

Entrepreneurial peculiarity and financing sources

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Abstract

The reason of this study is to review the effect of small and medium enterprises (SMEs) owner-manager idiosyncrasy on the financing sources in Nigeria. The paper supported an adumbration apropos the appliance of the organizational capability proposition. In this way, the organizational capability theory is affirmed. This study outlined and expands the existing literature. The review will deepen the knowledge, understanding and so the perception of SME-owner manager. They can affect through the capacities of the firm owners-managers anticipate and adjust to the business environment in which they work and to help them in their decision process regarding their organization's capital structure in the midst of an interregnum when entrepreneur financing fuss are dynamically evoked in the Nigeria setting.

Keywords: SME; entrepreneur; financing; Nigeria; organizational capabilities; managers

Entrepreneurial peculiarity and financing sources

1. Introduction

Small and medium enterprises (SME) rewarding effect is the soul of the economic framework. An entrepreneur is a need and gainful in Nigeria. The significance and performance commitment of SME as an originator of job, specifically, people with low expertise level, is broadly acknowledged. SME employs 87.9 per cent of the workforce in the private sector (Eniola & Entebang, 2014). More so, in the agriculture and manufacturing sectors, SMEs employ more than 80 per cent of the total workforce. An increase in employment of SMEs in the last few years has exceeded the increase in their contribution to GDP, highlighting the employment creation potential of this sector of the economy. However, in spite of their numerous performance input to Nigeria economy, SMEs nevertheless hem in by the high degree of miscarriage and substandard performance. According to the report of the Vision 20:2020 national technical working group on small and medium enterprises (SMEs) NPC (2009), the performance of SMEs in the term of contributions to the nation's export earnings is a dismal 2 per cent. This depicts the lack of sustainability of Nigeria's SME sector in this regard. SMEs account for only 10 per cent of our GDP. The small and medium enterprises' development agency of Nigeria (SMEDAN) announced that there are over 40 million MSMEs in Indonesia, whose population is just a bit larger, compared to 17.8 million MSMEs in Nigeria (Okafor, 2014). One of the reasons adduced for this disparity is the choice of financing decisions as ending institutions have been very reluctant to make loans to SMEs, which they regard as a high-risk sector. Thus, perceived financial constraints in the SME also affect the demand for financing by SMEs.

The availability of financial sources can expand a firm's capacity to take up its innovative activities, whereas the lack of financial funds and sources may limit entrepreneur innovation activities and firm level performance growth (Kostopoulos, Spanos, & Prastacos, 2002). Gitman (2003); Gitman and Zutter (2012) in business management informed that finance is about choices and these choices embody, however, firms raise capital in terms of debt and equity. Firms invest capital to happen up with profits and the way they come to a conclusion whether or not to reinvest earnings or issue them to investors. The researchers further posited that entrepreneur who sees the financial decision-making process will be better capable of addressing financial concerns and will, therefore, more often get the resources they require to make their own ends. The theory of organizational capabilities Chaston, Badger, Mangles, and Sadler-Smith (2001) suggested that small firm development depends on the abilities of the firm entrepreneur-managers and employees to plan for and adapt to the business environment in which they operate. One of the organizational strategies is that financial decision must be implemented through people. Organizational capability is based on the premise that organizations do not think, make decisions, or allocate resources; people do (Ulrich & Lake, 1991). Thus, entrepreneur-managers' are in charge of controlling and taking responsibility in any organization; their qualities, practices aptitudes and every one aspect associated with the disposition and cognitive intelligence will eventually decide the decision-making strategy. The capital structure is one of the vital measures of a firm successful outcome. Different entrepreneurs have different idiosyncrasy and attribute that adds to the firm's financing sources.

This study presents the review conducted at the Nigeria entrepreneur-SME manager regarding their decisions towards sources of financing. Most of the work in the business literature concerning the decision and the decision-making process are confined to the large company (Ogarcă, 2010). The SME are not quite the same as big firms in a variety of ways in which and also, the variations between large and small firms' financing decisions might be an immediate capacity of the owner-manager attributes (Cassar & Holmes, 2003), like experience, educational level, training, business ideas and ability to manage change concerning financing sources. The presumption that has stayed insistent after some time is that owner characteristics don't make a difference in the financing decisions choice of firms (Ang, Cole, & Lawson, 2010). This presumption,

nevertheless, has been watered down that this is not the situation for many owners of firms and studies show that there was a developing body of literature concentrating on the relationship between manager characteristics and firm successful outcome. Additionally, there are previous studies on entrepreneur-SME manager demographic characteristics that can better clarify choice of financing decisions (Ang et al., 2010; Åstebro & Bernhardt, 2003; Bertrand & Schoar, 2003; Borgia & Newman, 2012; Gebru, 2009; Isachenkova & Mickiewicz, 2004; Ishikawa & Takahashi, 2010; Mac an Bhaird, 2010; Mohamed Zabri & Jonathan, 2014; Neeley & Auken, 2009; Rossi, Lombardi, Siggia, & Oliva, 2016; Scott & Irwin, 2007).

Borgia and Newman (2012); Ishikawa and Takahashi (2010); Mac an Bhaird (2010); Rossi et al. (2016) asserted that qualification level, experience, age, and gender determine the entrepreneur financing decisions. Earlier studies on this exploration have been principally from developed context (Mac an Bhaird, 2010; Rossi et al., 2016); fewer have applied owner-manager attributes within developing and emerging economy (Borgia & Newman, 2012; Gebru, 2009; Mohamed Zabri & Jonathan, 2014). Based on the research of Rossi et al. (2016) carried out in a developed country, the researchers found that the financial decisions are complex, but underestimated by entrepreneur, considered the level of education, the business size, and business status as traits of decision makers in financing decisions. The research was carried out in the developed country which may not be applicable to developing countries. Looking at the idiosyncrasy of Entrepreneur-SME manager in developing countries like Nigeria, there is need for this study to review the Entrepreneur-SME manager peculiarity.

SMEs address an in-depth extent of organizations within the Nigeria economy apt a formal environment during which they are restricted to obtaining formal financing sources. Latent business sector establishments assist in increasing the degree of asymmetric information relationship between the organizations and external financiers and influence on the psychology of the owner-manager, making them more averse to risk and external control (Borgia & Newman, 2012). Subsequently absence of access and managerial characteristics are more liable to have a greater amount of an impact on financing sources decisions in developing and emerging nations like Nigeria, than in a developed environment where there is the lowest degree of asymmetric information relationship between the organizations and external financiers and more prominent access to formal sources of finance. Bertrand and Schoar (2003); Borgia and Newman (2012); Mac an Bhaird (2010); Rossi et al. (2016) showed that managerial characteristics are also important factors of sources of financing decisions considering the fact that most empirical studies concentrate ordinarily depend on firm, industry, or market-level characteristics to elucidate company behaviour and performance, however to a great extent overlook the conceivable part that individual managers might play in forming these results. Thus, this study concentrates on entrepreneur-SME manager education level, religion, ownership status, gender, experience and its impact on the choice of sources of financing. This is viewed as essential as strong and appropriate investment strategies like settling in financing for small and medium business can enhance local economic development consequently lessening neediness, unemployment, increase productivity, innovation and expansion riches.

Moreover, just like the case in practically every developed and developing country, studies of Mac an Bhaird (2010); McMahan, Holmes, Hutchinson, and Forsaith (1993) show that traditional financing theory forwarded to provide adequate guidance on financial structure decisions of firms in developed economies do not fully explain the financial behaviour of SMEs due to the weak model tested. This was affirmed by Newman, Gunessee, and Hilton (2012) who indicate that traditional financing theory in the developed environment is not applicable in developing and emerging economies to explain the financial behaviour of SMEs. In doing so, the study extending the organizational capability literature to address a key view within the entrepreneurial financing decision making, in specifically, looking at the part of the capabilities in decision-making practices. In like manner, utilizing the organizational capability approach as a part of an investigation of capital structure decision might consequently help entrepreneur-SME managers, practitioners, and policymakers in designing and delivering suitable financing and backings at applicable stages in an exceedingly firm's advancement. Likewise, it will assist owners-managers concerned to reduce and be able to solve the problem at a tolerable level.

2. Theory Development

Researchers have opined that traditional finance theory does not provide adequate guidance on financial structure decisions in entrepreneur-SME (Mac an Bhaird, 2010; McMahon et al., 1993). The assumptions associated with the traditional financial theories of the capital structure based on the fact that the explanatory power of a number of tested models rather weak and are not entirely relevant to SME financing. Likewise, they based the fact that on market conditions relevant to large public firms. SMEs financing is much more complex than the financial health and survival of the firm is multifaceted, depending on entrepreneurial skills and management experience, financial management capabilities, financial advice and expertise employed, the personal wealth of the firm owner and her risk propensity. These issues are all interconnected with firm financing choice. Moreover, it is important to note, however, that these and other financial theories of the capital structure were developed within the context of large corporations in developed economies (Harris & Raviv, 1991). For small and medium-sized enterprises (SMEs) in emerging economies, this presumption does not hold; empirical tests of these theories for SMEs in emerging economies suggest that these theories do poorly in explaining capital structure decisions and financing behaviour. According to Kochhar (1997), management researchers have considered choices on capital structure emerging from the decisions of managers, the board of directors, expansion into new organisations and institutional investors. Whereas these reviews have certainly strengthened some comprehension of the connection between strategic management and capital structure, they have to a great extent overlooked some fundamental issues going up against, like researchers strategy and financing interaction. Decision making in terms of financing decision is an important component of business strategy. Decision making is a deliberative and definitive social activity, concerned with deciding what to do despite an issue (Ejimabo, 2015). Accordingly, Eniola and Entebang (2017) noted that managers make many decisions as part of their everyday actions. They are expected to resolve a variety of issues, including those concerned with a firm's strategy, structures, quality-improvement systems, performance appraisal systems and workflow, among many others. Contextually, making a decision on the sources of financing to a specific business speaks to one of the essential components in the financial decision-making process; a decision that can critically enhance their organisation's capacity to respond to competitive challenges, undertake innovation, overcome financial setbacks and most importantly, create value (Eniola & Entebang, 2017).

Eisenhardt and Martin (2000) applied the Resource-based view (RBV) to bespeak the significance of SMEs financial capital decision making. The RBV concentrates on the understanding and managing of the firm's 'resources and capabilities' (Barney, 1991). Capabilities also include decision-making practices (Orser, Hogarth-Scott, Sandy, Riding, & L, 2000), competencies (Julien & Ramangalahy, 2003) and managerial capacity. According to Ismail, Rose, Uli, and Abdullah (2012), capabilities are conceptualised and classified includes, among other things, strategic decision making, organisational skills and collective learning, core competencies, resource development competence, organisational integration, and alliance-building, product development, relationship-building and informational and technological capabilities.

Organisational capabilities have been developed within the RBV (Barney, 1991, 2001; Peteraf, 1993; Wernerfelt, 1984). The RBV expands Penrose (1959); Scherer (1980); Schumpeter (1934) work by theorised that the firms compete through control of resources. In this perspective, the organisations' management has the independence to actuate its own strategies, subsequently lessening the effect of the competitive environment. Additionally contemplated, the environment is viewed as significantly more subsequently of the strategic choices organisations make inside an industry, in the light of resource heterogeneity (Eikelenboom, 2005). The RVB expresses differently strategic management's exploration questions of exceeding the competition, as the aftereffect of the fundamental competencies and capabilities (Scarborough, 1998). In this manner, the RBV has profoundly moved the terms of civil argument in the strategy area and has **altered** the model of discourse within the broad domain of organisation theory. Therefore, this study adopted the managerial perspective of the resource-based view having moved away from an economic to a managerial theory of the firm (Eikelenboom, 2005).

According to Chaston et al. (2001), the theory of organisational capabilities suggests that small firm development depends on the abilities of the firm owners-managers and employees to plan for, make a decision, and adapt to the business environment in which they operate. According to Ellis and Pecotich (2001); Leonidou and Adams-Florou (1999), awareness of opportunities is commonly acquired through social contact linking decision makers with others. While identification of a positive relationship between a homogeneous collection of organisational capabilities and small business performance, as well as a more heterogeneous set of practices, is associated with the average performance of small firms (Sadler-Smith, Hampson, Chaston, & Badger, 2003). Organisational capabilities refer to the skills, experience, business ideas and abilities of the individuals within an organisation. A good organisational structure could enhance the manager's ability to manage change and team working capacities, both of which are an important part of organisational resources. Another aspect of organisational capabilities that has been extensively researched is that of information usage and marketing research. Julien and Ramangalahy (2003) argued that successful small firms have been associated with greater skills in organisational learning and strategy development. Smallbone, Leig, and North (1995) documented an association of a homogeneous set of organisational competencies with small businesses that have achieved high growth rates.

Moreover, the organisational capability is based on the premise that organisations do not think, make decisions, or allocate resources, people do. Thus, analysis of how a firm's internal system adapts to changing strategies for gaining sustained advantage must include the role of the people. Organisational capabilities denote an organisational context for organisation members that shape and explain organisational behaviour (Tomer, 1995). However, the study of organisational behaviour has led to a number of useful models for decision making in many businesses. Thus, decision making is essential, practically all management business and a significant factor of organisational capabilities. Central decisions in terms of organisational advancement and growth are made by their owner-manager in entrepreneurial firms (Kotey & Meredith, 1997). One of the organisational strategies and capabilities is that people implement the financial decision making (Ulrich & Lake, 1991).

According to Tomer (1995), it is difficult to clarify the behaviour, personality, and motivation of an individual in a firm alone by firm's tangible capital makeup of physical and financial resources, and also the individual, human capital. Thereafter, to those tangible and individual attributes, behaviour and productivity are thought to be decided by organisational components consisting of the structure of the organisation and the organisation's socialisation approaches. Kaplan and Norton (2004) aggregate up the organisation's culture, its managerial leadership, how aligned its people are with its strategic goals and employees' adeptness to allotment knowledge, as parts of organisational capabilities. Organisational capabilities have been the recognising component of human capital and have been portrayed as a type of human capital just not vested in the people, but more rather in the elusive linkages between individuals. Hence, organisational capabilities are viewed as a type of human capital since its productive and innovative capacity is personified in humans.

Moreover, according to Leonard and Sensiper (1998), organisational capabilities refer to the efficiency of problem-solving procedures in specific areas of application; the ability to use and apply knowledge, to master innovation as well as the intelligence of markets and demand. This concept implies that it is possible to identify a firm's capability that remains distinct from its members. The external sourcing of financing for innovation has also been prominent of in the knowledge-based firm (Cohen & Levinthal, 1990; Grant, 1996; Leonard-Barton, 1995). According to Ulrich and Lake (1991), organisational capabilities development and business ownership involvement may facilitate firm restructuring and a shift in the mindset of owner-manager towards financing objectives in strengthened the firm. The theoretical implication of these approaches is that innovation depends on the leveraging of organisational capabilities and financial sources and resources (Chapman, 2006; Mazzucato, 2013; O'Sullivan, 2005).

A firm's use both debt and equity financial assets to generate cash flow, and also provide collateral, with which to finance new innovation. Innovation is regarded as an organisational capability because it is an act that deploys resources with a new ability to create value (Yang, Marlow, & Lu, 2009). New innovation also needs the

technical expertise of employees, whereas, the assumed cash flow (source of financing) belonged to SME in which the owner-manager could use it to grow and develop the organisation. In the past, the complementarity between financial capital and human capital held the firm and performance growth together. This balance of power is reflected in the traditional view of the organisation (Donaldson & Lorsch, 1983). Since Schumpeter's analysis, financing sources has been viewed as an important part of the innovation process (Mazzucato, 2013; O'Sullivan, 2005). While, according to Chapman (2006), innovations have a strong effect on financial success.

3. Conceptual issue

SME and Entrepreneurs taking into account its multidisciplinary attributes have since quite a while ago demonstrated a problematic and elusive conception to outline over whether or not a plurality of characteristics, traits and qualities ought to be utilised to characterise business enterprise (Darren & Conrad, 2011; Williams, 2008). SMEs are firms or organisations emerging subsequently of entrepreneurial activities of people. SME and entrepreneur goal closer to the similar objective; each is noted for innovation development, economic development, economic improvement, economic change and application of possess competencies. Additionally, assume a critical part in the socio-politico-economic transformation of the economy of the nation. This suggests their prosperity or disappointment is getting bent by some set of comparable elements. SMEs and entrepreneurs have on many events been utilised correspondently (Darren & Conrad, 2011; Gilmore, 2011) that is, each of this concept has been used evenly. SMEs in Nigeria may in a roundabout way mirror the present advancement of business in the nation. In this review, the expression "entrepreneur and SME manager" utilised as a common term for the person who settles on financing decisions in developing firms.

According to Anderson and Gaddefors (2016); Kuratko (2011) entrepreneurship is considerably more than starting a new firm or insignificant creation of business. Entrepreneurs must possess unique competencies with its obsession with entrepreneurial outcomes through decision making instead of process. Entrepreneur, particularly, in Nigeria is usually restrained in resources with a view to helping them to develop a sustained advantage over their competitors. Most Nigerians entrepreneur assumes the positioning of or unnecessarily the usage of financial sources and resources inefficaciously, that tends within the long-term, to have an effect on the Nigerian organisation. Nigerian firms may additionally have firm-specific and valuable assets, however, unless it has the attributes and functionality to apply the one's assets efficaciously, it could not be able to create a one-of-a-kind competency. A firm's goals and objectives should align with its resources and capabilities, leveraging and helping it achieves its strategic intent. There is a low level of financial awareness among those running small businesses in Nigeria. This encompasses both a lack of awareness of the range of options available and a lack of understanding of how those options work in practice, even after the business becomes aware of them. As soon as, the intent has been coherent, the businesses should be able to analyse the resources and capabilities needed to shut the gap amid the strategic intent and also the current role.

Previous studies has indicated that small and medium business owner-managers' penchant and characteristic (Borgia & Newman, 2012; Gebru, 2009; Mac an Bhaird, 2010; Neeley & Auken, 2009) and business's internal structural issues impact financial decisions, which incorporate the utilisation of debt and equity (Neeley & Auken, 2009). (Andrews, 1980) asserted that financing sources decisions are reached taking into account managerial prospect on the worth of the organisation in reference to internal and external business factors. Along the same lines, Malmendier, Tate, and Yan (2011) indicated that perceptible managerial characteristics have significant explanatory power for financing decisions past traditional capital structure determinants. While other studies confirmed that the firm's strategic choices, behaviours, and performance outcomes are to a large extent influenced by the entrepreneurial characteristics (Smith et al., 1994) and their decision-making styles (Eisenhardt, 1989).

Penrose (1952, 1995) maintains that human capital, such as the entrepreneur's educational level, experience, and other personal characteristics, are the antecedents of key resource endowments. The converse assertion is that owners-managers of SMEs who had degrees generally have a competitive advantage and provide an

entrepreneur with a greater mental ability to be an innovator, make a decision that would bring successful outcomes and impact positively because he is able to satisfy the demands of a changing job environment. Mac an Bhaird (2010) outlined two procedures used in relation to owner characteristics which have been examined in the literature into owner's personal characteristics (i.e., age, gender, race, education and experience) and owners' choices, business outcomes and motivations. Islam, Khan, Obaidullah, and Alam (2011) noted that entrepreneurial characteristics encompass demographic characteristic (i.e., age, gender); individual characteristics (i.e., education, former work experience); personal trait (i.e., self-confidence, perseverance); entrepreneurial orientation (i.e., autonomy, innovativeness, risk taking, pro-activeness, competitiveness, aggressiveness and motivation); and entrepreneur readiness (also known as self-efficacy). Organizational outcomes are directly impacted by the knowledge, experiences and expertise of those individuals occupying prominent managerial roles in the organization (Hambrick, 2015; Hambrick & Mason, 1984). These authors introduced a model in which situations occurring in the context of organizational life are addressed by managers whereby strategic choices are made as a function of the unique characteristics these individuals exhibit. As a result of the choices made by these individuals, organizational success is argued to be directly impacted. Thus, focuses on examining demography to suggest that managerial characteristics are reasonable proxies for underlying differences in cognitions, values, and perceptions (Carpenter, Geletkanycz, & Sanders, 2004). Thus, variables such as business status and specific focus of work experience, and educational background can be applied to predict the actions of an entrepreneur when faced with strategic decisions in organizations.

3.1 Gender

Research on the gender of the owner-manager tends to focus on the male owner-managers, as the proportion of firms owned by men exceeds that owned by women (Boyer & Blazy, 2014; Osei-Assibey, Bokpin, & Twerefou, 2012; Woldie, Leighton, & Adesua, 2008). This is ascribed to a distinction between the risk perception and complication to funding sources for enterprise initiatives (Boyer & Blazy, 2014; Gicheva & Link, 2013; Storey, 2011). Carpenter et al. (2004); Hambrick and Mason (1984) applied upper echelon theory as embedded in resource-based view theory and extended to organizational capabilities, argued that gender a demographic characteristic (Islam et al., 2011), can be utilized as surrogate for their archetype of knowledge and decision-making, therefore the studies on gender, which opine that women have distinctive management approach than men, to indicate that gender differing qualities in the management of SMEs will absolutely strengthen the connection between organizational capabilities and firm success. Barney (1991, 2001); Barney and Hesterly (2015) posited that a unique set of different resources at the establishment is critical for new venture survival and economic success. Female entrepreneurs are somewhat disadvantaged when it comes to providing financial capital to their business than their male counterpart.

Female entrepreneurs are reluctant to move around their commercial enterprises, because they are at resources disadvantage as a consequence of insufficient business experience, decision concerning the financial mix, lack of freedom for their domestic role, less value for business expansion and they are more vulnerable due to lower human capital and employment (Aterido, Beck, & Iacovone, 2011; Beck, Demirgüç-Kunt, & Pería, 2011; Caliendo & Kritikos, 2010). Rosenbusch, Rauch, Parker, and Unger (2009) indicated that women also make less use of external financing choice than male. Caliendo and Kritikos (2010) supported this, that because female entrepreneurs are faced with limited resources, they deliberately adopt a lower growth expectation. Morris, Miyasaki, Watters, and Coombes (2006); Robinson and Finley (2007) however, do not observe a significant link between gender and firm success and have tended to conclude that, the business owner-manager gender is not a significant factor in explaining a small and medium firm' financing decision and growth behaviour. Crawford and Unger (2000); Rosenbusch et al. (2009) posited that females can be required to act in ways similar to males if both have an equal sustained advantage making the decisions via available and required resources, and the functioning of both genders may eventually result in similar issues. Low success expectation can lead to inferior firm's success. Rosenbusch et al. (2009) demonstrated that the same economic outcome can be achieved with human capital that is useful for decision-making and in founding and running a business.

Lenders substitute human capital with gender account of business owners when making decisions about providing financial capital. Women are disadvantaged regarding the accumulation of financial assets as well as the decisions concerning the financing mix and other resources; it is argue that many females are reluctant to transform their economic resources into empowering outcomes within the firms. This reluctance by females can result in differences in firm outcomes. Researchers have examined the effect of gender on the firm success. Thus, gender is adopted as an antecedent to influence the owner- manager choice of sources of financing.

3.2 Education

Penrose (1952) maintains that entrepreneur's educational level, experience, and other personal characteristics, are the antecedents of key resource endowments. The converse assertion is that SME owner-managers who had degrees generally have a competitive advantage and provide an entrepreneur with a greater mental ability to be an innovator, make a decision that would bring successful outcomes and impact positively because he is able to satisfy the demands of a changing job environment. Mac an Bhaird (2010) argued that entrepreneurs with higher levels of education stand a better chance of networking as they are able to contact varied sources for information and other resources. Also, they are more likely to comprehend and exploit business opportunities (Srinivasan, Woo, & Cooper, 1994); have a higher ability to develop strategies, make sound decisions, and gain higher credit worthiness (J. A. Bates & Hally, 1982; J. L. Bates, 2014). Islam et al. (2011) noted that entrepreneurial characteristics such as education effect as one of the success factors in small business. The education level of the owner can spur the business to survive and manage a complex setting and keep the business choice of financing making and profitability. Studies confirmed that an owner-manager acquiring basic pecuniary, exponential and literacy skills, therefore increasing the probability of survival (See Carter & Jones-Evans, 2000; Osei-Assibey et al., 2012; Storey, 1994). SME owners-mangers education indicates exceptional human capital and correlates more positively with the decision pertaining to choice of sources of financing (Cassar, 2004; Sara & Peter, 1998). Osei-Assibey et al. (2012) in their study of firm choice of financing found that owner's education fulfilment is significantly related. This shows that the owners' level of education is a major antecedent of choice of financing. SME owners with less education rely more on their equity even if there are possibilities for debt financing while more educated owners are found to make use of debt finance scheme even if equity sources are not exhausted (Mohamed Zabri & Jonathan, 2014). SME owner-managers with any type of qualification are more likely to make a decision about choice of financing as well approach external funders than respondents without qualifications (Mohamed Zabri & Jonathan, 2014).

3.3 Religion

All Religions are a part of the economic and business culture. A study has confirmed that the culture does influence capital structure (Mac an Bhaird & Lucey, 2014). The resources of religion owner-manager pervade all aspects of human behaviour and have been distinguished as organizational capabilities and decision making in the control of resources and interpersonal relationships (Seiple, Hoover, & Otis, 2012). The innovation capability can be genteel through organizations' religious values that are organizational innovation, networking capabilities, and expertise. Baxamusa and Jalal (2014) investigated the impact of the religious environment of the firms on their capital structures and found that increase in religiosity leads to a lower leverage and less frequent debt issuances. Paauwe (2004) affirmed that manager makes rational choices bounded uncertainty, information limitation, and heuristic biases. Pearce, John, Fritz, and Davis (2010) combined rational choice theory from the sociology of religion, with the concept of entrepreneurial capabilities and found that the religious organization benefited from the application of entrepreneurial orientation perception. Studies have examined the impact of religion on personal financial decisions (Hess, 2012), and firm behaviour (Baxamusa & Jalal, 2014). Financing choices of entrepreneurs in the SME sector are believed to be widely influenced by the religious orientation of the entrepreneur seeking funding (Ahmad & Seet, 2009). However, there is a paucity of research in this area due to lack of vital information. Despite this, the research conducted by Othman and Owen (2001) showed that most people are influenced by their religious affiliation in choosing financing options. A subsequent survey by

Zainuddin, Jahyd, and Ramayah (2004) concluded that people religious motivation influenced decision-making in financing choices. Therefore, religion has a lot of influence on the relationship quality. Differences in religious affiliations cause variation in decisions for SME owners-managers (Khraim, 2010). Religious beliefs and values influence SME owners-managers towards making value choices. Religious as a factor has a significant influence on the relationship in determining SME owners financing choices.

3.4 Business Status

According to Mac an Bhaird (2010) the SME owner unwilling to abdicate control of their business is entrenched in previous studies and SME owners will pass-up positive net present value projects rather than dilute of ownership in terms of business status. The business status structure is another important antecedent of SME firm choice of financing. It is negatively related to external equity and positively related to internal equity (Mohamed Zabri & Jonathan, 2014). The concept of competitive advantage has been extended by scholars to explain ownership (Conner, 1991; Prahalad & Hamel, 2006). Business status in terms of ownership positively affects firm performance through the firm's newfound access to financial and/or non-financial resources and competencies. A key assumption in such arguments is that the generation of competitive advantage rests upon the primary motivation of business status of the organization in view of ownership. One of the disadvantages of closely-held ownership, however, is the limited managerial knowledge, experience and expertise available when making strategic, value-creating decisions. SME firms with a broad business status makeup, together with fewer constraints on important intangible resources, can have an eminence of the breadth of knowledge, skills, and expertise than closely held firms. Nevertheless, Cassar (2004) showed that the ownership provided no explanatory power concerning the proportion of leverage in the firm. Osei-Assibey et al. (2012) found that business status in terms of ownership is statistically significant in the future financing model indicating a relationship between determinants and firm's choice of financing. As the level of interference increases due to the ownership changes, firm's choice of financing also increases.

3.5 Entrepreneurial Experience

Researchers argued that business experience will greatly affect firm success (See Berrell, Wu, Song, & Zeng, 2008; Storey, 1994, 2011). J. A. Bates and Hally (1982); J. L. Bates (2014) asserted that experience is more important than education in determining firm success. Studies have generally shown that SME owner-manager with more managerial experience or prior SME experience as an owner-manager tend to correlate with greater outcomes. Barney (1991) indicated that human capital resources include the perspicacity, training, experience and networking of individual managers in a firm. Mac an Bhaird (2010) confirmed that resources are directly related to the past activities of the firm, which is especially true in respect of managerial and organizational capabilities. Cassar (2004) results showed that the entrepreneurial experience increases firm's decision making towards debt usage, where managers with a greater level of business experience are found to make a better decision towards the choice of financing. Borgia Borgia and Newman (2012) found that owners-managers experiences are significantly and positive related to the level of firm leverage. As the SME typically grow from start-up or become developed by serial entrepreneurs. Managerial experience accumulated in the entrepreneurial course is extremely valuable, and form the core of the SME literature on organizational and experience. Furthermore, Mac an Bhaird (2010) implied that previous empirical studies of organizational and entrepreneurial knowledge indicated that investment decision making in SMEs is based on experience, that is, on the basis of experiential learning, in preference to formalized methods. Experience is extremely important, as it provides time to recognize opportunities, develop networks and learn how to access and to interact with funders, including bank managers and venture capitalists. Thus, a large part of entrepreneurial learning is based on experience.

4. Conclusion

Entrepreneur-Managers are frequently seen as having their own styles when making financing and strategic choices, along these lines engraving their capabilities on the organizations they oversee. This paper is to

expressly review owner-manager antecedents in of small and medium enterprise financing decisions. Attributes like; gender, the level of education, religion, business status, the experience of the owners-managers is significant influence of SMEs sources of financing. This paper reviewed the fact that increase in religiosity leads to a lower leverage and less frequent debt issuances. Hence, SME entrepreneurs tend to operate at a financial sub-optimal level.

This study reviewed that SME owners-managers, financial decision relies on the experience, business status, religion, and level of education. That is, experience SME owners are in a better position to understand the relationship between finance and firm value. Hence, SME owners with lower levels of experience are found to strictly follow the pecking order of adapting to the business environment, exhausting all internal financing source possibilities before going to external finance. On the other hand, SME owners with a higher level of experience have a higher probability of choosing external sources of fund mainly debt with the intention of optimizing firm value.

This conclusion has significant implications for financial and other related institutions that have stakes on SMEs. Possibly, SME owners could benefit from finance-related education and training. The conclusion could substantially benefit from further research with respect to the role of finance education and training on the financing of SMEs owners. The qualitative assessments of culture on the SME sources of financing with respect to the relationship between SMEs ownership structure and financing sources, the risk-taking behaviour of SMEs owners could be further researched. The relationships among degree of intrusion, risk diffusion, and risk proclivity could also be further interests of research.

5. References

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