International Journal of Management and Commerce Innovations ISSN 2348-7585 (Online)
Vol. 8, Issue 1, pp: (547-556), Month: April 2020 - September 2020, Available at: www.researchpublish.com

FINANCING METHODS FOR SMALL AND MEDIUM ENTERPRISES (SMES): A LITERATURE REVIEW

[1]Monzer Al Madani, [2]Siti Aida Bt Samikon

[1]PhD Candidate, Limkokwing Universityof Creative Technology, Malaysia

[2]Sr. Lecturer, Limkokwing University of Creative Technology, Malaysia

Corresponding Author: Mnzerrr111@hotmail.com

Abstract: **The purpose of this study is to present the studies that listed the financing methods that could finance the SMEs projects, and to conceptually propose a research model of the relationships between the factors and the financing the SMEs projects. The proposed financing methods were Mutual Guaranty Loans, Financial Leasing, Venture capital, Crowdfunding, Leveraged finance, corporate bonds, Syndicated loan, Non-bank lenders, Bonds, Stock market, Trade credit, and Bank loans. To achieve these objectives, the research has reviewed recent published literature in the fields of Mutual Guaranty Loans, Financial Leasing, Venture capital, Crowdfunding, Leveraged finance, corporate bonds, Syndicated loan, Non-bank lenders, Bonds, Stock market, Trade credit, and Bank loans in relations with Financing SEMs projects. The findings of this study revealed that many studies suggested a strong association between discussed financing methods. In addition, this study found that many studies suggested a strong and positive relationship between Loans, Financial Leasing, and Venture capital with financing SMEs projects. Some studies went more in depth in the analysis, and included Crowdfunding, Leveraged finance, and corporate bonds into the relationships with financing SMEs projects. However, other studies recommended studying the effect of Syndicated loan, Non-bank lenders, and Bonds as additional financing methods that could be studied in association with financing SMEs projects. Finally, considering Stock market, Trade credit, and Bank loans as independent variables that could be linked with financing SMEs projects as dependent variables.**

Keywords: **Mutual Guaranty Loans, Financial Leasing, Venture capital, Crowdfunding, Leveraged finance, corporate bonds, Syndicated loan, Non-bank lenders, Bonds, Stock market, Trade credit, Bank loans, SMEs.**

I. INTRODUCTION

The health of the small-medium enterprises sector(SMES) is very important for the overall economic growth of any nation (Alasadi & Abdelrahim, 2008). There has been more written about small-medium enterprises growth in recent years than any other business sector. One of the main reasons is the contribution of small-medium enterprises to the overall economic development and its direct impact on reducing the unemployment rate. Another important aspect in studying the small-medium enterprises sector performance is the success factors leading to an efficient financing procedures in these sectors to preserve the flow of new small-medium enterprises into the economy. In addition, this transition will further reduce the unemployment rate and increase the number and variety of products and services offered to the society.

This paper is prepared as a review of the published literature in the recent years in the field of project financing, especially the Small and medium enterprises and firms. In this literature review the researcher tried to present all of the possible and proposed financing methods presented in the previous published studies from many aspects and sources. Thus, according to what have been discussed, this study was designed to answer the following questions:

- What are the factors that could affect the financing of the SMEs projects?
- What is the research model that could be proposed for a holistic study on financing of the SMEs?

Hence, the objectives of conducting this study are:

- To present the list of factors that could finance the of the SMEs projects
- To conceptually propose a research model of the relationships between the factors and the financing the SMEs projects

II. BACKGROUND OF SMES FINANCING

SME financing is one of the emerging and interesting fields for research especially in developing economies (Berrell, Park, Wu, Song, & Zeng, 2008). Ang (1991) documented the fact that the financial management of small firms is entirely different from large firms. One cannot visualize the financial practices of small and large firms in a single frame. This is because generally SMEs are not publically traded and have less access to the capital market. Moreover, the problem of information asymmetry is the peculiarity of SMEs, which make them riskier as compared to other firms. This thus makes it difficult for them to procure funds. According to Myers and Majluf (1984), firms follow a financial hierarchy in the use of funds. Firms prefer easy and least risky sources of funds as compared to difficult and riskier sources. Due to this fact, firms prefer internal sources of funds to external sources. Therefore, the idealistic financing pecking order of a firm would be internal earnings, debt, and then external equity (Cassar & Holmes, 2003). Internal earnings mainly constitute owner's capital and retained earnings, but these are not sufficient for a firm to survive and grow in a continuously changing macroeconomic environment. Therefore, it calls for additional sources of finance, and this marks the phase of difficulty for the growth of small firms. Because the access to the formal channel of financing such as banks and financial institutions, other investors demand transparency of information, managerial expertise, and a long-term relationship of trust and creditworthiness, which is not possible especially for start-ups. SMEs are characterized by poor transparency of information mainly because of less stringent bookkeeping (Liu & Yu, 2008).

Due to the unavailability of audited financial reports, banks are often hesitant to give loans for a long-term duration, which further creates more hurdles for SMEs. Jagoda and Herath (2010) documented that a significant number of SMEs have experienced problems in accessing debt financing. The continuous predominance of financing issues in SMEs has highlighted SME financing as a demanding area for research. However, the financing needs of an SME do change as the firm starts up, grows, and gains experience (Berrell et al., 2008). A firm's financial needs and options depend on a size/age/information continuum (Berger & Udell, 1998). There is reliance on initial finance, such as funds from the owner, family, or friends; trade credit and/or funds from a guardian angel, when firms are in the smaller/younger/more opaque stage. In the growth stage, firms gain access to intermediated finance from both equity and debt sides (e.g., venture capital and bank loans). As they continue to expand, firms may be able to gain access to public equity and debt markets. However, this is not true for all SMEs, especially the ones operating in a developing economy.

Prior research on SME financing confirms that SMEs' demand for and access to finance is influenced by a number of different firm-, product- and industry-specific factors (Chittenden, Hall, & Hutchinson, 1996; Michaelas, Chittenden, & Poutziouris, 1999; Moritz, Block, & Heinz, 2016). Especially firm-specific characteristics such as firm size, firm age and ownership have been found to significantly affect SME financing (Beck, Demirgüç-Kunt, & Pería, 2011; Bhaird & Lucey, 2010; Chavis, Klapper, & Love, 2011; Moritz et al., 2016; Romano, Tanewski, & Smyrnios, 2001; Sogorb-Mira, 2005). Several researchers discovered that small and young firms face more obstacles in accessing external finance in comparison to larger and more established firms (Artola & Genre, 2011; Canton, Grilo, Monteagudo, & van der Zwan, 2013; Ferrando & Mulier, 2015; Holton, Lawless, & McCann, 2013). Especially in times of financial crisis, small and young firms seem to suffer disproportionately by deteriorating external financing conditions (Artola & Genre, 2011; Ferrando & Mulier, 2015). Furthermore, it has been shown that more innovative SMEs are more financially constrained. This is explained by the high failure risk of innovations, the informational opaqueness of the projects for external capital providers and the low diversification possibilities of SMEs (Ang, 1991; Carpenter & Petersen, 2002; B. H. Hall, 2010; Mina, Lahr, & Hughes, 2013; Moritz et al., 2016). It has been shown that firms in different industries vary in asset types, asset risks, requirement for external capital and debt ratios directly affecting the financing structure of companies (Moritz et al., 2016).

However, prior research on SME financing only distinguishes between equity and debt, and does not take into account that firms can substitute and complement different forms of financing. Berger and Udell (1998) consider these effects and found that SMEs in the USA use various sources of debt and equity capital. The financing instruments used also vary over the business life cycle of firms. They found that small and young firms depend in particular on three funding sources: the principal owner, commercial banks and suppliers. Cosh, Cumming and Hughes (2009) discovered that in the UK, the availability of different financing sources depends on a number of different firm characteristics. Banks are more likely to provide loans to larger firms with more assets, leasing and factoring firms and suppliers are more likely to provide capital to firms with higher profit margins and private equity investors are more likely to finance smaller, younger and more innovative firms (Cosh, Cumming, & Hughes, 2009). While studying the financing patterns of Belgian SMEs, it has been found that young firms with less access to bank finance turn to leasing companies and their suppliers and hence substitute different sources of capital (Deloof, Lagaert, & Verschueren, 2007; Huyghebaert, Van de Gucht, & Van Hulle, 2007).

III. CORPORATE FINANCE

Corporate finance is an area of finance that deals with sources of funding, the capital structure of corporations, the actions that managers take to increase the value of the firm to the shareholders, and the tools and analysis used to allocate financial resources. The primary goal of corporate finance is to maximize or increase shareholder value (Ross, 2013).

IV. FINANCE METHODS

There are many financing methods that could be utilized to support the projects of SMEs, to name a few, the following sections are dedicated to summarize some of these methods are in TableI :

TABLE I: PROPOSED FINANCING METHODS FOR SMES

#	Method	Function
1	Project finance	A function of the project's ability to repay the debt contracted and remunerate capital invested at a rate consistent with the degree of risk inherent in the venture concerned (Gatti, 2013).
2	Mutual Guaranty Loans	A loan transaction in which more than three borrowers form a group to borrow collectively and guaranty the loan for each other (Yang & Wang, 2016).
3	Financial Leasing	Financial lease characteristics Tax-oriented leases Sale and leaseback agreements Leveraged leases Financial lease and accounting(Ross,2013)
4	Venture capital	Venture capital (VC) is generally defined as a type of equity financing that addresses the funding needs of entrepreneurial companies who are unable to obtain capital from more traditional sources such as public markets or banks for reasons of insufficient size, insufficient assets, or an inchoate stage of development.(Yang&Wang,2016)
5	Crowdfunding	Crowdfunding is the use of small amounts of capital from a large number of individuals to finance a new initiative.4 Capital obtained by crowdfunding contributes to projects such as the development and production of entertainment products such as movies or albums, free software development, inventions development, scientific research, and certain civic projects.(Yang&Wang,2016)
6	Leveraged finance	Leveraged finance is funding a company or business unit with more debt than would be considered normal for that company or industry.(Shehzad,2016)
7	Corporate bonds	Corporate bonds are certificates of indebtedness, so securitized debts, which include the claim for money of the bondholder towards the issuer of the bond. (Brucker,2015)
8	Syndicated loan	A syndicated loan is a credit granted by a group of lenders, typically banks, to a borrower.(Boot,2019)
9	Non-bank lenders	Non-bank lenders, in particular life-insurance companies, have been playing an increasing part in providing project-finance debt for infrastructure in lieu of or alongside commercial banks, particularly in Europe and North America.(Yescombe&Farquharson,2018)

10	Bonds	A bond issued by a project company is similar to a loan from the project company's point of view.(Yescombe&Farquharson,2018)
11	Stock market	A stock market is a sophisticated market place, where stocks and shares are the traded commodity. At the same time, it is central to the creation and development of a strong and competitive economy.(Masoud,2013)
12	Trade credit	Trade credit is the loan extended by one trader to another when the goods and services are bought on credit.(Nielen,2018)
13	Bank loans	Bank loans follow a negotiation and intermediation logic, which runs contrary to the market logic of bond, financing or, financing using commercial paper.(Gatti,2013)

V. SMES FINANCING

A. Introduction to project finance

A large part of the existing literature agrees on defining project finance as financing that as a priority does not depend on the soundness and creditworthiness of the sponsors, namely, parties proposing the business idea to launch the project. Approval does not even depend on the value of assets sponsors are willing to make available to financers as collateral. Instead, it is basically a function of the project's ability to repay the debt contracted and remunerate capital invested at a rate consistent with the degree of risk inherent in the venture concerned (Gatti, 2013). According to Gatti (2013) the following five points are, in essence, the distinctive features of a project finance deal:

1. The debtor is a project company set up on an ad hoc basis that is financially and legally independent from the sponsors.

2. Lenders have only limited recourse (or in some cases no recourse at all) to the sponsors after the project is completed. The sponsors' involvement in the deal is, in fact, limited in terms of time (generally during the setup to start-up period), amount (they can be called on for equity injections if certain economic-financial tests prove unsatisfactory), and quality (managing the system efficiently and ensuring certain performance levels). This means that risks associated with the deal must be assessed in a different way than risks concerning companies already in operation.

3. Project risks are allocated equitably between all parties involved in the transaction, with the objective of assigning risks to the contractual counterparties best able to control and manage them.

4. Cash flows generated by the enterprises must be sufficient to cover payments for operating costs and to service the debt in terms of capital repayment and interest. Because the priority use of cash flow is to fund operating costs and to service the debt, only residual funds after the latter are covered can be used to pay dividends to sponsors.

5. Collateral is given by the sponsors to lenders as security for receipts and assets tied up in managing the project.

B. Mutual Guaranty Loans

A Mutual Guaranty Loan is defined as a loan transaction in which more than three borrowers form a group to borrow collectively and guaranty the loan for each other. Even though the borrowed loan can actually be used by only one member of the group, in the case of default, all other members have to declare themselves willing to share the repayment of the loan (Yang & Wang, 2016).

C. Financial Leasing

A lease, in general, is a contractual agreement between two parties: the lessee and the lessor. The lessee is the user of the equipment; the lessor is the owner. Typically, a company first decides on the asset that it needs. Then it must decide how to finance the asset. If the firm decides to lease, it then negotiates a lease contract with a lessor for use of that asset. The lease agreement establishes that the lessee has the right to use the asset and, in return, must make periodic payments to the lessor, the owner of the asset. The lessor is usually either the asset's manufacturer or an independent leasing company. If the lessor is an independent leasing company, it must buy the asset from a manufacturer (Ross, 2013).

A finance lease is a long-term rental agreement that commits the firm to make regular payments. This commitment is just like the obligation to make payments on an outstanding loan (Brealey, Meyers, & Marcus, 2018).

While the payments made under financial leases are usually sufficient to cover fully the lessor's cost of purchasing the asset and pay the lessor a return on the investment. For this reason, a financial lease is sometimes said to be a fully amortized or full-payout lease whereas an operating lease is said to be partially amortized. For both operating and financial leases, formal legal ownership of the leased asset resides with the lessor. However, in terms of economic function, the researchers see that the lessee enjoys the risk/reward of ownership in a financial lease. Operating leases, on the other hand, are more like a rental agreement. With a financial lease, the lessee (not the lessor) is usually responsible for insurance, maintenance, and taxes. Importantly, a financial lease generally cannot be cancelled, at least not without a significant penalty. In other words, the lessee must make the lease payments or face possible legal action (Brealey et al., 2018).

Financial lease characteristics

The characteristics of a financial lease, particularly the fact it is fully amortized, make it very similar to debt financing, so the name is a sensible one. Three special types of financial leases are of particular interest, tax-oriented leases, sale and leaseback agreements, and leveraged leases (Ross, 2013).

Tax-oriented leases

A lease in which the lessor is the owner of the leased asset for tax purposes is called a tax-oriented lease. Such leases are also called tax leases or true leases. In contrast, a conditional sales agreement lease is not a true lease. Here, the “lessee” is the owner for tax purposes. Conditional sales agreement leases are really just secured loans. The financial leases the researchers discuss in this chapter are all tax leases. Tax-oriented leases make the most sense when the lessee is not in a position to use tax credits or depreciation deductions that come with owning the asset. By arranging for someone else to hold title, a tax lease passes these benefits on. The lessee can benefit because the lessor may return a portion of the tax benefits to the lessee in the form of lower lease costs (Ross, 2013).

Sale and leaseback agreements

A sale and leaseback occurs when a company sells an asset it owns to another firm and immediately leases it back. In a sale and leaseback, two things happen:

1. The lessee receives cash from the sale of the asset.

2. The lessee continues to use the asset.

With a sale and leaseback, the lessee may have the option of repurchasing the leased assets at the end of the lease. Tax changes have restricted sale-leasebacks in recent years (Ross, 2013).

Leveraged leases

A leveraged lease is a tax-oriented lease involving three parties: a lessee, a lessor, and a lender. A typical arrangement might go as follows:

1. The lessee selects the asset, gets the value of using the asset, and makes the periodic lease payments.

2. The lessor usually puts up no more than 40 to 50 percent of the financing, is entitled to the lease payments, has title to the asset, and pays interest to the lenders.

3. The lenders supply the remaining financing and receive interest payments. The lenders in a leveraged lease typically use a non-recourse loan. This means the lender cannot turn to the lessor in case of a default.

However, the lender is protected in two ways:

1. The lender has a first lien on the asset.

2. The lender may actually receive the lease payments from the lessee. The lender deducts the principal and interest due, and forwards whatever is left to the lessor (Ross, 2013).

Financial lease and accounting

Financial leasing is an arrangement where the lessor, based on the requirements of the lessee for leased items and suppliers, purchases leased items from either the lessee or suppliers and then has them rent out (back) to the lessee. The lessee pays rentals in instalments to the lessor. During the leasing contract period, the lessor has ownership over the leased items, while the lessee has the right to use them. When the lease has expired, the lessor transfers the ownership to the lessee at a nominal cost (Yang & Wang, 2016).

Therefore, financial leasing is similar to the financial service provided by commercial banks' mortgage: to meet with the financing demand of money-borrowing companies (or lessee), the financial leasing company (lessor) pays for money-borrowing companies (or lessee) or their designated recipients, thereby achieving the financing goal of money-borrowing companies. Financial leasing is a new financial service in China. With the combination of financing and leasable real asset, the financial leasing providers have the option to recall and dispose of leased items when something goes wrong. Consequently, borrowing companies' credit and guarantee are less required in financing, which better suits the need of financing of SMEs (Yang & Wang, 2016).

For accounting purposes under International Financial Reporting Standards, a lease is declared to be a financial lease, and must therefore be disclosed, if at least one of the following criteria is met (Ross, Westerfield, Jordan, & Roberts, 2016):

1. The lease transfers ownership of the property to the lessee by the end of the term of the lease.

2. The lessee has an option to purchase the asset at a price below fair market value (bargain purchase price option) when the lease expires.

3. The lease term is 75 percent or more of the estimated economic life of the asset.

4. The present value of the lease payments is at least 90 percent of the fair market value of the asset at the start of the lease.

5. The leased assets are of a specialized nature such that only the lessee can use them without major modifications being made. If one or more of the five criteria is met, the lease is a capital lease; otherwise, it is an operating lease for accounting purposes.

D. Venture capital

Venture capital (VC) is generally defined as a type of equity financing that addresses the funding needs of entrepreneurial companies who are unable to obtain capital from more traditional sources such as public markets or banks for reasons of insufficient size, insufficient assets, or an inchoate stage of development. Venture capital investments are generally made as cash in exchange for shares and an active role by VC members in the funded company (Yang & Wang, 2016).

E. Crowdfunding

Crowdfunding is typically defined as the use of small amounts of capital from a large number of individuals to finance a new initiative.4 Capital obtained by crowdfunding contributes to projects such as the development and production of entertainment products such as movies or albums, free software development, inventions development, scientific research, and certain civic projects. In general, crowdfunding can be classified into categories based on purpose and industry, such as rewards-based crowdfunding, equity crowdfunding, debt-based crowdfunding, litigation crowdfunding, and charity crowdfunding (Yang & Wang, 2016).

According to Yang and Wang (2016) the most important type of crowdfunding is equity crowdfunding, which can be used as an alternative way of financing SMEs. Therefore, equity crowdfunding is considered the collective effort of many individuals to fund a project or venture by a SME by providing small amounts of monetary contributions, typically via the internet, in exchange for equity in the firm. The entities involved in this crowdfunding transaction include:

1. The project initiator (a SME) who lists a project or idea of theirs onto a crowdfunding platform with product specifications, funding terms, amount of funding, and expected rate of return.

2. The individuals or entities who financially support the selected ideas or projects through the crowdfunding platforms; or in other words, the investors.

3. A moderating entity or platform that reviews and presents the projects, provides intermediary services, and brings the related parties together.

F. Leveraged finance

Leveraged finance is funding a company or business unit with more debt than would be considered normal for that company or industry. More-than-normal debt implies that the funding is riskier, and therefore more costly, than normal borrowing. As a result, levered finance is commonly employed to achieve a specific, often temporary, objective: to make an acquisition, to effect a buy-out, to repurchase shares or fund a one-time dividend, or to invest in a self-sustaining cash-generating asset (Khan, Sajid, Waseem, & Shehzad, 2016).

G. Corporate bonds

Corporate bonds are certificates of indebtedness, so securitized debts, which include the claim for money of the bondholder towards the issuer of the bond. From the view of the bondholders, they do have a creditor stake in the company, which means that bondholders, in the event or bankruptcy, enjoy the top preference regarding repayment. There are several corporate bond alternatives, with differences regarding the currency, if there is an obligation to pay, the bondholders interest, the term of the bond or optional exclusive rights (Brucker, 2015).

H. Syndicated loan

A syndicated loan is a credit granted by a group of lenders, typically banks, to a borrower. Every lender has a separate claim on the borrower, even though there is a single loan agreement. There is typically an originating bank (or group of originating banks) that conducts the credit analysis prior to granting the loan and also negotiates the pricing structure of the loan. These originating banks, called the senior syndicate members, are appointed by the borrower and provide the key financial intermediation services of resolving pre-contract informational asymmetries and designing the loan contract. The others in the syndicate, called the junior banks, provide a portion of the funding. The numbers and identities of the juniors vary depending on the size, complexity, and pricing of the loan, as well as the borrower's willingness to expand its banking relationships (Greenbaum, Thakor, & Boot, 2019).

I. Non-Bank Lenders

Non-bank lenders, in particular life-insurance companies, have been playing an increasing part in providing project-finance debt for infrastructure in lieu of or alongside commercial banks, particularly in Europe and North America. To a certain extent, they have filled the gap in long loan maturities from which some banks have retreated. Moreover, this type of lending is usually at a fixed rate, similar to bonds, which is advantageous. However, the overall scale of this activity remains small by comparison with commercial banks (Yescombe & Farquharson, 2018).

J. Bonds

A bond issued by a project company is similar to a loan from the project company's point of view. As the borrower, known as the 'issuer' in this context, the project company agrees to repay to the bond holder the amount of the bond plus interest on fixed future instalment dates. (A 'bond' in this context has nothing to do with 'bonding' or 'bonds' issued as security, e.g. when making a bid, or to support a subcontractor's liabilities Bonds may also be referred to as 'securities', 'notes' or 'debentures' (Yescombe & Farquharson, 2018).

K. Stock market

A stock market is a sophisticated market place, where stocks and shares are the traded commodity. At the same time, it is central to the creation and development of a strong and competitive economy. It is a key to structural transformations in any economy; from traditional, rigid, insecure bank-based to a more flexible, more secure economy that is immune to shocks, fluctuations and lack of investors' confidence (Masoud, 2013).

L. Trade credit

Trade credit is the loan extended by one trader to another when the goods and services are bought on credit. Trade credit facilitates the purchase of supplies without immediate payment. Trade credit is commonly used by business organizations as a source of short-term financing (Nielen, 2018). When a firm purchases supplies on credit, the increase in accounts payable is a source of funds and automatic financing. As compared with bank financing, trade credit has the advantage of arising automatically from the firm's business. It does not require a formal financing agreement with covenants that may restrict the borrower's business activities. Suppliers offer credit to remain competitive; in many industries, the terms of credit include a cash discount for paying within a certain period (Ross et al., 2016).

M. Bank financing

For SMEs to support economic growth, individual firms need to grow, which means their access to bank finance is vital. As a result, understanding the issues that SMEs face in funding growth and other business activities can have considerable economic value (McCarthy, Oliver, & Verreynne, 2017). Bank loans (or more generally private loans) follow a negotiation and intermediation logic, which runs contrary to the market logic of bond -financing or ¬financing using commercial paper (Ross et al., 2016).

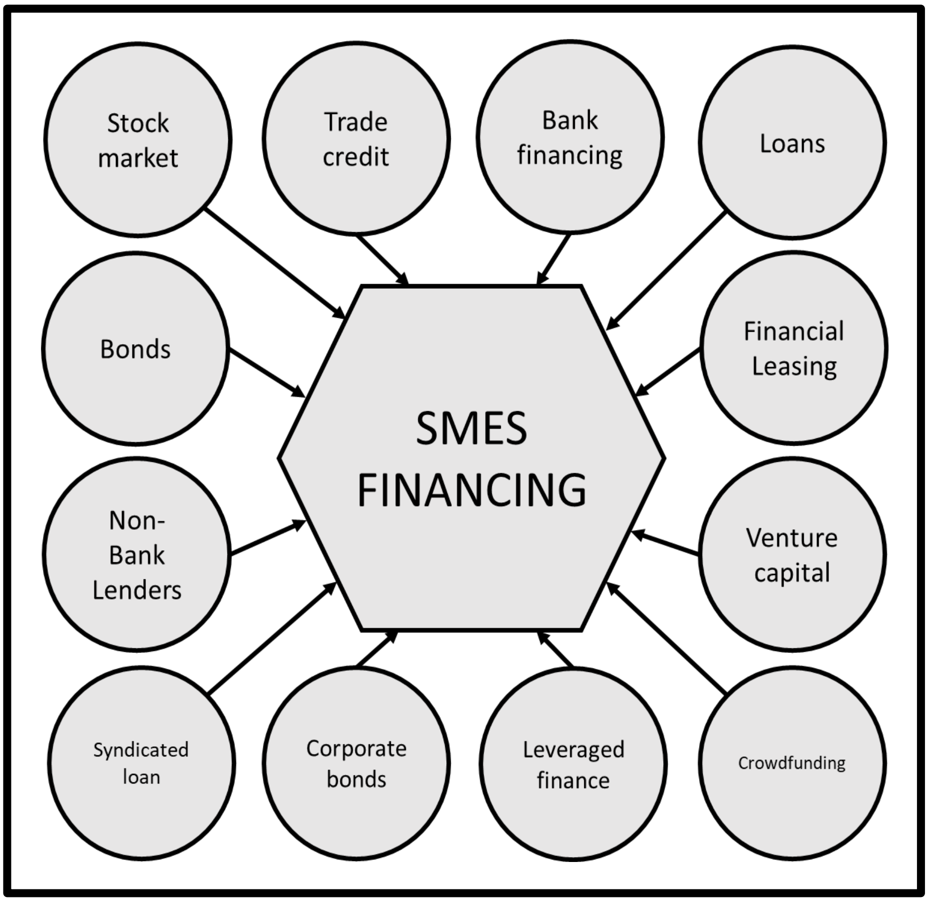

FIGURE I: FINANCING METHOD OF SMES

VI. CONCLUSION

In this study the researcher has presented the recent published literature that studied several factors like: Mutual Guaranty Loans, Financial Leasing, Venture capital, Crowdfunding, Leveraged finance, corporate bonds, Syndicated loan, Non-bank lenders, Bonds, Stock market, Trade credit, and Bank loans. The main objective of this study is to review the studies around these factors and how these factors were linked with the financing small and medium enterprises and firms. The findings of this study revealed that many studies suggested a strong association between discussed financing methods. In addition, this study found that many studies suggested a strong and positive relationship between Loans, Financial Leasing, and Venture capital with financing SMEs projects. Some studies went more in depth in the analysis, and included Crowdfunding, Leveraged finance, and corporate bonds into the relationships with financing SMEs projects. However, other studies recommended studying the effect of Syndicated loan, Non-bank lenders, and Bonds as additional financing methods that could be studied in association with financing SMEs projects. Finally, considering Stock market, Trade credit, and Bank loans as independent variables that could be linked with financing SMEs projects as dependent variables. Therefore, this study could be validated and enhanced by implementing the proposed model in this study on a specific case and measuring academically the effects of the mentioned variables on financing SMEs projects through quantitative methods in order to find statistically which variables have the strongest effect over SMEs financing, and which ones were insignificant.

REFERENCES

[1] R. Alasadi and A. Abdelrahim, "Analysis of small business performance in Syria," *Educ. Bus. Soc. Contemp. Middle East. Issues*, vol. 1, pp. 50–62, Feb. 2008.

[2] Berrell, J. Park, J. Wu, J. Song, and C. Zeng, "An empirical evidence of small business financing in China," *Manag. Res. News*, 2008.

[3] J. S. Ang, "Small business uniqueness and the theory of financial management," *J. small Bus. Financ.*, vol. 1, no. 1, pp. 1–13, 1991.

[4] M. Stewart and N. S. Majluf, "Corporate financing and investment decisions when firms have information that investors do not have," *J. financ. econ.*, vol. 13, no. 2, pp. 187–221, 1984.

[5] G. Cassar and S. Holmes, "Capital structure and financing of SMEs: Australian evidence," *Account. Financ.*, vol. 43, no. 2, pp. 123–147, 2003.

[6] M. Liu and J. Yu, "Financial structure, development of small and medium enterprises, and income distribution in the People's Republic of China," *Asian Dev. Rev.*, vol. 25, no. 1, p. 2, 2008.

[7] K. Jagoda and S. K. Herath, "Acquisition of additional debt capital by small and medium enterprises (SMEs): evidence from Canada," *Int. J. Manag. Enterp. Dev.*, vol. 8, no. 2, pp. 135–151, 2010.

[8] A. N. Berger and G. F. Udell, "The economics of small business finance: The roles of private equity and debt markets in the financial growth cycle," *J. Bank. Financ.*, vol. 22, no. 6–8, pp. 613–673, 1998.

[9] F. Chittenden, G. Hall, and P. Hutchinson, "Small firm growth, access to capital markets and financial structure: Review of issues and an empirical investigation," *Small Bus. Econ.*, vol. 8, no. 1, pp. 59–67, 1996.

[10] Michaelas, F. Chittenden, and P. Poutziouris, "Financial policy and capital structure choice in UK SMEs: Empirical evidence from company panel data," *Small Bus. Econ.*, vol. 12, no. 2, pp. 113–130, 1999.

[11] A. Moritz, J. H. Block, and A. Heinz, "Financing patterns of European SMEs – an empirical taxonomy," *Ventur. Cap.*, vol. 18, no. 2, pp. 115–148, Apr. 2016.

[12] T. Beck, A. Demirgüç-Kunt, and M. S. M. Pería, "Bank financing for SMEs: Evidence across countries and bank ownership types," *J. Financ. Serv. Res.*, vol. 39, no. 1–2, pp. 35–54, 2011.

[13] C. Bhaird and B. Lucey, "Determinants of capital structure in Irish SMEs," *Small Bus. Econ.*, vol. 35, no. 3, pp. 357–375, 2010.

[14] L. W. Chavis, L. F. Klapper, and I. Love, "The impact of the business environment on young firm financing," *world bank Econ. Rev.*, vol. 25, no. 3, pp. 486–507, 2011.

[15] C. A. Romano, G. A. Tanewski, and K. X. Smyrnios, "Capital structure decision making: A model for family business," *J. Bus. Ventur.*, vol. 16, no. 3, pp. 285–310, 2001.

[16] F. Sogorb-Mira, "How SME Uniqueness Affects Capital Structure: Evidence From A 1994–1998 Spanish Data Panel," *Small Bus. Econ.*, vol. 25, no. 5, pp. 447–457, 2005.

[17] C. Artola and V. Genre, "Euro area SMEs under financial constraints: Belief or reality?," Center for Economic Studies and Ifo Institute (CESifo), Munich, 2011.

[18] E. Canton, I. Grilo, J. Monteagudo, and P. van der Zwan, "Perceived credit constraints in the European Union," *Small Bus. Econ.*, vol. 41, no. 3, pp. 701–715, 2013.

[19] A. Ferrando and K. Mulier, "Firms' financing constraints: Do perceptions match the actual situation?," *Econ. Soc. Rev. (Irel).*, vol. 46, no. 1, Spring, pp. 87–117, 2015.

[20] S. Holton, M. Lawless, and F. McCann, "SME Financing Conditions in Europe: Credit Crunch or Fundamentals?," *Natl. Inst. Econ. Rev.*, vol. 225, pp. R52–R67, 2013.

[21] R. E. Carpenter and B. C. Petersen, "Capital Market Imperfections, High-Tech Investment, and New Equity Financing," *Econ. J.*, vol. 112, no. 477, pp. F54–F72, Mar. 2002.

[22] B. H. Hall, "The financing of innovative firms," *Rev. Econ. Institutions*, vol. 1, no. 1, 2010.

[23] A. Mina, H. Lahr, and A. Hughes, "The demand and supply of external finance for innovative firms," *Ind. Corp. Chang.*, vol. 22, no. 4, pp. 869–901, Jul. 2013.

[24] A. Cosh, D. Cumming, and A. Hughes, "Outside enterpreneurial capital," *Econ. J.*, vol. 119, no. 540, pp. 1494–1533, 2009.

[25] M. Deloof, I. Lagaert, and I. Verschueren, "Leases and debt: complements or substitutes? Evidence from Belgian SMEs," *J. Small Bus. Manag.*, vol. 45, no. 4, pp. 491–500, 2007.

[26] N. Huyghebaert, L. Van de Gucht, and C. Van Hulle, "The Choice between Bank Debt and Trace Credit in Business Start-ups," *Small Bus. Econ.*, vol. 29, no. 4, pp. 435–452, 2007.

[27] S. A. Ross, *Fundamentals of corporate finance*. Toronto: McGraw-Hill Ryerson, 2013.

[28] S. Gatti, *Project Finance In Theory And Practice: Designing, Structuring, And Financing Private And Public Projects*, 2nd ed. Amsterdam: Elsevier/Academic Press, 2013.

[29] J. Yang and J. G. Wang, *Financing without bank loans - new alternatives for funding smes in china.* Singapore: Springer, 2016.

[30] R. A. Brealey, S. C. Meyers, and A. J. Marcus, *Fundamentals of corporate finance*. New York: McGraw Hill Education, 2018.

[31] S. A. Ross, R. Westerfield, B. D. Jordan, and G. S. Roberts, *Fundamentals of corporate finance*, 9th ed. Whitby, Ontario: McGraw-Hill Education, 2016.

[32] M. Khan, M. Sajid, M. Waseem, and M. Shehzad, "Capital Structure Composition Demeanour towards Corporate Financial Performance Potential," *Int. J. Innov. Appl. Stud.*, vol. 14, pp. 210–217, Jan. 2016.

[33] M. Brucker, *Dividend-paying stocks as an alternative for corporate bonds?* Munich: GRIN Verlag GmbH, 2015.

[34] S. Greenbaum, A. Thakor, and A. Boot, *Contemporary financial intermediation*, 4th editio. San Diego: Academic Press, 2019.

[35] E. R. Yescombe and E. Farquharson, *Public-Private Partnerships for Infrastructure : Principles of Policy and Finance.*, 2nd editio. Saint Louis: Elsevier Science & Technology, 2018.

[36] N. M. H. Masoud, "The impact of stock market performance upon economic growth," *Int. J. Econ. Financ. Issues*, vol. 3, no. 4, p. 788, 2013.

[37] S. Nielen, *Trade Credit and Temporary Employment How Companies Respond to Capital and Labor Market Frictionsfile:///C:/Users/fhd_1/Downloads/scholar (20).ris*. 2018.

[38] S. McCarthy, B. Oliver, and M.-L. Verreynne, "Bank financing and credit rationing of Australian SMEs," *Aust. J. Manag.*, vol. 42, no. 1, pp. 58–85, 2017.