleh & Worthington, 2013). Some of the funding sources for SMEs could be financial support from families, business associates, trade credit, VC, and angel investors (see Adebisi & Olayinka, 2013; Ibrahim & Shariff, 2016; M. Ibrahim & Ibrahim, 2015). The outside sources included banks, commercial stocks, and securities markets (see Abdulsaleh & Worthington, 2013).

Subtheme 1: Family, friends, business associates, and community. The pecking order theory holds that firms favor internally generated resources over the external capital, followed by debt, and equity in financing decision of business activities (Akorsu, 2014; Kozarevic et al., 2015). SMEs can use a design-borrowing ratio of private, debt, and equity to finance business (Nițescu, 2015). The design-borrowing ratio could be from family, friends, community, banks, and stocks markets (Nițescu, 2015). The three participants acknowledged starting their businesses with private funds before sourcing from banks, trade credit, product finance, and government intervention. While choosing the percentage of investment, SME leaders reflect on the appropriate funding, the amount necessary for accessibility, use for the funds, business environment, and contractual conditions (Nițescu, 2015).

The three participants discussed how family, friends, and community could assist with financial resources to run a business. P1 indicated that a parent could gladly support children or family members who intended to start a business, and expect nothing in return but the success of the business. P2 also indicated that parents or family members could help pool business resources for an individual in the family at no cost to invest in an enterprise. A thematic analysis of the participants' responses to the interview questions showed their various views on the sources of funding for their businesses, the key players in the SME loan market, and the conditions guiding financing SMEs (see Table 2).

Table 2

Responses by Participants on Interview Questions

Excerpt responses from participants	Interpretation and analysis	Emergent themes
Interview Question 1: What are the sources of business funds available to SMEs? P1: "The source of the business available to SMEs includes family sources, credit suppliers, banks, and government credit intervention." P2: "The sources of funds are from "personal savings, banks, family, business associates, venture capitals, and community leaders." P3: "The sources of business finance for the SMEs include one bank, which includes products and local purchase order (LPO) finance, two family, and three friends and business associates."	An analysis of the responses from participants revealed that all participants, at one point or the other used private savings, family sources, banks, credit suppliers, and business associates as their sources of business finance.	Similar sources of business finance from private savings, banks, family, and credit supplies.
Interview Question 2: What are the conditions in providing loans to SMEs? P1: "Yes, as I said earlier, the banks have their criteria for giving out the loans. We provide collateral facilities, and the account must be registered with the bank for more than six months before a customer can access the loan." P2: "Before commercial banks will give you the loan, you must give them collateral, which may include your house, place of business, or perhaps, a land, equivalent or more than the value of money applied from the bank." P3 "Sometimes the banks have many products for SMEs, however, if you belong to a petroleum marketing association, you enjoy some privileges with the banks, regarding obtaining loans."	Analysis of the responses by participants showed that guarantee for obtaining loans from the banks include property collateral, and or belonging to a business organization association, that can guaranty the SME to obtain a loan from the bank.	Collateral facilities and tendering property documents are essential to guarantying loans from the banks.
Interview Question 3: Who are the key players in SME loan market? P1: "The key players are Diamond Bank, Zenith Bank, and Standard Chartered Bank." P2: "Well, the key players are, as I told you to include banks, families, friends, and business associates." P3: "If a marketer is a registered member of the union and dealer or sub-dealer of MRS or other Major Oil Marketing Company, the banks can finance the supply of their products." P3: "The banks have an agreement with the major marketers on such financing."	Participants revealed that banks, family, membership of the business association, play a crucial role in accessing finance by SMEs.	Family and banks played leading roles in providing financing to SME business.

According to P2, business leaders in the community could serve as guarantors to an SME to obtain a loan from the bank. P2 also indicated that other business leaders in the community could finance the business and monitor performance; however, they should expect nothing in return but their invested money. P2 revealed that the gesture by such business leaders in the community is a way of helping youth in the community to be responsible and avert restiveness. Similarly, in China, business and political leaders are rated on their ability to improve the society's well-being through their contributions to businesses in the society (Gao & Hafsi, 2015; Gudov, 2013). In emerging economies, community peers seem to have a dominant role in assisting SMEs, more so than government interventions (Gao & Hafsi, 2015). As Gao and Hafsi (2015) noted that the Chinese SMEs traditions encouraged assistance to the well-being of the community as a key measure of leadership success.

P2 also indicated that individuals in the family or rich people in the community could invest in the business potential and talent of a person, as a VC. Such business individuals would take a portion of the profit based on their contribution and the agreements. P2 revealed benefiting from wealthy people in the community and from a former boss at the last employment. P3 reported pooling resources from brothers and relations to invest in the firm as contributors but not partner shareholders. According to P3, an individual may have family members working in other places or government organizations who have savings and do not know how to invest. P3 revealed pooling funds from brothers to invest in the business and sharing the profits according to the contribution of each of the brothers.

Subtheme 2: Personal savings. Personal savings is one of the major sources of capital to SMEs. The three participants acknowledged that personal savings formed part of their working capital. P2 had struggled to serve the boss and saved some money to start the business. P2 confirmed being in the oil and gas business for the last 10 years. P1 indicated being in the business for 30 years. Private savings and funds obtained from family and associates can form the primary sources of funding for SMEs (Bilal et al., 2016; Chimucheka & Mandipaka, 2015).

Subtheme 3: Banks, relationships with banks, and membership in business associations. All the three participants confirmed that the bank was one of their primary sources of business finance. P1 acknowledged borrowing money from the bank, but had liquidated the loans. P1 revealed that because of the high interest rate, which stood at about 35%, he or she could not adequately support the business debt and resorted to financial reengineering through the sale of some business assets to reduce the debt profile and continue in the business. Asikhia and Awolusi (2015) acknowledged implementation of business process reengineering (BPR) as one of the key success factors in the operational performance of organizations in the Nigerian oil and gas industry. Asikhia and Awolusi administered 650 questionnaires, to a randomly selected senior and management staff of eight reengineered oil and gas companies in Nigeria. The outcome of the study showed that implementation of BPR had a positive impact on the operational and organizational performance of the businesses (Asikhia & Awolusi, 2015).

P2 acknowledged once collecting loan from the bank for business, but liquidated the loan and no longer owes the bank. P3 indicated applying for overdraft only, when there were emergency business transactions, and did not want to miss the opportunity. P3 acknowledged that he or she collects the overdrafts only when he or she expects some transfers of money into the company's account, and equivalent or less than the overdraft. P3 also indicated, "I do not normally collect loans from the bank because of their logistics; however, sometimes I collect overdraft when the need arises." P3 mentioned that having a good relationship with the bank could facilitate easy access to loans. P3 acknowledged accessing overdrafts easily because of the good relationship established with the bank manager. Gana (2013) confirmed that individual relationship with bankers could facilitate access to credit at a decreased cost of borrowing based on the theories of monetary intermediation and social connections. P1 revealed that having a personal relationship with the banks could influence the interest rate charged. P3 also confirmed that the bank relationship might affect the interest rate charged. Sette and Gobbi (2015) indicated that personal relationships could influence bank lending.

P3 reported that banks sponsor petroleum products supply when there was a good business relationship and when the business was doing well over time with a good turnover. Hirsch, Laschewski, and Schoen (2016) examined the literature on relationship lending between borrowers and lenders. Hirsch et al. measured trust and the influence on savings bank-borrower relationships, based on credit files and customer reports. The result of the study showed that intentional trust influenced credit limits because of the bank's understanding of the customers' personal borrowing history (Hirsch et al., 2016). Such trust happens based on values, norms, and intentional trust relationships, and not on positive experiences with the borrower (Hirsch et al., 2016).

Subtheme 4: Government intervention and products credit supply. All the three participants acknowledged that the government assisted in funding SMEs within the oil and gas industry, through what they called, government intervention. P1 indicated that the government provided petroleum products to service stations on credit, while they pay after sales. P1 confirmed benefiting from the government intervention and offered some of the documentation for the government intervention supply to the service station. P3 did not seek for the government intervention because he or she had enough capital for the business. P1 and P3, however, revealed that such assistance was available, but no longer exists, because some Nigerian business persons abused the government gesture.

P1 and P3 indicated that when government intervention was in place, service station owners could get petroleum products on credit to the tune of N100 million. P1, however, revealed that some of the SME owners did not pay for the products after the sales, but diverted the money to personal and unrelated business use. All three participants acknowledged that before the government provided the credit facility, there were some certain documentations and procedures to follow. According to P1, one of the conditions was conveying a bank guarantee from the business owner's bankers to support the credit supply. P1 and P3 revealed that the government intervention was only for those businesses within Abuja, the administrative headquarters of Nigeria. P1 indicated that the government supplied up to 60 thousand liters of petroleum products without payment until the service station owner sells the product.

The three participants stated that government introduced such intervention because of the scarcity of petroleum products, the vandalizing of petroleum pipelines, and breakdown of refineries in the country. The government assisted through the Nigerian National Petroleum Company (NNPC) to alleviate the petroleum product scarcity in the country. P3 revealed that the credit facility from the government was to some selected marketers within Abuja. According to P1 and P3, one of the qualifications for the supply of product on credit from the government was having a service station within Abuja, in addition to the bank guaranty of between N20-N25 million. P1 commended the government efforts on the credit product supply intervention and suggested that government should help more by guarantying loans from the banks for the SMEs to access more funds for business.

The government in the UK, in 2012, introduced an intervention to improve the accessibility of finance by SMEs (Talbot, Bhaird, & Whittam, 2015). The UK government introduced a legislature in allowing credit unions to advance to SMEs and corporations funds for businesses (Talbot et al., 2015). The government intervention confirmed the literature review, which indicated that the implicit government guarantee varied from one firm to another, which depended on the characteristics of the enterprise, such as the business size, the sector, and the connection with the general economy (Talbot et al., 2015). Government tendency to intervene also changes over time (Talbot et al., 2015). In Nigeria, the government set a banking regulation, requiring banks to set aside 10% of their pretax earnings to funding SMEs (Tende, 2014). P1 and P3 indicated that the government intervention no longer exists and some of the banks introduced stringent measures to access such funds because, some business persons took advantage of the government gesture to defraud, with the connivance of some banks officials.

Subtheme 5: Products finance, dealership membership (bulk suppliers), credit suppliers, and networking relationships. P3 revealed that banks finance product purchase. The product financed the purchase is an arrangement where, the service station owner, source for products, while the banks fund the products purchased from the company, the service station owner ordered. P3 revealed that after, the supply of the products, the bank tracks the sales and ensure payments go into the account on a daily basis, from the company. P3 indicated that the products served as the guaranty to the banks because all the proceeds from the sales would go to the bank that funded the purchase. P3 revealed that during the scarcity of petroleum products in the country, several banks financed the importation of petroleum products for the oil marketing companies. P3 stated that some of the companies defaulted on the repayments to the banks. According to P3, the default for the payments affected some of the bank's financial liquidity and subsequent takeover by asset and management company, for receivership.

P3 revealed that another form of financing by the banks is the local purchase order (LPO) finance. According to P3, there must be a good relationship with the bank before the bank could fund the LPO. P3 revealed that when there is an LPO to supply an industry with petroleum products, the bank pays for the purchase of goods for supply to the company. P3 indicated that the bank verifies the order from the company that issued the LPO, before financing the purchase. P3 stated that there must be a formal letter to the bank for the financing of the LPO. According to P3, the payment for the supply needed to be domiciled with the bank, because, the bank paid for the purchase of the product. P3 revealed that the business manager could not withdraw from the account until the bank deducted all its money and other charges for lending.

P3 revealed that sometimes the banks have a variety of loan products for the SMEs, for example, being a member of a business association. The petroleum products marketers in Nigeria have associations called, the Independent Petroleum Marketers Association of Nigeria (IPMAN), Major Oil Marketers Association of Nigeria (MOMAN), and Depots Petroleum Products Marketers Association (DAPPMA). According to P3, the associations enjoy some privileges from the banks, regarding obtaining loans. P3 indicated that being a member of one of the associations, could guaranty credit facilities from the banks and could guaranty getting products on credit from the major oil companies, such as Mobil, Total, MRS, and Oando.

The three participants indicated that petroleum product marketers gain the advantage of being a dealer or sub-dealer with the big oil marketing companies, like

Mobil, Total, MRS, and Oando. P3 indicated that he or she is a sub-dealer with MRS oil marketing company. P3 also revealed that being a sub-dealer has the advantage of getting products from MRS, within the same business day or a maximum of 3 days, after order. When MRS does not have products, P3 revealed that he or she orders from the Nigerian National Petroleum Company (NNPC), which is run by the government. According to P3, the NNPC products order, however, could take up to 2 months to get delivered after payment. P1 and P3 indicated unless "if a person has a strong connection with the top government officials, then the orders would not take long".

In another source of business finance, P1 indicated collecting materials for construction of service stations from credit suppliers. The materials included underground storage tanks, fuel pumps, and cement for the construction of new stations. P1 stated that he or she entered into an agreement with the credit providers and paid monthly. Trade credit is another source of finances to both SMEs and companies (Cowton & San-Jose, 2017). The accessing of construction material through trade credit confirmed the literature, that trade credit occurs when a trader provides goods or services to another firm in the anticipation to receive payment later in the future (Cowton & San-Jose, 2017; Murfin, & Njoroge, 2015). In the place of payment in cash or near-cash, the vendors supply the goods on credit, with a bill that specifies the payment terms, and conditions, for example, payment within 30 or 60 days (Cowton & San-Jose, 2017; Murfin, & Njoroge, 2015). de Carvalho and Schiozer (2015) revealed that trade credit and short-term bank loans were supplementary and not substitute sources of funds to

MSMEs (de Carvalho & Schiozer, 2015). de Carvalho and Schiozer suggested that financial institutions could use trade credit as an indicator of the creditworthiness of a company. The outcome of the study also revealed that the supply of trade credit positively influenced the importance attached to both private capital and bank loans by the management of MSMEs (de Carvalho & Schiozer, 2015).

Emerging Theme 2: Constraints of Sourcing of Finance for Business

According to P1, P2, and P3, the limitations of sourcing finance by SMEs in Nigeria arises when SMEs are unable to provide guarantees and collaterals to the funding institutions. The three participants discussed among other challenges of sourcing capital for business to include: (a) high interest rates and hidden charges and (b) collateral, documentation, and stringent bank conditions. Others constraints included: lack of financial records, business location, ignorance of SME owners, government bureaucracy, and land tenure systems (see Table 3). The three participants also revealed that lack of sincerity from business owners and collusion with bank officials (Nigerian factor), affected access to credit.

Table 3

Emergent Theme 2: Constraints of Sourcing Finance for Business

Constraints of finance	*N*	P1	P2	P3
Collateral	25	24	52	24
Documentation	17	24	47	29
Stringent bank conditions	73	21	35	44
High interest rate and hidden charges	35	20	26	54
Government bureaucracy	50	64	24	12
Lack of financial records	5	40	60	0

Note. *N* = Occurrences. P1, P2, and P3 = Percentage of occurrences in first, second, and third participant's responses respectively. Percentages are rounded to whole numbers.

From the thematic response analysis (see Table 3), P1 emphasized on government bureaucracy to land tenure system and lack of financial records hinder access to loans from the banks, while P2 stressed on the provision of collateral properties, documentation, and lack of financial records, which hinder access to bank finance. P3 reiterated the constraints of accessing finance from the banks on stringent conditions of the banks and high interest rates.

Subtheme 1: Collateral, documentation, and banks stringent conditions for loans. Collateral requirements, documentations, and banks stringent conditions play an essential role in accessing credit facilities from the banks by SMEs in Nigeria. According to the three participants, the bank's lending process in Nigeria is difficult because of the need to provide collateral in the form of landed property documents. P1 and P2 confirmed that, before banks could give a business loan, the business owner must operate an account for not less than 6 months and must have collateral and business documentation.

P2 also confirmed providing collateral before accessing loan from the bank. P2 indicated that the bank returned the collateral documents after liquidating the loan. P1 also revealed being subjected to the bank's risk analysis according to the rules of engagement, to determined meeting the conditions for granting the loan. According to P1, in some cases the total loan applied for would not be approved, but only a certain percentage. P1 reiterated that the bank could barely approve up to 100% of what the business needs. P2 revealed that the banks request for collateral such as, business premises building, a house, or perhaps landed property equivalent or more than the value of the loan. The three participants responded to the reasons for constraints in accessing finance by SMEs to include collateral, documentation, bank stringent conditions, high interest rate, government bureaucracy, and availability of financial records as depicted in Table 2.

Hirsch et al. (2016) used multiple informants, collecting data from relationship managers and credit risk officers to determine interest rates for credit lines and investment loans. The result of the study revealed that collateralization stages of total credit exposures and credit accessibility determined the bank's readiness to offer funds to SMEs (Hirsch et al., 2016). The results of the study showed that interorganizational trust had a positive effect on collateralization levels of total credit experiences (Hirsch et al., 2016).

Miñarro-Gómez and Hernández-Cánovas (2016) examined Mutual Guarantee Societies (MGS), which are nonprofit financial institutions established by a collection of SMEs whose aim was to obtain the required guarantees, for financial institutions, to enable credit accessibility by Spanish SMEs. SMEs experienced challenges in accessing bank financing because of information asymmetry, provision of collateral, the burden of shorter maturity periods, the stringent conditions imposed by the banks (Miñarro-Gómez & Hernández-Cánovas, 2016; Rostamkalaei & Freel, 2016). Lenders use the information asymmetry for adverse selection and moral risk assessment and allotment of credit to SMEs to reduce the lending cost (Miñarro-Gómez & Hernández-Cánovas, 2016; Rostamkalaei & Freel, 2016). Miñarro-Gómez and Hernández-Cánovas recommended that the main substitute for providing sufficient guarantees for reducing the effects of the information asymmetry and facilitating access to credit be, SME should join the MGS. Talbot et al. (2015) examined the reasons for the lack recognizing SME lending by credit unions in Scotland. The findings revealed that the chief executive officers of the credit unions were reluctant to lend to SMEs because of the level of risks associated with lending to the SME sector (Talbot et al., 2015).

Subtheme 2: High interest rate and hidden charges. P1 indicated that the constraints in accessing finance are the lending process, high interest rates, and other administrative fees of the banks. According to P1 and P3, banks in Nigeria would only be willing to engage in the business of lending to SMEs, when the business is successful, but not at the initial start-up. The three participants revealed that the condition of the interest rate in obtaining a loan in Nigeria is not favorable for SMEs. P3 indicated that unlike the advanced countries, in Nigeria banks would not give out loans to starters or invest in the skills of innovations. P3 reiterated that, for example, to collect a loan of N5 million, the bank would remove all kinds of charges from the credit applied, in the first instance, and give out the balance. The charges, included administrative, management fees, and insurance, which could be up to 4.5%, plus further 30%.

SMEs in Nigeria faced the challenges of business funding, because of high interest rates on borrowing from the banks, limited sources of access to funds, and varying government policies, which affected the SMEs (Afolabi, 2015; Obaji & Olugu, 2014). In Mozambique, commercial banks charged excessive interest rates and other fees for transfer of funds, bank statements, banking guarantees, and letters of credit (Osano & Languitone, 2016). SMEs find it difficult to borrow from the banks because of the high interest rate and other charges (Osano & Languitone, 2016). Banks give credits to SMEs with high-interest rates because of information asymmetry (Caporale & Gil-Alana, 2016; Gana, 2013). See Table 4 for the responses of participants.

Table 4

Responses by Participants on Interview Questions

Excerpt responses from participants	Interpretation and analysis	Emergent themes
Interview Question 4: Why are there constraints in accessing finance by SME?		
P1: “Number one, the principal constraint is lack of collateral, high interest rates, two awareness; you should be aware of what kind of facilities are available in the bank, three, government land tenure bureaucracy, and delay in processing the loans by the banks.” P2: “The problems are, most people who want to do the business do not have the collateral because the banks do not give out a loan without collateral.” P1: “Without collateral, no loan.” P3: “The constraints in accessing finance, as I told you, the lending process of the banks.” P3: “Banks in Nigeria would always want to do business with you when your business is doing well, but not when you want to start a business from the initial stage. The condition of the loan is not favorable, unlike the advanced countries where they can give you a loan when you want to invest in your skill and innovation.	All participants revealed that the reasons for constraints in accessing finance by SMEs to include lack of collateral, documentation, stringent bank conditions, high interest rate, and government bureaucracy.	Lack of collateral is a constraint issue in accessing bank loan.
Interview Question 5: What are the conditions in providing loans to SMEs?		
P1: “Yes, as I said earlier, the banks have their criteria for giving out the loans.” P2: “For most businesses, the banks will ask for guarantors and collateral before giving a loan, because of default”. P2: “Also, if you do not have guarantors, the bank will not give you money to do business.” P3: “Banks do not adequately support the businesses in Nigeria like the advanced countries.” P3: “Also, banks in Nigeria will charge you	All participant showed disappointment on the stringent conditions applied by the banks for granting loans to SMEs. Participants also indicated that one of the reasons why most businesses in Nigeria default in the payments of loans, was the high interest rate.	The SMEs leaders have a high opinion that SMEs should not approach banks for loans, unless it is necessary, because of the risk of losing their business in case of default in the payment of loans.

high interest, that is why most people that collect loans from the banks do not pay.”		
Interview Question 6: How can SME leaders facilitate the access to finance from the commercial banks?		
P1: “The government can give the banks directives or guarantee the SMEs.” P2: “By meeting the commercial bank's conditions.” P3: “By applying to the banks, after meeting their conditions.” P3: “When you meet the condition of collateral, the banks will give you the loans, however, I manage my capital resources to run my business.”	Participants’ responses revealed that SMEs need to meet the conditions to apply for bank loans.	Strong reasons that the government should also assist SMEs to access loans.

All the three participants indicated that one of the reasons why most businesses in Nigeria default in the payments of loans, was the high interest rate. P3 reported that the high interest rate renders the business unprofitable, and often leads to failure. P3 also revealed that from the LPO finance, the interest rate could be as high as 35%. The interest charges thereby drastically reduced the profit margin of the LPO supply. P3 reiterated factoring 27% and other hidden charges, plus or minus, amounting to between 30%-35%. P3 indicated that banks do not adequately support the businesses in Nigeria like the advanced countries.

Subtheme 3: Availability of financial records and business location. The three participants acknowledged that availability of financial records and business location also influence accessing credit from the banks. P1 indicated that before a bank could grant any credit to business, the bank would normally inspect the business premises, check some of the daily transaction records to see how viable the business is running. P2 revealed that if such a business is in a remote area, the bank would not likely give the loans, because the loans are always short-term loans. Bank leaders, therefore, deal with viable businesses within the cities. P1 and P3 indicated that one of the reasons that banks do not offer financial assistance to SMEs in Nigeria was the lack of information asymmetry and incomplete financial records of the SME businesses. The response of the participants was consistent with the conceptual framework that absence of financial records creates a situation of information asymmetry, between lenders and the borrowing firms (Adair & Adaskou, 2015).

Lack of comprehensive financial data on SMEs hinders access to credit from banks (Talbot et al., 2015). Lending methods could be soft, based on relationship lending, and carefully based on asset-based collateral lending, financial statement lending, and business credit scoring lending (Talbot et al., 2015). The relationship lending method was widely used over time, as firms become reputable and advance on trading and credit history (Talbot et al., 2015).

Subtheme 4: Ignorance and illiteracy. The three participants indicated that some business SME leaders are unaware of SME loans available in the banks because of lack of education and awareness. P1 stated that lack of knowledge on where to source for loans was because of lack of formal education. P1 said that because of the lack of formal education, the SME leaders are afraid to approach the banks for loans, for fear of losing their business when they are unable to pay back. According to P2 and P3, the SME leaders are unaware of the facilities available in the banks, advantage of being a sub-dealer, and part of being a member of the oil marketing company association. According to P1, the lack of knowledge and illiteracy contributed to lack of proper record keeping, and without the business records, the banks would not grant loans.

Subtheme 5: Government bureaucracy and land tenure systems. P1 indicated that for an SME owner to build a petrol service station, there must be a building approval from the government. P1 reiterated that anything to do with the land, there must be permission from the government and that the approval does not come easy. P1 stated that the approval could take months or years to obtain. P1, P2, and P3, also confirmed that when applying for a license to operate the petrol service station, there are much bureaucratic process and delays, which hampers the business progress and growth of the SMEs. Gao and Hafsi (2015) indicated that various scholars revealed that governments in developing economies, such as China have a significant influence regarding land and business control (Gao & Hafsi, 2015). The government controls various critical resources required by firms such as land, bank credit, tax break, and funding (Gao & Hafsi, 2015).

Subtheme 6: Lack of sincerity from business owners and banker officials. P3 stated that “some SMEs collected loans without the need for the loans, for example, some banks offered loans because they were under pressure by management to disburse a certain amount of money to businesses.” P1said that some of the businesses took advantage of such offers to collect loans and never repaid. P3 revealed that the insincerity of such business leaders in connivance with some of the bank’s officials led to the failure of some banks in Nigeria, like Oceanic bank. P3 stated that the business managers connived with the bankers, to over value the collateral submitted to the banks for loans.

P3 revealed that in the event of default, the collateral would be negligible to offset the loan collected. According to P3, one of the major IPMAN companies collapsed because of such connivance, and the company is now under receivership. P3 revealed that the trend of such connivance happened during the oil boom importation in Nigeria, where some bankers connived with some of the marketing oil companies to obtain loans and were unable to liquidate. According to P3, the banks do not monitor the businesses after disbursing the funds; however, only pushed for repayment when the borrower defaults in the repayment.

P3 revelation confirmed the study by El Ghoul, Guedhami, Kwok, and Zheng (2016) on SMEs and banks official loan corruption. El Ghoul et al. revealed that privately owned SMEs and nonexporting firms were more vulnerable to lending corruption. Lending corruption occurred when the SME and loan officer engaged on a private arrangement, where the loan officers abuse the official discretion over the financial terms of the loan agreement in exchange for economic or nonfinancial benefits from the applicant (El Ghoul et al., 2016). Loan officers may have incentives to hide a deteriorating borrower's condition because of a personal friendship with the owner, the prospects of a future job offer by the firm, or illegal kickbacks (El Ghoul et al., 2016). The connection between bank administrative policies and the lending corruption constrains the ability of SMEs to raise external finance (El Ghoul et al., 2016). El Ghoul et al. suggested that supervisory agencies should improve banks' corporate governance and reduce corruption in bank lending.

Other Relevant Findings

All three participants relayed their challenging experience in running a business within the Nigerian oil and gas industry. The three participants revealed starting their businesses from scratch. The three participants shared similar views on the sourcing of their business finance at some stages to include: (a) personal savings, (b) family, (c) business associates, (d) credit suppliers, (e) government, and (f) banks. The three participants stated in their personal views, that, SMEs should not approach banks for loans, unless it is necessary, because of the risk of losing their business in case of default in the payment of loans. P1 stated that “That is why most businesses do not live beyond a certain number of years.” P1 said, “Personally, I had to do some financial reengineering by selling some of the business assets to reduce the debt profile, to avoid collapse.”

Another finding was where P3 revealed that being a dealer or sub-dealer, in the petroleum sector has a significant business advantage, because, during the scarcity of petroleum products, the companies consider supplying and selling to their dealers first, before other individual firms. P3 stated that “there is also the advantage of being a dealer or sub-dealer with the big oil companies, like MRS.” P3 also said that “If a marketer is a registered member of one of the unions, a dealer, or a sub-dealer of the major oil marketing companies, the banks can easily finance the supply of the products.” Oladepo (2014) suggested that the government should collaborate with stakeholders and find common ground to facilitate the availability of the petroleum products within the country. The multinational oil prospecting companies such as Conoil, Mobil Oil, MRS, Total Nigeria, Forte Oil, and Oando dominated the domestic petroleum products market in Nigeria (Oladepo, 2014).

Applications to Professional Practice

The knowledge gained from the doctoral research project would enable SMEs leaders to make informed decisions concerning sources of financing businesses. The reports and findings would help professional practice for the benefit of the business community, academia, society, and future researchers. The SME leaders can use the applications of this information to their professional and business practice, which may enhance their accessibility to credit for growth and development. The outcome of the study may also influence monetary policy and financial decision makers in Nigeria to create an empowering atmosphere for SMEs to access credit for development, which could help alleviate financial problems of SMEs and enhance productivity in the country.

Implications for Social Change

The positive social change that would emerge from this study is that through empowering SMEs, the SME leaders would create employment for youths and avert the negative social impact of unemployed youths within the society. Nigeria sustained a high rate of population growth since the discovery of oil, with overwhelming youth population, and an increasing number of young graduates with no work (Agboola, 2014). The idle youths could be a ticking time bomb for the social problem within the society. The increased rate of unemployment among youths in Nigeria contributed to increasing poverty and insecurity in the country (Ifeoma, 2013). There are a notable adverse social, economic, and political developments in Nigeria, because of youth unemployment and underemployment, leading to increasing militancy, violent crimes, kidnappings, restiveness, and partisan instability (Ifeoma, 2013). The outcome of the study concerning sources of financing SMEs would also contribute to the economic enhancement of the SMEs, that would have a positive impact on social change, where most of the young population would have employment. Financing SMEs can create more jobs for the teeming youths and avert the social restiveness among youths, for a better society.

Recommendations for Action

The three SME leaders did not support the idea of access to external finance. However, SMEs leaders should not avoid external finance as part of sources of finance to developing their businesses. SME leaders should keep proper records of their financial transactions, to create confidence in the banks and other financial institutions that could help in financing their businesses. Banks should encourage SMEs by creating awareness of their conditions for granting loans, monitor businesses whenever the banks grant a loan to SMEs, and avoid connivance with the SMEs to defraud. SME leaders should also form an SME guaranty scheme for their members to improve the accessibility to credits from the banks and government assistance.

Government and policy makers should collaborate with the business community, to create a suitable atmosphere for ease of doing business in Nigeria.When government leaders collaborate with the business leaders on supporting and encouraging SMEs to thrive, there would be more employment for the growing youths, and less social issues in the society. Consistent with the findings and recommendations for action aligns with the literature review where Sambajee and Dhomun (2015) suggested that the policy-makers could use the conclusions of the study for informed decision-making on how to encourage the financing of SMEs' growth for development planning.

I will provide the three participants with a summary of the published result. I will disseminate the result of the study through conferences, literature, training, and publication in journals and public libraries. I will also present a copy of the research to my employers to keep in the organization's library.

Recommendations for Further Study

The recommendations for further study include getting more participants for the similar study, and more geographic coverage within Nigeria and other sectors of the economy, other than the oil and gas industry. Covering the other areas of the economy would give a more robust research on Nigeria's SMEs. Future researchers should consider a further study on how SMEs leaders source funding to develop and grow their businesses, within the oil and gas industry, and SMEs in other sectors of the economy. Future research on SMEs in other sectors could help business leaders and government to continue to provide financial guaranty support to growing businesses that will support the local economy.

The limitations for the research included the sample size of only three SMEs leaders operating within Abuja, Kano, and Lagos, in the oil and gas industry. Future researchers can select bigger sample size from different geographic region. The choice of the case study was a limitation because the only support for the findings was interviewing three SME leaders and company documents. I based the findings on interviewing business leaders and triangulated with additional documents provided by the participants. Future researchers can use different methods of collecting data such as observation and focus group to collect information from the SME leaders on sources of funds for financing business. Future researchers may also conduct similar study in the non oil and gas industry in Nigeria.

Reflections

My experience at Walden during the course work and the experience of conducting the research was motivating and thought-provoking. I learned how to better conduct a literature review, conduct face-to-face interviews, record and analyze data using a computer assisted software. My analytical ability and comprehension of issues, improved tremendously. At the beginning of the search for participants, I thought it would be easy. However, it took longer time than I expected to get the participants and interview them. I learned some of the sources of financing SMEs within the oil and gas industry, which existed, and I had no knowledge, despite working within the oil and gas sector. Some of the experiences shared with the participants further enriched my understanding of the business intricacies of the SMEs within the oil and gas industry in Nigeria. I also learned new methods of funding SMEs businesses by the banks and the government interventions, for encouraging the growth of SMEs in Nigeria.

From the experience of interacting with the SME leaders, I could understand the hard work and dedication of the SME leaders in running and developing their businesses. The business terrain in Nigeria has many challenges to deal with, but for the determination of the SMEs leaders, only a few could succeed. The experience influenced and enhanced my aptitudes on handling issues in my professional and personal life. It is a wonderful experience, which I would want to go through again.

Conclusion

The purpose of this qualitative multiple case study was to explore the sources of funds necessary for the growth and development of SMEs in Nigeria. The target population was three SMEs leaders from the oil and gas industry, constituting one SME with a capitalization of N5 million to N100 million, one SME with a capitalization of more than N100 million to N300 million, and one with more than N300 million to N500 million. The selected geographic locations were Abuja, Kano, and Lagos with a broad range of SMEs providing essential services of transporting petroleum products within Nigeria.

The data sources for this study included (a) audio recorded data from participant's interviews, (b) interview notes, and (c) information from documents provided by the participants. I achieved data saturation in the process of the interview and member check when no new information was available. The data analysis process included (a) transcribing the recorded interviews information verbatim, (b) creating a code for identifying the individual participants, (c) developing codes for the interview data, and (d) extracting themes from the analysis. The process enabled the identification of two key themes for discussion. The key themes that emerged included sources of business finance, and constraints in sourcing finance.

Under the key themes, subthemes emerged, which described the experience of the SME leaders in sourcing of business finance, with the associated challenges. The subthemes were detailed experiences of the individual SME leaders concerning sourcing of business funds, and the challenges encountered in sourcing of the finance to run their businesses. The responses of the SMEs leaders on sourcing of business finance aligned with the pattern of the pecking order theory, where firms favor internally generated resources over the external capital, followed by debt, and equity in business financing decision. The outcome of the study would contribute to the dynamics of sourcing finance by SMEs for favorable investment opportunities.

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Appendix A: Interview Questions

1. What are the sources of business funds available to SMEs?
2. What are the conditions guiding lending to SME?
3. Who are the key players in the SME loan market?
4. Why are there constraints in accessing finance by SMEs?
5. How can SME leaders facilitate their access to finance from commercial banks?
6. What additional information, processes, procedures, or documentation relating to SMEs' fundraising can you share with me?

Appendix B: Interview Protocol

The interview aimed at exploring the sources of financing business by SMEs in Nigeria. The participants in the interview comprised three sampled SMEs within the geographic areas of Abuja, Kano, and Lagos. Each participant answered the questions in the same protocol outlined as follows:

1. I introduced myself as a doctoral student at Walden University, a brief overview of the purpose of this study, and the time required for the interview.
2. I then presented a copy of the consent form for the participant to read and sign before the interview.
3. After the participants signed the consent form, I gave each participant a copy.
4. I reminded the participants that I would audio-record the interview with specific date and time, of the interview with the participant.
5. I then started asking the participants the related interview questions and audio recorded. I also took notes while the interview lasted for not more than 60 minutes.
6. At the end of the interview, I extended a note of gratitude to each participant; stopped the audio recording, and concluded the interview.
7. I also requested if I could call by phone or visit, for further clarification for confirmation of the interview discussions.