European Journal of Business and Management
ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online)
Vol.9, No.19, 2017

A Conceptual Framework for Financing SME Growth in Ghana

Joseph Owusu*, Mohd Hassan B. Mohd Osman, Mohammad B. Ismail, A. A. B. Abdul Latif
Faculty of Entrepreneurship and Business, City Campus Locked Bag 36, Pengkalan Chepa 16100 Kota Bharu, Universiti Malaysia Kelantan, Malaysia

Abstract
Notwithstanding all factual and empirical evidences attesting that SMEs are the engine of growth of every economy around the world, Ghana is yet to experience the heaviest wave of growth propelled by these SMEs. The aim of this paper is to integrate the theories of financial resource-based view theory under the resource-based view theory and social capital theory to propose a conceptual framework for determining growth of small and medium-sized enterprises (SMEs).The formulation of the framework is based on a review of literature on various financing sources both internal and external that support growth of SMEs. The design of this paper is cantered on the problem of inadequate finance faced by SMEs, which ultimately affects their promising growth opportunities This paper contributes to the literature by addressing the existent financing gap that affects SME growth and makes an effort to diagnose the problem in the light of both internal and external sources of financing. The proposed framework will assist not only the entrepreneurs in finding an alternative and reliable sources of financing to embark on growth objective but also policy-makers and other stakeholders in improving lending infrastructure and related technologies on SMEs financing.
Keywords: conceptual framework; financing; Ghana; growth; SME

1. Introduction

The study on small business growth is still on heading several directions because there exist many determinants, constraints and explication models. However, researchers are obliged to develop explanations on the manner owner-mangers decide to embark on further growth initiative or not (Wright & Stigliani, 2012).The solidification of SME growth is paramount not only because of the entrepreneurs and their enterprises but for the general welfare of all stakeholders since these businesses drive forward the economy by underscoring diversity of products and services. In line with this, for SME to foster innovation and new technology, enjoy economies of scale, economies of range, market leadership, influence power and survivability and ability to attract and retained talented employees typically depend on positive growth (Moreira, 2016). Notwithstanding, the significant roles play by SMEs in the economic development of countries, particularly developing countries, their growth are vehemently stacked by several factors including: access to financing, innovations and technology, human capital development, market access, legal and regulatory environment and infrastructure (Ayyagari et al., 2008; Klonowski, 2012). However, financial resources has been considered as the major constraint to SMEs growth (Beck, 2007; Beck and Demirguc-Kunt, 2006; Klonowski, 2012; Rajan, 2002; Petersen and Wagenvoort, 2003; Woldie et al., 2012; Wuetal, 2008). For instance, Ayyagari et al. (2011) examined the impact of various different factors on firm growth across 80 countries. The outcome of the survey was that finance, crime and political stability have a direct impact on firm growth. But, finance was revealed to be the most critical.

Although, it is undeniable fact that SMEs contribute indispensably to economic growth and development of every economy around the world. Nevertheless, in Ghana SMEs growth are vehemently crippled by access to financial resources (AGI, 2013; Nkuah et al., 2013). Moreover, SMEs in Ghana have generally been rewarded by both internal and external financing sources to pursue their growth agenda especially after the Financial Sector Adjustment Programme (FINSAP) (Osei, 2013). Yet, the literature on these financing sources have not been consistent regarding their influence on SME growth, some reporting mixed and sometimes conflicting results have been reported. Furthermore, in Ghana, recent studies have extensively reviewed literature on finance and SME development and the connections between them (Abor et al., 2010; Osei, 2013). However, it is important to note that limited studies have been covered to ascertain the significant contribution of finance to SMEs growth. Moreover, in ensuing academic discourse in Ghana, policy makers have recognised the unique importance of entrepreneur financial education on potential growth of SMEs. There is perceived positive association between the growth of SMEs and economic prosperity, peoples welfare, social stability and political and community cohesion (Matlay, 2008; Hussain and Scott, 2006). Nevertheless, research tends to overlook to investigate into financial education needs of entrepreneurs. But typically focussed on the managerial and marketing educational aspect (Nunoo and Andoh, 2012). This indication suggests an urgent need for researchers and policy-makers to come out with a collective approach to address the financial education needs of owner managers of SMEs in order for them to attain their growth objectives.

Amidst financial difficulties face by SMEs in Ghana, this paper takes as onus to address the financial issues of SMEs growth by proposing a conceptual framework for future research. Again this paper will help in the understanding of various financing sources and by analysing emerging innovative technologies in finance as different sources of finance, other than the conventional ones, that can help in reducing the existing financing gap of SMEs growth. This paper is based on a methodological review of scholarly studies, exclusively on firm determinants of growth particularly focusing on financial resources. The next paragraphs briefly provide the specific theories used to determine small business growth.

2. Financial Resources and the Resource-Based View Theory

Financial resource is an organisational asset used to offset liabilities and at the same time acquire other assets that the firm must have in abundance to achieve target growth (Stacey, 2011). Nonetheless, the resource-based view theory considers finance as the oil for growth. It is indeed the life blood of the firm. The financial system is the vessel that carries this life blood through the economic system, therefore faulty vessels prevent the life blood from reaching important parts of the economic system (Sowah, 2003). Similarly, the financial resources RBV theory complements strategic management by concentrating firm efforts on assets accumulation (Degravel, 2012). Referring to the RBV, more finance is an indication of availability of financial resources for growth. According to Gill & Biter (2012), sufficient finance has a significant positive effect on the survival and growth of small business and without which the small business would find it difficult to succeed. In line with this, Yallapragada and Buoyant (2011) studied the major key elements in the success of SME and concluded that the elements that determined SMEs success include adequate financial resources. Again, using a survey questionnaire of SME owners Chong (2012) examines the factors that impact the success of small and medium-sized enterprises (SMEs) growth as perceived by the business owners and managers. Interestingly, it was found out that financial resources are imperative to the survival of SMEs. Nevertheless, lack of financial resources is cited by entrepreneurs as the most significant constraint to business expansion and growth (Byrd et al., 2013). Likewise, Brinckmann et al. (2011) confirmed that small businesses encountered difficulty in the acquisition of financial resources in pursuance of their growth prospect. However, the difficulty is between owners of businesses and the external stakeholders especially banks which originates from information asymmetry. Notably, lack of financial resources is one of the biggest obstacles that could lead to the early demise of a small business. Likewise, it has also been identified as the general obstacle within the literature (Raeesi, 2013 & Chong, 2012).

Conversely, investigating into the effects of business failure on business owners, it was strongly argued that business failure is good for the society and the economy as whole. The reason being that failure discharges knowledge and resources from non-operational businesses to operational firms (Ucbasaran et al., 2013). Furthermore, Ucbasaran, Shepherd, Lockett, and Lyon (2013), suggest that business failure could diminish cost for surviving businesses via vicarious learning. However, it is important to note that there is the need to explore strategies by business owners to finance their businesses because lack of financial resources is a key factor in the high failure rate of small business growth (Nofsinger and Weicheng, 2011).

3. Social Capital Theory

This theory was propounded in 1995 by Putman, which explains social capital as the entire resources both actual and virtual that accrue to an individual owners and organisations by virtue of having mutual relationship, acquaintance and recognition to a social network (Bourdieu & Wacquant, 1992). The benefits accumulated through social networks define the social capital of enterprises. This is much essential in the financing context of SMEs because there could be mutual advantages between the parties when inter and intra-social network of SMEs are formed. It denotes the ability of the players to derive substantial and immeasurable advantages from their social networks, personal relationships and the quality of association (Portes, 1998). The social capital theory puts up an argument that individuals and organizations most often participate in social networks in order to make profits (Lin, 1999). The theory has its strength based on three assumptions namely (i) the more the networking, the greater the social capital, (ii) the greater the social capital, the higher the priority of the norm of equality (iii) the greater the social capital, the easier to mobilize support for problem solutions. As indicated by Schmid & Robison (1995), the concept of social capital is made up of: expectations, obligations and information channels, trustworthiness of structures, norms, and effective sanctions. All these have a positive influence on SMEs growth. According to Davidsson & Honig (2003) SMEs are more probable to raise funds to finance their business growth better when they develop and maintain strong association to social networks. This is further clarified by Coleman et al. (2013) that social capital could be one of the vital resources which can enhance internal organizational trust through the bonding of actors, as well as by bridging external networks in order to provide useful financial resources. Evidence from previous studies conducted have come to a consensus that the driving force in social network theory is trust and fulfilment of obligation which go with sanctions (Coleman et al. 213; Knack & Keefer; 1997; Lin, 1999). One significant beauty aspect of social capital theory as indicated by Kasekende & Opondo (2003) is its ability to provide good results during information sharing that overcome information asymmetries problem, which is difficult to share information with potential financiers like banks.

More so, social capital networks from both internal and external sources have been found to be useful to all firms irrespective of their size. Markets are created and maintained through the network, at the same time it identify business partners and potential investors for SMEs growth. When SMEs develop and maintain a good social networks, they stand to benefit from social capital which will support their effort to secure finance for operations. This is made workable due to the fact that social capital builds trust among SMEs and their network partners. The social network take the place of social insurance which translates into business insurance and provides access to pertinent information which SMEs need to embark on various business transactions (Spence, Schmidpeter & Habisch, 2003). This strategy has been useful for banks which establish social networks with SMEs (DeYoung, Guenon, Nigro, & Spong, 2012). It is prudent for SMEs to build networks with non-rival firms to enhance their ability and chance to enter into, and observe contractual exchanges as well as legal protection from unscrupulous practices by other firms (Spence, Schmidpeter & Habisch, 2003; Mensah, 2004). SMEs need to leverage their network relationships, which can increase their accessibility to novel sources of information to manage with turbulent environmental circumstances (Pinho, 2011). In a very clear and distinctive manner social network provided by organisations, community and friends and relatives are theorized to support the positive effects of entrepreneur characteristics like experience education and financial capital through trade-off. It is essential to apply this theory to identify and understand the how social network can support entrepreneurs in sourcing for finance to fund their business growth.

Despite, the numerous relevance of social capital theory, like any other management science theory, social capital has been strongly criticised. For instance Bourdieu & Wacquant, (1992) believe that social capital theory is an instrument used by the elite to segregate incapable and marginalised wrong people from entering the network group. This pinpoints to the fact that only the members within the network stand the chance to benefit from the network. Whereas this may be practicable under individual networks level, strategic SMEs can equally formed a vibrant networks to produce social network. However, SMEs may be obstructed by well-established larger social networks of financial institutions which focus on larger businesses as their target. More so, it is worthy to note that social capital network if it is not well crafted in its formation can bring to light some negative significances such as criminal networks (Quillian & Redd, 2006). The idiosyncratic nature of social capital network usually comes along with equity generation issues (Perkins, Hughey & Speer, 2002). As SMEs try to include all interested institutions and members to the network it becomes a critical challenge to identify and predict intentions and guarantee behaviours. Also it may be extremely cumbersome for SME to get the desire benefits from the social network without persistence free flow of information concerning the business nature, strategic plans and returns to funders since information asymmetry is considered as major problem. However, regardless of the criticisms levelled against this theory, the application of social network theory through its linkages, social capital and financial capital can assist SMEs to generate sufficient capital to support their growth.

4. Related Literature

4.1 *Internal Sources of Financing SME*

Internal finance is sometimes interchangeably called informal finance, is made up of all funds raised internally including retained profit and household savings (Ayyagari et al., 2010). According to Straub (2005) internal financing consists of loans supported from family members, moneylenders, rotating savings, and credit associations and fund from non-profit organizations. These financiers use self-enforcing contracts without considering any stipulated formal legal procedures and use coercion to ensure that the borrower meets the loan repayment obligation. Additionally Reynolds, (2011) reveals other sources of internal financing, which made up of personal savings, personal and family loans from friends, employers, colleagues, credit card loans, among others. Nonetheless, previous literature indicated a convincing evidences that access to internal finance could promise a better business performance. Typical among those studies is the one by Ayyagari et al. (2010) which conclude that internal sources of finance has the potential to facilitate the growth of SMEs better than the external sources and may play the identical role as angel investors in the financing and creation of fast-growing start-ups in less developing countries. Prior to that, there is a consensus in the literature that finance gap confronting SMEs could be overcome by accessing internal finance and may have substantial influence on their performance (Mason and Harrison, 2004). As Reynolds (2011) buttresses the data from the Panel Study of Entrepreneurial Dynamic (PSED) indicates that new entrepreneurs prefer to use internal sources of financing to external sources. Indicatively, financing of small and medium enterprises (SMEs) at their inception developmental stages is very critically. Owner managers rely on their own personal savings as self-financing and other individuals closer to them for financial support be it family members or friends. Compared to large enterprises, start-up SMEs experience considerable difficulties in obtaining external finance from banks and other financial institutions (OECD, 2006). However, the reliance on internal sources of financing SMEs is of considerable importance to UK entrepreneurs ((Mason and Harrison, 2004). Ordinarily, the use of external sources of finance are deferred until internal sources of finance are exhausted (Daskalakis et al., 2013). Typically, this results to a large extent holds the pecking order theory as they prefer to seek financing from the internal sources first, before moving to debt and equity (Kumar and Rao, 2015).

4.2 *External Sources of Financing SME*

The external source of financing is sometimes interchangeably used as formal financing source. It is fundamentally consists of all sources of finance obtained from outside the firm (Ayyagari et al., 2010). In sharp contrast, Reynolds (2011) indicates that firms get their formal financing after they have legally registered to become an entity. The external sources could be in the form of additional team equity such as crowd-funding, venture capital, business angels, or working capital loans, asset-backed loans, lease, team member's personal loans, firm loans, government agency loans, and any other loans or debts. However, the simplest category of external finance is the debt-equity dichotomy. Logenecker et al. (2008) suggest that the owner-manager's choice between debt and equity financing must be made early in a firm's life cycle and may have long-term financial consequences. Several research indicate that even the less control- averse SME owner-manager will opt for debt to pursue growth rather than equity external finance mainly because debt brings a lower level of interruption and at the same time reduces the risk of losing controlling power over the business than equity (Daskalakis et al., 2013; Luukkonen et al., 2013) Moreover, decision on the application of capital structure between debt and equity are separated from small and large businesses. SMEs are usually informationally opaque compared to large firms, and therefore they are incentivised to solicit for external debt instead of external equity (Ampenberger et al., 2013). Nonetheless, equity stands for an ownership interest in business venture. For example venture capitalist, business angels and crowd founder. Equity financing is when investor invest his capital into a business without stipulated date of repayment period but require the owner-manager to offer part ownership interest in return (Daskalakis et al., 2013). Similarly, equity financing offers entrepreneurs long-term financing option to pursue their business growth with considerable and moderate interest payment addition of experts that provide value-added services (Luukkonen et al., 2013). It is noted that, the moment an entrepreneur issues equity shares to finance the business he dilutes the ownership interest and the control of the company (Ampenberger et al., 2013). Indicatively, a lot of studies have been conducted concerning financial access and constraints faced by SMEs and most currently in the emerging economies. However, regardless of the development nature of the economy, there is an identical problem across the world that SMEs have limited access to external finance due to their own inherent incapacities and the reluctance of the external financiers particularly banks to provide the needed capital in the form of credit (Harvie et al., 2011). These financier's particularly financial institutions specialize in screening, contracting, and monitoring methods to address information and incentive problems. Meanwhile external capital to SMEs especially from financial institutions like banks have strong relationship with the firm growth (Berger & Udell, 2006). However, literature evidence suggest that SMEs, particularly small enterprises, find it extremely difficult to fulfil the standard criteria to obtain the prerequisite amount of debt finance for longer-term growth. Interestingly, it is argued that if policymaker's expectation from entrepreneurs is to fulfil a vital role in the economy, then they must be able to access external financing in various forms to achieve their growth prospects (Harding and Cowling, 2006). Likewise, Hamilton (2010) contends that SMEs that are prepared to secure external equity sources of finance such business angels, crowd funding are seeking for faster growth and willing to take higher risks than their counterparts. Firms with growth objectives tend to have higher debt level of financing from external sources than firms with lower growth inclination. To this end, for SMEs to grow, expand and survive they must secure access to external sources of financing being it equity or debt (Cassar, 2004; Harding and Cowling, 2006).

5. Conceptual framework

The basic ideology behind designing a conceptual framework is to logically integrate all the relevant aspects of a concept to arrive at a process that can provide the best possible explanation of the problem stated (Brown, Renwick, & Raphael, 1995). As noted in the literature both internal and external sources of finance are identified as the most influential determinants of SMEs growth (Rauch & Rijskik, 2013). As financing needs depend largely on the accessibility from both internal and external sources and other characteristics of firm and entrepreneur, it becomes imperative to design a framework that can provide guidelines for the identification and analysis of the financing preferences of SMEs to determine growth. The framework is useful in guiding future research on financing SMEs growth from access to financing sources point of view. However, the extant of the research identify the entrepreneur financial education which strengthens the owner manager's participation in the financial market which has subsequent positive relationship to SME growth (Lusardi et al., 2013). Figure 1 depicts the conceptual framework for determining SME growth focusing on financing sources.

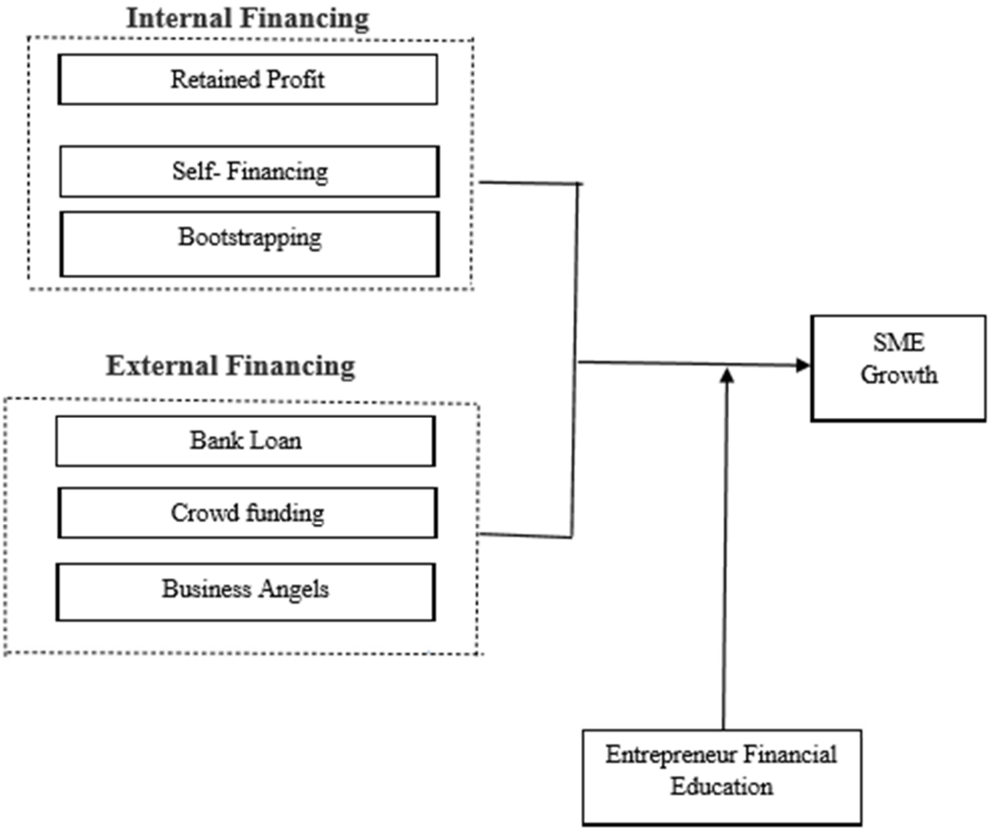

Figure 1. Proposed conceptual framework determining SME growth.

Based on the conceptual framework these hypotheses are generated:

H1 Internal source of finance is positively correlated to SME growth.
H1 (a) Retained profit is positively correlated to SME growth.
H1 (b) Self- financing is positively correlated to SME growth.
H1 (c) Bootstrapping financing is positively correlated to SME growth.
H2 External source of finance has significant positive effect on SME growth
H2 (a) Bank loan has significant positive effect on SME growth.
H2 (b) Crowd funding financing has significant positive effect on SME growth.
H2 (c) Business angel financing has significant positive effect on SME growth.
H3 Entrepreneur financial education has a significant moderating effect on the relationship between internal source of finance and SME growth.
H4 Entrepreneur financial education has a significant moderating effect on the relationship between external source of finance and SME growth.

6. Methodology

The research design for this study is cross-sectional survey and also quantitative and descriptive in nature. The quantitative method is the most suitable for this study because quantitative method is number based and is used to analyse variables to determine the relationship between the observed data (Hoare & Hoe, 2013). The respondents for the study are both entrepreneurs and SME supporting institutions in Ghana. To qualify as a respondent the enterprise must be a registered SME in Ghana and fall within the stratum of the study. Also the supporting institution must be SME financing institutions who are ready to share their experiences, operations and performances of their institutional framework when it comes to SMEs financing in Ghana. Probability sampling will be used in this study particularly the proportionate stratified probability sampling technique for the entrepreneurs whiles purposive sampling technique is used to select respondents from SME supporting institutions.

7. Conclusion

This paper, investigates financial determinants of growth among SMEs. Based on a review of related literature, two independent variables namely internal and external sources of finance were considered to influence firm's growth. Financial RBV and social capital theories were applied while using entrepreneur financial education as moderator to predict the relationship between internal and external sources of finance and SME growth. Theoretical analysis was mostly supported by empirical evidence from SMEs in Ghana context. Despite significant contribution of finance considered as prime determinant to SME growth, yet they faced financial constraints. Therefore, there is an urgent need to study and identify smooth and sustainable sources of finance that will support SMEs to pursue their growth opportunities. However, with this objective, this paper proposes a conceptual framework to analyse different financial sources of SMEs by incorporating all the possible variables in financing sources to determine firm growth. Nonetheless, the future outcomes of this study are quite promising, as the upcoming research base on the proposed framework will add new dimensions to the knowledge of SME financing for growth. It will also serve as a measurable material reference in the area of policy formulation and administration for government, entrepreneurs and other financial providers on SME financing. More so, identifying an outstanding financing sources for SMEs growth might contribute to socio-economic development through job creation and local community development. Finally, the framework is then supposed to analyse some unique potential sources of finance for SMEs in achieving their growth objectives which are uncommon in Ghana

References

Abor, J. & Quartey, P., (2010). Issues in SME Development in Ghana and South Africa. International Research Journal of Finance and Economics 39, 219- 225

Association of Ghana Industries AGI. (2013). Business Barometer report is a periodic opinion survey about what chief executives make of the business environment. Accra.

Ampenberger, M., Schmid, T., Achleitner, A., & Kaserer, C. (2013). Capital structure and thirteen criticisms. *European Business Review*, 26(2), 122-148.

Ayyagari, M., Demirguç-Kunt, A. and Maksimovic, V. (2008). “How important are financing constraints? The role of finance in the business environment”, *The World Bank Economic Review,* 22 (3), 483-516.

Ayyagari, M., Demirgüç-Kunt, A., & Maksimovic, V. (2010). Formal versus Informal finance: Evidence from China. *Review of Financial Studies,* 23(8), 3048-3097. http://dx.doi.org/10.1093/Rfs/Hhq030

Ayyagari, M., Demirgüç-Kunt, A., & Maksimovic, V. (2011). Small vs. Young firms across World: contribution to employment, job creation, and growth”, *World Bank Policy Research Working Paper 5631*, available at: http://ssrn.com/abstract1807732 (accessed 11 March 2014).

Beck, T. (2007).Financing Constraints of SMEs in Developing Countries: Evidence, Determinants and Solutions, The World Bank, Washington, DC.

Berger, A.N. and Udell, G.F. (2006). “A more complete conceptual framework for SME finance”, *Journal of Banking & Finance*, 30 (11), 2945-2966.

Brinkmann, M. I., Maiwada, B. Y. & Daneji, B. A. (2011). Islamic financing: A Panacea to Small and Medium Scale Enterprises Financing Problems in Nigeria. *European Scientific Journal,* 10 (10).

Brown, I., Renwick, R., & Raphael, D. (1995). Frailty: Constructing a common meaning, definition, and conceptual framework. *International Journal of Rehabilitation Rese*arch, 18 (2), 102.

Bourdieu, P., & Wacquant, L.J. D. (1992). An Invitation to Reflexive Sociology, Chicago: University of Chicago Press

Byrd, K., Ross, L., & Glackin, C. (2013). A preliminary causal analysis of small business capitalisation structures and patterns. *International Journal of Entrepreneurial Finance*, 10 (6), 171-194.

Cassar G., (2004). The financing of business start-ups. J. Bus. *Venturing* 19:261-283.

Chong, W. (2012). Institutions, ownership, and finance: the Determinants of profit reinvestment among Chinese firms. *Journal of Financial Economics,* 77(1), 117-146

Coleman, S., Cotei, C., & Farhat, J. (2013). A resource-based view of new firm survival: competitiveness and sustainability. *Chinese Management Studies,* 8(4), 593-623

Davidsson, P., & Honig, B., (2003). The role of social and human capital among nascent entrepreneurs. *Journal of Business Venturing* 18(3), 301-331

Degravel, D. (2012). Strategy-as-practice to reconcile small businesses’ strategies and decisions in family firms: Empirical evidence from a bank-based economy. *Journal of Management Policy and Practice*, 13, 46-66.

Daskalakis, N., Jarvis, R., & Schizas, E. (2013). Financing practices and preferences for micro and small firms. *Journal of Small Business and Enterprise Development*, 20(1), 80-101

DeYoung, R., Glennon, D., Nigro, P., & Spong, K. (2012). Small Business Lending and Social Capital: Are Rural Relationships Different? *Journal of Financial Services Research* 39.

Gill, A. & Biger, N. (2012). Barriers to small business growth in Canada. *Journal of Small Business and Enterprise Development,* 19, 656-668. Doi: 10.1108/14626001211277451

Harvie, C., Oum, S. & Narjoko, D. A. (2011). Small and Medium Enterprises: Access to Finance in Selected East Asian Economies, *ERIA Research Project Report* 2010, No. 14, ERIA: Jakarta, Indonesia

Harding, R. and Cowling, M. (2006). “Points of view: assessing the scale of the equity gap” *Journal of Small*

Business and Enterprise Development, 13 (1), 115-32.

Hamilton, R. T. (2010). How firms grow and the influence of size and age. *International Small Business Journal,* 30(6), 611-621. http://dx.doi. org/10.1177/0266242610383446.

Hoare, Z., & Hoe, J. (2013). Understanding quantitative research: Part 2. Nursing Standard, 27(18), 48-55. doi:10.7748/ns2013.01.27.18.48.c9488

Hussain, J., Millman, C., & Matlay, H. (2006). SME financing in the UK and in China: a comparative perspective. *Journal of Small Business and Enterprise Development*, 13(4), 584-599

Kasekende, L., & Opondo, H., (2003). Financing Small and Medium-Scale Enterprises (SMEs): Uganda's Experience, *Bank of Uganda Working Paper*

Klonowski, D. (2012). Liquidity gaps in financing SME sector in an emerging market; Evidence from Poland. *International journal of emerging markets*, 7 (3), 335-355.

Knack., S, & Keefer, P., (1997).Does Social Capital Have an Economic Payoff? A Cross- Country Investigation. *The Quarterly Journal of Economics*, 112(4), 1251- 1288.

Kumar, S. and Rao, P. (2015). "A conceptual framework for identifying financing preferences of SMEs", *Small Enterprise Resea*rch, 1-14.

Lin., N., (1999). Building a Network Theory of Social Capital', *Connections* 22(1), 28-51.

Longenecker, J., Petty, J., Palich, L., & Moore, C. (2008). Small business management. *Launching and Growing Entrepreneurial Venturers.* THOMSN south-western.

Luukkonen, T., Deschryvere, M., & Bertoni, F. (2013). The value added by government venture capital funds compared with independent venture capital funds. *Tech novation*, 33, 154-162. doi:10.1016/j.technovation.2012.11.007

Lusardi, A., Mitchell, O., S., (2013). The Economic Importance of Financial Literacy. Theory and Evidence .*NBER Working Paper* 18952

Mason, C., & Harrison, R. (2004). Business angel networks and the development of informal venture capital market in the UK: is there still a role for public policy? *Small Business Economics*, 9, 111-123

Matlay, H. (2008). "The impact of entrepreneurship education on entrepreneurial outcomes"*Journal of Small Business and Enterprise Development*, 15(2), 382- 96.

Mensah, S. (2004). A Review of SME Financing Schemes in Ghana. Paper presented at the UNIDO *Regional Workshop of Financing Small and Medium Scale Enterprises*, Accra, Ghana

Moreira, D.F., (2016). The macroeconomic impact on growth of SMEs when the access to finance widens. Evidence from internet & high- tech industry.19th Int. *Conference enterprise and competitive environment* 2016, ECE2016, 10-11 March 2016, Brno, Czech Republic.

Nkuah, J.K., Tanyeh, J.P. and Gaeten, K. (2013). "Financing small and medium enterprises in Ghana: challenges and determinants in accessing bank credit*", International Journal of Research In Social Sciences* 4 (13) available at: http://pascal.iseg.utl.pt/~aafonso/eif/ pdf/crrinf81.pd.

Nofsinger, J.R., Weicheng W. (2011). Determinants of start-up firm external financing *Worldwide. J. Bank. Finance*. 35, 2282-2294.

Nunoo, J., Andoh, F., K., (2012). Sustaining Small and Medium Enterprises through Financial Service Utilization: Does Financial Literacy Matter? *Agricultural & Applied Economics Association's* 2012 Annual Meeting, Washington.

OECD, (2006). Financing SMEs and Entrepreneurs 2006.paper presented at the 2nd OECD conference of ministers responsible for SMEs Istanbul Turkey

Osei-Assibey, E, (2013)." Source of finance and small enterprise's productivity growth in Ghana ", *African Journal of Economic and Management Studies*, 4 (3), 372-386.

Perkins, D, D., Hughey, J., & Speer, P.W. (2002). Community Psychology Perspectives on Social Capital Theory and Community Development Practice. *Journal of the Community Development Society,* 33(1), 60-75

Petersen, J., & Wagenvoort A. (2003). Promoting Entrepreneurship in South East Europe: Policies and Tools. OECD Papers, 6(12), 1. http://dx.doi.org/10.1787/oecd_papers-v6- art39-en

Pinho, J., C. M. (2011). Social Capital and dynamic capabilities in International performance of SMEs. *Journal of Strategy and Management*, 4(4), 404–421

Quillian, L., & Redd, R., (2006). Can Social Capital Explain Persistent Racial Poverty Gaps? Paper prepared for *The Colors of Poverty, National Poverty Center Working Paper Series, 6-12.*

Raeesi, R., Dastranj, M., Mohammadi, S., & Rasouli, E. (2013). Understanding the Interactions among the barriers to entrepreneurship using interpretive structural modelling. *International Journal of Business and Management*, 8, 56-72. doi:10.5539/ijbm.

Rajan, R. (2002). Corporate finance. (10th Ed.). New York,

Rauch, A. & Rijskik, S.A. (2013). The effects of general and specific human capital on long-term growth and failure of newly founded businesses. *Entrepreneurship Theory and Practice* 3, 923-941.

Reynolds, P.D. (2011). Informal and Early Formal Financial Support in the Business Creation Process: Exploration with PSED II Data Set3. *Journal of Small Business Management*, 49(1), 27-54

Schmid, D. and Robison, D. (1995). "Targeting established SMEs: does their age matter?" *International Small Business Journal,* 13 (3), 4-22.

Sowah N.K (2003). Comments on "The Golden Age of Business: The Role of the Banking Sector", *CEPA Research Working Paper.*

Spence, L.J., Schmidpeter, R., & Habisch, A. (2003). Assessing Social Capital: Small and Medium Sized Enterprises in Germany and the U.K. Journal of Business Ethics, *Small Business and Empirical Perspectives in Business Ethics*, 47 (1), 17- 29.

Stacey, R., (2011). Strategic management and organizational dynamics: The challenge of complexity. (6th ed.) Boston, MA: Pearson Education Company.

Straub, S. (2005). Informal sector: The credit market channel. *Journal of Development Economics,* 78(2), 299-321

Ucbasaran, D., Shepherd, D., Lockett, A., & Lyon, J. (2013). Life after business failure: The process and consequences of business failure for entrepreneurs. *Journal of Management* 39, 163-202

Woldie, A., Mwitta , J .I. and Saidimu, J. (2012)."Challenges of microfinance accessibility by SMEs in Tanzania*", Thunder berd International Business Review,* 54 (4), 567- 579

Wright, M., & Stigliani, I. (2012). Entrepreneurship and growth*. International Small Business Journal,* 31(1), 3-22. http://dx.doi.org/10.1177/0266242612467359

Wuetal, F. (2008). Contextualizing entrepreneurship: conceptual challenges and ways forward. *Entrepreneurship Theory and Practice*, 35(1), 165-184. http://dx.doi.org/10.1111/j.1540-6520.2010.00427.x.

Yallapragada, R., & Bhuiyan, M. (2011). Small business entrepreneurship in the United States. *Journal of Applied Business Research,* 27, 6. Retrieved from http://www.aabri.com