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Strategies for Sourcing Funding for Startup Businesses in Nigeria

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Walden University

College of Management and Technology

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Nelly Oburo

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Walden University
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Abstract

Strategies for Sourcing Funding for Startup Businesses in Nigeria

by

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MBA, University of Benin, 2002

BSc, University of Benin, 1997

Doctoral Study Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Business Administration

Walden University

October 2021

Abstract

Some small and medium enterprise (SME) owners are challenged with sourcing adequate funds to start and continue in business. Financing SMEs is critical to their owners to ensure they can remain financially viable and continue contributing to Nigeria's gross domestic product and economic growth. Grounded in the pecking order theory and the financial growth cycle theory, the purpose of this qualitative multiple case study was to explore strategies owners of startup SMEs in Federal Capital Territory (FCT), Nigeria, can adopt to source funds required to start and sustain a business beyond 5 years. Data were collected through semistructured interviews from eight business owners in the fashion, food, photography, and printing press industries who successfully operated their businesses for 6–10 years in Abuja, FCT. Data were analyzed using Yin's five phases of analysis, and four themes emerged: (a) starting small and building up capital, (b) cash and working capital management, (c) concentric diversification and counter cyclical businesses, and (d) adapted crowdfunding. A key recommendation is for SME owners to start small and build up capital from business proceeds and retained earnings. The potential implications for positive social change include reducing business failure rate, increasing job retention, creating new jobs, increasing government taxation revenue, enabling the government to provide social infrastructure for its citizens, and reducing insecurity and crime rates in the community.

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Dedication

I dedicate this great achievement first to God Almighty in whom my strength, my being, and my all is founded. I dedicate it also to my first love, my father, Late Sam G. Ikedi, a man with silver in his hair and gold in his heart, father extraordinaire, a true gentleman.

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Embarking on a program of further studies at the doctoral level required more than a desire to gain additional knowledge or advance on the job. I had a burning desire to contribute more to society from an unquestionable position of knowledge. The support of my family, doctoral study committee, friends, Walden university classmates, and work colleagues helped to see me through to the end. Their nudges and pushes were encouragement and inspiration especially towards the end of this journey.

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Table of Contents

List of Tables	iv
Section 1: Foundation of the Study.....	1
Background of the Problem	1
Problem Statement	2
Purpose Statement.....	2
Nature of the Study	3
Research Question	5
Interview Questions	5
Conceptual Framework.....	6
Operational Definitions.....	7
Assumptions, Limitations, and Delimitations.....	8
Assumptions.....	9
Limitations	9
Delimitations.....	10
Significance of the Study	11
Contribution to Business Practice.....	11
Implications for Social Change.....	12
A Review of the Professional and Academic Literature.....	12
Pecking Order Theory.....	13
Financial Growth Cycle Theory.....	19
Starting a Business in Nigeria.....	25

Operating a Startup Business in Nigeria.....	27
Sourcing Funding for Startup SMEs.....	36
Strategies for Sourcing Funding to Start and Operate an SME in Nigeria	48
Other Financing Strategies.....	49
Transition	51
Section 2: The Project.....	53
Purpose Statement.....	53
Role of the Researcher	53
Participants.....	55
Research Method and Design	56
Research Method	56
Research Design.....	57
Population and Sampling	59
Sampling Strategy.....	60
Sample Size.....	60
Sample Sourcing	61
Ethical Research.....	62
Data Collection Instruments	64
Data Collection Technique	66
Data Organization Technique	68
Data Analysis	69
Reliability and Validity.....	70

Reliability.....	71
Validity	72
Transition and Summary.....	75
Section 3: Application to Professional Practice and Implications for Change	77
Introduction.....	77
Presentation of the Findings.....	78
Theme 1: Starting Small and Building up Capital	79
Theme 2: Cash Flow and Working Capital Management.....	87
Theme 3: Concentric Diversification and Counter Cyclical Businesses	94
Theme 4: Adapted crowdfunding Strategies.....	99
Applications to Professional Practice	105
Implications for Social Change.....	106
Recommendations for Action	108
Recommendations for Further Research.....	110
Reflections	111
Conclusion	112
References.....	114
Appendix A: Interview Questions	158
Appendix B: Interview Protocols.....	159

List of Tables

Table 1. Literature Review Sources.....13

Table 2. Emergent Themes79

Section 1: Foundation of the Study

In Nigeria, small and medium enterprises (SMEs) make up 96% of the total number of registered businesses, contribute 48% of the national gross domestic product (GDP), and account for 84% of employment (PwC Report, 2020). Researchers, statisticians, and economists have indicated that startup SMEs contribute significantly to the number of new jobs created in Nigeria annually. In 2014, only 50% of the SMEs in Nigeria had remained in business beyond 5 years (David-West et al., 2018). David-West et al. (2018) found failure of startup SMEs resulted in reduced earnings, loss of jobs, and increased poverty in Nigeria, where up to 48% of the population live below the poverty line with a GDP of less than \$1 a day. The purpose of this qualitative multiple case study is to explore strategies owners of startup SMEs in Federal Capital Territory (FCT), Nigeria, can adopt to source for the funds required to start and sustain a business beyond 5 years.

Background of the Problem

Startup SME owners and managers have made significant contributions to the Nigerian economy since the beginning of the 21st century (Ajide, 2020). Very small informal business operations known as microenterprises constitute 99% of SMEs in Nigeria (PwC Report, 2020). In view of their contributions to the perception and performance of SMEs, microenterprises are usually included in discussions on SMEs (Musimenta et al., 2017). Ajide (2020) noted that failure of startup SMEs had contributed to Nigeria's unemployment and poverty rates which were 40% and 48% respectively as of December 2019. Although SMEs provide approximately 84% of employment in Nigeria, less than 20% survived beyond the first 5 years of operation (Small and Medium

Enterprises Development Agency of Nigeria [SMEDAN], 2019). Discrepancies exist in determining the root causes of startup SME failures in FCT, Nigeria, and the funding strategies successful SMEs use for their businesses to survive beyond 5 years.

Problem Statement

Some startup SME owners in Nigeria exhibit inadequate financial management skills, which often leads to poor performance and business failure (Wasiuzzaman, 2019). Eighty-one percent of Nigeria's potential entrepreneurs struggle to access funding for the initial capital outlay, payroll costs, and therefore are unable to fund the business adequately or sustain it beyond 5 years of operation (Domeher et al., 2017). The general business problem was the inability of business owners to access funds for startup in FCT, Nigeria. The specific business problem was that some owners of startup SMEs in FCT, Nigeria, lack the strategies to source the funds required to start and sustain a business in the FCT beyond 5 years.

Purpose Statement

The purpose of this qualitative multiple case study was to explore strategies owners of startup SMEs in FCT, Nigeria, can adopt to source the funds required to start and sustain a business in the FCT beyond 5 years. The target population for this study are successful business owners in (a) the fashion industry, (b) the food industry, (c) the photography field, and (d) printing press operation who have been in business beyond 5 years in FCT, Nigeria. The implication for positive social change includes increasing the success rate of startup SMEs, which should enhance job creation and job retention and reduce local crime rates in FCT Abuja communities.

Nature of the Study

Qualitative, quantitative, and mixed methods are the three primary research methods available to researchers (Guetterman & Fetters, 2018). Researchers use quantitative method to examine relationships among study variables (Queirós et al., 2017). A quantitative approach was not appropriate for this study, as the goals did not include measuring the strength of the relationship among variables (Yin, 2018). A mixed method researcher uses a combination of quantitative and qualitative data to draw conclusions based on the combined strengths of both types of data (Iqbal et al., 2019). The mixed method approach was inappropriate for this study because the study objectives were not to identify relationships among specific variables. Qualitative researchers gain a deeper understanding of the phenomena under study from various sources and may develop new theories by studying the patterns obtained from the data generated in the research (De Villiers et al., 2019). Qualitative researchers use tools such as interviews, questionnaires, surveys, and observations to gain insights into the phenomena under study (Marshall & Rossman, 2016). I used the qualitative method in this study because it was the most appropriate for the research objectives.

Qualitative research designs include ethnography, narrative, grounded theory, phenomenology, and case study (Creswell & Poth, 2016). Researchers use ethnography design when concerned with the participants' culture and living patterns (Hammersley, 2017). An ethnographic design was not appropriate for the study because I did not study the participants' culture or living patterns. Researchers use the narrative design for data collection when personal storytelling is involved (Yin, 2018). Narrative design was not

suitable for use in the study because the study was about strategies used by the participants and not stories about the participants. Phenomenology researchers conduct studies by limiting data gathering to the personal meanings of the participants' lived experiences, which involves understanding the participants' perceptions about their lived experiences to draw meaning for research purposes (Alase, 2017). Phenomenological design was not suitable for this study as the aim of the study was not to understand the participant's perception of their lived experiences.

Researchers use the case study design to investigate and explore actual life situations or practices as a single independent study or a multiple case study involving several entities (Harrison et al., 2017). Researchers using a single case study can observe some organizational frameworks in a single entity during the study (Creswell & Poth, 2016). A single case study design was not suitable for this study because the purpose of the study was to explore strategies used by startup SME owners to source funds required to start and sustain an FCT based business beyond 5 years. I used the multiple case study design to explore strategies used by startup SME owners of successful businesses in (a) the fashion industry, (b) the food industry, (c) photography, and (d) the printing press that had been in business beyond 5 years in FCT, Nigeria. I studied each successful business as a separate case to understand the strategies used to finance startup and sustain the business beyond 5 years in FCT, Nigeria. Each owner's strategy represented a case study; the aggregate strategies of all the owners made up the multiple case study. The use of multiple case studies is an interpretive and naturalistic approach to research (Yin, 2018) and was the most suitable for this study.

Research Question

What strategies did startup SME owners in FCT, Nigeria, use to source funds required to start and sustain business operations beyond 5 years?

Interview Questions

1. What sources of financing did you explore in acquiring the capital to start your business?
2. What strategies have you used to source funds and sustain your business for over 5 years?
3. What challenges did you encounter in using the strategies to source funds?
4. How did you overcome the challenges you encountered in sourcing funds with the strategies you mentioned?
5. What were the relevant government and local regulations guiding financing and lending to small businesses in Nigeria that you had to consider?
6. What were the business documents that you provided for screening, contracting, and monitoring before you were granted a loan by the financial institutions?
7. What strategies did you use to allocate funds to the different aspects of your business that enabled it to survive beyond 5 years?
8. What additional information can you share about financing and sustaining a new business which may be useful for understanding how you sustained your startup SME?

Conceptual Framework

The conceptual framework of this research study was built on two theoretical models; Berger and Udell's (1998) financial growth cycle theory and the pecking order theory outlined by Myers and Majkuf (1984). Financial intermediaries play a critical role in private markets as information producers who can assess small business quality and address information problems through the activities of (a) screening, (b) contracting, and (c) monitoring (Berger & Udell, 1998). Intermediaries screen potential customers by conducting due diligence—including collecting information about the business, the market in which it operates, any collateral that may be pledged, and the entrepreneur or startup team (Agrawal et al., 2016). The cost of financing increases when there is irregularity of information around a company's retained earnings, debt, and equity (Adair & Adaskou, 2015; Bhama et al., 2016).

The nature of financing required by an individual or organization determines the type and source of financing. Agrawal et al. (2016) noted that business leaders who adopted a financial policy for minimizing the costs associated with the disclosure and accessibility of information in the financial market for investors showed greater financial prosperity in the business. Using pecking order theory, Berger and Udell (1998) categorized financing into (a) internal funds, (b) debt, and (c) new equity. Bhama et al. (2016) found that internally generated resources such as savings rather than external capital were often used to finance the firms' operations with debt financing used more often than equity financing. The pecking order theory and the financial growth cycle theory may provide fresh insights for understanding the approaches involved in sourcing

funds for Nigerian SME owners. The financial growth cycle theory is important as it involves critical fund sourcing activities such as (a) screening processes, (b) contracting processes, and (c) monitoring processes.

Operational Definitions

Business angel: Business angels are external sources of funding to the business. A business angel, also known as an angel investor, is a wealthy individual with extensive business experience who invests personal funds directly in startups (Argerich & Cruz-Cazares, 2017).

Debt financing: Debt financing is a form of deferred payment through which business owners borrow funds at an agreed interest rate and future repayment date or period (Zhang et al., 2019).

Equity financing: Equity financing is capital acquired by business owners through the sale of shares to investors as a source of funding business startups (Zhang et al., 2019).

Hire purchase: Hire purchase is a means of financing that allows a creditor to purchase equipment with an initial down payment and subsequent agreed-upon installments over a fixed period. The purchaser or hirer receives possession of the equipment once the down payment is received by the seller, but ownership of the equipment remains with the seller until all installments and interests are paid off (Gurung, 2007; Masum & Mohiddin, 2018).

Information asymmetry: Information asymmetry occurs as a result of an imbalance in disclosure, which gives one party to a business transaction access to more information than the other (Ofir & Sadeh, 2019).

Small and medium enterprises (SMEs): SMEDAN (2015) defined SMEs as formal and informal enterprises with less than 200 employees, a turnover below 100 million naira annually, and an asset base that is less than 500 million naira.

Startup business: Startup businesses are new commercial enterprises within their formative years in the business (Lee & Kim, 2019). Startups can be micro, small, medium, or large (SMEDAN, 2015). In this study, startups include micro, small, and medium enterprises that have been in operation for less than 10 years.

Startup finances: Startup finances are the various sources of funding available to a new business. The sources comprise internal and external sources (Abdulsaleh & Worthington, 2013).

Strategy: A strategy is a set of plans, decisions, and actions that enable an organization to achieve its objectives (Direction, 2020).

Assumptions, Limitations, and Delimitations

Researchers base their studies on certain premises that cannot be verified. Assumptions, limitations, and delimitations are unverified facts that influence how the researcher shapes the research study (Marshall & Rossman, 2016). A researcher accepts and incorporates them in the study to provide credibility to the research. Researchers need to acknowledge the underlying assumptions, limitations, and delimitations used in their research (Yin, 2018).

Assumptions

Assumptions are claims the researcher considers to be true though they have not been validated and may not be within the researchers' control (Niven & Boorman, 2016). Researchers should try to limit the amount and impact of bias their assumptions produce (Ghezzi & Cavallo, 2020). The primary assumption in this study was that a sufficient number of SME owners in FCT, Nigeria, would give accurate and adequate answers while participating in the study. As a researcher, I assumed the sample size of SME owners would be sufficient to obtain enough information to complete the case study and that information collected from the sample would be useful to members of the population. When participants provide sufficient, honest, and reliable answers, the researcher can make inferences that might be useful to prospective startup business owners and the academia (Marshall & Rossman, 2016).

Limitations

Researchers include limitations in their study as they affect the outcome of the research. Marshall and Rossman (2016) referred to the limitations of a study as possible threats and impediments beyond the researcher's control such as participant bias, influences, sample size, and restrictions to the devolution of information that present a potential threat to the study. Limitations are potential flaws and influences that are not within the direct control of the researcher (Yin, 2018). The number of startup SME owners participating in the study may not adequately represent the population of startup SME owners in FCT, Nigeria. I used a purposeful sample, which is different from a random sample; therefore, this study's outcomes may not apply to a wider population for

generalization. I identified and located startup SME owners who discussed their sources and problems of accessing funds; however, the sample size may be small and may not provide an objective view of all startup SME owners in the FCT. The results may not be a representation of all startup SMEs and sources of financing in Nigeria because of my selection of covering only the FCT geographic region. Furthermore, access to business funding in FCT, Nigeria, also depends on other factors that are not financial such as geography and antecedence. Time and finances were also limitations to the exploratory study.

Delimitations

Delimitations are the boundaries, restrictions, and limiting parameters to the study within the control of the researcher (Qiu & Gullett, 2017). Researchers must list the choices and constraints to the study to ensure credibility and objectivity. Startup businesses are defined by the lifespan of the business and can be micro, small, medium, or large depending on the size of operations (Wasiuzzaman, 2019). Delimitations include the choice of objectives, the research questions, theoretical perspectives of the researcher, and the population under investigation (Yin, 2018). The scope of this study was startup SMEs in FCT, Nigeria, which included small and medium startup businesses and excluded other startups such as large firms, conglomerates, and multinationals. The sample size used in this study was limited to startup SME owners operating in FCT, Nigeria in (a) the fashion industry, (b) the food industry, (c) a photography studio, and (d) a printing press. I gathered data by interviewing the business owners and triangulating the

interview data with additional documents the participants provided and publicly available online data.

Significance of the Study

Inadequate funding is a major reason for the nonattainment of the full potential of SMEs in Nigeria (Akaeze & Akaeze, 2017). SMEs in Nigeria presently lag behind SMEs in many other African countries in the performance and growth indices (Ofobruku et al., 2019). The findings of the study may be significant in helping leaders of startup businesses because these findings may allow leaders of startup SMEs to understand strategies and processes for obtaining funds for their business. Knowledge obtained from the study findings may lead to increased productivity, profitability, and business sustainability. The high failure rate of startup businesses often harms families, communities, and economies (Gyimah et al., 2019). Study results may also help entrepreneurs in FCT, Nigeria, develop strategies that encourage business sustainability and reduce business failures, and therefore increase job retention, prevent loss of income, and improve the standard of living for Nigerian SME owners, workers, and their communities.

Contribution to Business Practice

Funding plays a pivotal role in the success or failure of a business. Entrepreneurs require knowledge of strategies to apply when sourcing for business funds (Donald, 2020; Sierra, 2019). The study results may contribute to positive social change as individuals who operate startup SMEs may use information from the results of this study to build up their businesses and promote sustainability while employing members of the

society. The study findings may help facilitate good governance in startup businesses and provide favorable funding strategy alternatives for business owners to sustain their business beyond 5 years, which may lead to creating employment opportunities in other parts of Nigeria.

Implications for Social Change

SMEs contribute to the economic growth and development of countries through job creation, enhanced GDP, increased government income, and societal wellbeing (Tahir et al., 2018). The findings from the study have the potential to promote positive social change by first improving the business environment and then increasing job satisfaction, improving workforce retention which will be reflected in the gainful employment of workers in startup SMEs for tenures exceeding 5 years.

A Review of the Professional and Academic Literature

The purpose of this qualitative multiple case study was to explore strategies owners of startup businesses in FCT, Nigeria can adopt to source the funds required to start and sustain a business in the FCT beyond 5 years. The literature review was organized by subtopics to get a better focus on the multiple components necessary for understanding the strategies for sourcing funding for startup SMEs. I reviewed literature on the sources of funding, the strategies for sourcing funding, and the sustainability strategies of businesses. Sustainability is linked to funding as most financiers are interested in the lending business as a going concern and the assurance of profitability and repayment.

The databases used to search for peer-reviewed journals, books, and government articles include ProQuest, EBSCOHost, Business Source Premier, Sage, Emerald, and Business Source Complete. I performed the search using keywords such as *financing SME business in Nigeria, startup business, options for SME business financing, funding a business startup, funding new businesses in Nigeria, starting a business in Nigeria, sourcing funds for a new business, challenges confronting new SME businesses in Nigeria, new entrepreneurs, small business funding, barriers to startup businesses in Nigeria, survival strategies for businesses in Nigeria and business sustainability strategies*. The literature review consists of 242 articles from various sources (see Table 1).

Table 1

Literature Review Sources

Source	Number	Percentage
Journals	228	94
Books	7	3
Dissertations	2	1
Government and company documents	5	2
Total	242	100

Pecking Order Theory

Pecking order theory, referred to by some authors as the pecking order model, was put forward by Donaldson in 1961 and redefined by Myers and Majluf in 1984

(Viviani, 2008). Bhama et al. (2018) viewed the pecking order theory as an explanation of business owners' capital structure and financing preferences. Proponents of the theory view pecking order theory as a hierarchical arrangement by order of preference for sources of funds needed by business owners. Lemmon and Zender (2019) categorized the sources of business finance as (a) internal funds, (b) debt financing, and (c) new equity. Scholars of pecking order theory posited that business owners used their own funds for startup or retained earnings from already operational businesses as the preferred option for business funding, before considering debt and then equity (Myers, 1984; Myers & Majful, 1984).

Financing choices are driven by available information about the startup business; and the cost of funding by information asymmetry (Gill et al., 2016). Business owners require knowledge of possible sources of funding and lenders require information to assess the viability of SMEs' request for funds. Information failure occurs due to an imbalance in disclosure which gives one party to the transaction access to more information (Ofir & Sadeh, 2019). Information asymmetry, also known as information failure and information opacity, is highest in the first year of a firm's operations (Coleman et al., 2016). Myers and Majful (1984) examined the effect of information asymmetry on the cost of sourcing funding for business and found business owners as insiders in the organization, had information on the company that investors did not have; giving the owners advantage over the investors. Ofir and Sadeh (2019) indicated that due to information asymmetry between the firm and potential investors, promoters of startups might know more about the firm, its potential value, and prospects than outsiders. Chod

and Lyandres (2019) compared equity financing to cryptocurrency token financing and suggested that information asymmetry benefits business owners at the expense of investors or fund owners.

Business owners usually finance the business first through internal funds from personal savings at inception or retained earnings in successive years of operations before considering loans from informal or formal sources and would only opt for funding through equity financing as a last resort (Myers & Majful, 1984). Viswanath (1993) examined alternate capital sources available to firms and posited business owners ranked sources of finance based on which source was easiest to secure and had the least risk. Contrary to the view of Myers and Majful, Viswanath posited that managers of undervalued firms may prefer issuing stock to using earnings when faced with external funding alternatives. According to Viswanath, equity financing does not necessarily reflect an overvalued company.

Several considerations inform business owners decision of the source of financing to employ. Desai and Gupta (2019) compared internal and external financing sources for businesses and found out the choice of source of financing depended on the amount of financing required. Desai and Gupta noted that business owners employed asset sale financing when their funding requirement was relatively small and equity financing when a large amount of funding was needed. Begenau and Salomao (2019) found that funding needs, financial capacity, and firm size determined the choice to use equity or debt financing for funding the business. Gill et al. (2016) interviewed some SME owners in India to determine their preferences when sourcing capital from non-residents and found

that startup financing for SMEs in India were usually either funds from family or loans from financial institutions. Gill et al. also found that business owners choose internal debt over external debt, short over long-term debt, and debt to equity funding as a source of external funding mainly because they wanted to retain control of the firm; thus, equity was found to be the least attractive means of funding for smaller businesses (Balboa et al., 2017).

Debt financing is the preferred source of external funding for most business owners who prioritize control of the business. Such business owners seldom use equity to generate funds for their business (Coleman et al., 2016). Equity holders and creditors may provide funds for businesses through capital injections or investments and debt respectively (Berger & Udell, 1998). However, the capital outlay and cost of equity funding is higher than debt financing.

Funding the business through equity involves the investment of an external party's funds in the business which confers control of the company on the equity holder to the value of the funds obtained and is recorded as an asset to the business (Tordee et al., 2020). Funding through equity financing involves the sale of the firm's shares and a dilution of the firm's ownership structure. Equity financing comprises venture financing, angel investing, crowdfunding, and accelerators (Drover et al., 2017; Mallon et al., 2018). Debt financing does not transfer any part of the firm's ownership to the creditor on account of the funds put in the business. Instead, creditor's funds are liabilities to the business and amounts accrued to creditors are settled before equity shareholders if

business failure occurs as equity owners are considered owners of the firm. Hence, equity owners have a greater stake in the business than the creditors (Bhama et al., 2018).

Some pecking order theorists also examined the relationship between a firm's debt and cash flow. Edmans and Mann (2019) advocated the selling of assets as an alternative to issuing equity when sourcing for business funding. The authors noted that the sale of assets as a source of business funding had three effects: (a) balance sheet effect, (b) camouflage effect, and (c) correlation effect. The balance sheet effect reflects the claim of financiers on the organization's balance sheet when using sale of asset financing. Information asymmetry, the value of funding required, and uncertainty in collateral asset values inform the business owners' choice. The camouflage effect describes a covering of the need for funds in a business by selling certain assets rather than issuing equity. Correlation effect relates to the relationship between two or more instruments and a funding option.

Personal savings and soft loans from family and friends often make up the SMEs' initial capital base (Ibitoye, 2018). However, startup SME owners may desire more funds than is obtainable from solely internal sources to sustain growth and expansion (Apollos et al., 2018). Other sources of funding to complement internally generated funds are crowdfunding, debt funding, equity funding, or a combination of these options (Simon-Oke, 2019). Some SMEs do not maintain a particular capital structure (Bhama et al., 2016). Rather, SME owners and operators make choices among the diverse sources of financing based on how well informed the entrepreneur is rather than their work experience.

A manager's confidence level significantly impacts their business decisions and funding risks appetite. Bukalska (2019) used Fama and French's methodology to differentiate target and actual leverage ratios and the effect of business owner characteristics on business financing decisions. The author found managers with high confidence often used higher risk financing strategies if additional funds were needed; opting to use equity over debt financing, which is the reverse of the pecking order theory sequence. The author also found that managers with high confidence often significantly lowered the debt rate and preferred to increase equity financing when sourcing for business funds. Rihab and Lotfi (2016) confirmed high confidence business owners and managers used higher leverage for business financing with the target debt ratio higher than the actual debt ratio. However, Moore and Healy (2008) identified managers with excessive confidence as poor listeners with overestimated capabilities and a false sense of control over business performance. More so, Lee et al. (2015) mentioned managers' overconfidence was often a cause of business failure.

Oskouei and Zadeh (2017) noted some authors used pecking order theory to evaluate the ratio of debt to equity, the value of cash flow the entrepreneurs plow back into the business and to predict the relationship between debt ratio, size, and growth of the company, as well as performance in organizations. SME owners may apply for and access personal loans to add value to the business for which the owner acts as the loan holder (Briozzo & Vigier, 2014). The authors mentioned personal loans obtained by the owner from credit markets are often absorbed into the company as a loan from the owner

and treated as the owner's capital contribution. At the same time, companies exempted from the credit market are excluded from using personal loans.

Financial Growth Cycle Theory

The financial growth cycle theory examines the criteria for sourcing business funding through the life cycle phases of the business. Berger and Udell (1998) explained that the financial growth cycle theory is used to explain funding options available to an entrepreneur at the beginning of the business cycle and as the business expands its operations. According to the authors, startup businesses have a financial growth cycle in which financial needs and options change as the business gains momentum. Financial growth cycle theorists assess the type, cost, and availability of funding options at different phases of SME operations (Walid, 2019). Walid noted that there was a relationship between the funding policies adopted by a business and the life cycle phase of the business. In a study of the financing history of 70 business owners in Tunisia, Walid (2019) observed that startup SME owners predominantly used debt financing for short-term funding and internal funding sources such as retained earnings and initial public offerings (IPOs) were used for long term investment in the business.

The financial growth cycle is based on the idea that information asymmetry has a dynamic character over the lifespan of companies (Cumming et al., 2019; Oskouei & Zadeh, 2017). The financial growth cycle model can be used to evaluate how business needs and available sources of credit determine business growth, resulting in information transparency. Berger and Udell (1998) proposed a model where small businesses had a financial growth cycle in which their financial needs and options changed over time. The

authors noted young and small firms usually rely on informal financial sources such as personal savings of the founder and borrowing from friends and family for the initial capital to float their business. Berger and Udell further stated that the firm's financial needs were dependent on several factors including the size and age of their operations.

On average, the ratio of debt financing to equity financing adopted by SME owners is positively correlated to the growth phase of the business (Rehman, 2016). Bellavitis et al. (2016) compared the newer sources of startup business financing to the older, traditional sources. The authors mentioned startups usually do not have sufficient information with which prospective financiers can make value judgments on their suitability for intermediate external financing. Startup SMEs within the first few years of operation may not have sufficient records as proof of their wellbeing to convince formal lending institutions of their eligibility for certain types of funding (Apollos et al., 2018). By their nature, most SMEs irrespective of age have no records of audited financial statements, inadequate business assets to act as collateral, or insufficient payment history for securing funds from commercial banks (Carrette & de Faria, 2019).

Financial performance determines eligibility for funding in some instances. Pucci et al. (2017) viewed operational performance as a subset of the organization's financial performance related both to the business growth phase of the firm. A record of financial performance is required to access certain types and sources of funds (Britzelmaier, 2019). Britzelmaier also observed that financing a business from startup through the daily activities that make up its operational and financial cycle until the business breaks even and starts to turn a profit often involves a combination of funding alternatives.

It is helpful for owners of startup SMEs to know the forms of financing available to the business at any given stage (Fan & Jiechao, 2019). In some instances, the knowledge of sources of funding may be available; however, the available information may not be sufficient to make the best decision for the business. Managers apply for financing from sources they estimate to be most likely to oblige them (Ayalew & Xianzhi, 2019; Cumming & Groh, 2018). An alternative point of view is that business owners and managers may assume that the source of financing they obtained was the best option without evaluating other available options. However, Fan and Jiechao (2019) explained that an in-depth understanding of the interest calculations and business implications of the funds, needs to be determined and evaluated before managers and business owners decide the best option for funding the business.

Initial coin offerings (ICOs) are a new means of attracting external funding that involves issuing blockchain-based tokens (Block et al., 2020; Momtaz, 2019). ICOs are used by some business owners to access funds at the business' commencing phase. ICOs features show a combination of crowdfunding, venture capital, and IPO financing for startup businesses (Chanson et al., 2018; Fisch, 2019). Entrepreneurs raised over \$31 billion dollars using ICO financing between 2016 and 2019 (Howell et al., 2018). However, the authors noted that ICO transactions are often scams and frauds. Moreover, there is a general distrust due to uncertainty about ICOs legitimacy and the lack of formal regulations. Schücker and Gutmann (2020) investigated how startups use ICOs to raise funds. The authors noted several potential risks in ICO funding and concluded information asymmetry was prevalent and influenced ICOs transactions. Felix and von

Eije (2019) investigated ICOs as a means of raising funds for startup businesses. The authors found out ICOs were underpriced compared to IPOs and the level of underpricing reduced with larger offerings. Timing also affected the value of the offering as the research findings revealed less disparity in the price value when issuers do a pre-ICO issue, market sentiment was positive, and issuers use particular exchanges for trading.

In a study of 7,474 SMEs in Nigeria, Apollos et al. (2018) found outsourcing for finance to commence and run a business was a major problem for SME owners in Nigeria. Participants in the research viewed finance as the most significant barrier to entry for most business owners. Garba (2019) studied the growth of SMEs in Makurdi, Nigeria and observed commercial bankers were more interested in funding established enterprises than startups for reasons ascribed to the safety of investment and timeliness of returns. The inability to access loans from commercial banks and other formal lending institutions could impede business startup and growth (Racheal & Uju, 2018). The small percentage of funds allocated to SME financing annually was insufficient for the funding request of SMEs and the time taken for approval and disbursement may be a barrier to efficient SME operations (Briozzo & Vigier, 2014). In a study that evaluated the reasons why SME owners use personal loans for financing business operations, Briozzo & Vigier (2014) observed that older businesses, businesses owned by younger people, firms with lower expected growth rate, business owners seeking to create value and expand, and leaders of businesses perceived to have low external costs resulting from business failure, were less likely to use personal loans in financing their business operations. However, the

authors advocated newer and smaller firms should first seek internal sources of funding the business instead of engaging in the cumbersome process of external borrowing.

The pecking order theory and the financial growth theory converge in their order of the preference of seekers of business funds; with the most used being personal funds internal to the organization and the least being equity (Jarallah et al., 2019). However, both theories differ in the basis for the hierarchy. Pecking order theorists posit that business owners arrange funding options in hierarchy based on the ease of acquiring the funds and risk to the business ownership structure while financial growth theorists claim the age and size of the business influence the choice of funding sources.

An Overview of SME Operations in Nigeria

The existence of SMEs predates recorded history. However, SMEs were first recognized as a legal business entity in Nigeria in 1946 when the essential paper No 24 was signed, establishing the National Development and Welfare Board, and signaling the commencement of SME activities (SMEDAN, 2015). Independence from British rule in 1960, the discovery of crude oil in the 1970s, overdependence on oil revenues at the detriment of other resources, successive changes in government, various policy somersaults, a continuously expanding populace, and a lack of infrastructure have influenced the growth of SMEs in Nigeria (Ibrahim & Mustapha, 2019). As of June 2019, records show only 17.4 million out of the 41.5 million registered SMEs in Nigeria were operational (PwC Report, 2020). Most registered SMEs were no longer in existence as some enterprises did not survive beyond the first year of operations (SMEDAN, 2019). SMEs are spread all over Nigeria in different sized clusters with a considerable number

located in the southwestern states of Lagos, Osun, and Oyo. However, states in Northern Nigeria have a higher annual growth rate (SMEDAN, 2015).

A startup SME is a company, a partnership, or a temporary organization designed to search for a repeatable and scalable business model (Spender et al., 2017). Spender et al. defined startup SMEs as business models with new ideas to revolutionize the market and transform the product into an economically sustainable enterprise. In a study on entrepreneurship, business formation, and growth, Al-Mataani et al. (2017) identified two classes of SMEs, formal and informal SMEs. The authors viewed formal SMEs as small, structured businesses while informal SMEs were defined as small unregistered business entities operating without documented permits. Some of these informal SMEs are operated from the homes of the owners or unauthorized and unregistered locations (Matsongoni & Mutambara, 2018). According to Siqueira et al. (2016), informal businesses have low productivity levels. The authors recommended formalizing their operations to enable such SME owners access the required funding for growth like other SMEs that were registered. Siqueira et al. also noted that innovation, growth, and necessity differentiates formal from informal SMEs.

SME operations are a source of employment and development globally. However, SME's in Nigeria have not yielded the same results as they have in other countries primarily due to insufficient funding (Akaeze & Akaeze, 2017). Akaeze and Akaeze posited that inexperienced and unskilled management, inadequate infrastructure, poor record keeping, and untrained staff could be remedied by an injection of funds. Lack of access to funding adequate to start and sustain the business has hindered some SMEs

from reaching their full growth and expansion potential (Ibrahim & Mustapha, 2019). According to the authors, at inception, startup businesses require funds for the purchase, lease, or rent of business premises, procurement of stock and store, engagement of skilled personnel, purchase of tools, equipment, and machinery, and offsetting overhead expenses such as advertisement costs, electricity, and utilities. As the business gains momentum, funds are required for growth and expansion (Nguyen & Canh, 2020). Factors affecting access to capital include the inability to provide collateral commensurate to the amount of funding required or applied for, overdependence on personal funds and overdrafts, delays from bureaucracy and red tape, and corruption (Akaeze & Akaeze, 2019; Okon & Edet, 2016).

Starting a Business in Nigeria

In Nigeria, the process of starting a formal business commences with the conception of the idea when the entrepreneur determines the location and kind of business to operate (Apollos et al., 2018). The business is registered by the Corporate Affairs Commission (CAC), a body that issues a certificate of registration after ensuring the name and logo provided by the owners have not been assigned to any other business (Agboola, 2016). The CAC, whose primary responsibility is the registration of all business entities in Nigeria, ensures all legal conditions are met and adhered to before issuing the applicants with the certificate of registration (Edoho, 2016). Registering a new business costs less than \$200 and the process is concluded within 24 hours as long as all the required documentation are presented (Ibekwe, 2018). Other expenses incurred in commencing business include the cost of registering with the tax authorities, obtaining

relevant permits, procuring the premises for operations, generating power, sourcing materials, and staffing (Apollos et al., 2018). These other expenses are often the reason many business owners remain unregistered and continue to operate informally (Siqueira et al., 2016).

Automation of most processes in business registration institutions has resulted in a reduction in the wait time for the approval to commence business (Shobande & Olunkwa, 2019). However, the documentation required at registration may not be readily available which may cause additional delays. Alaoui et al. (2016) studied the business environment in five countries and noted that the constraints placed on establishing new businesses is often a result of legislation. Ease of doing business, determined by the legal framework operated in a place, influences the volume of foreign direct investment (FDI) in an economy and varies from country to country (Audretsch et al., 2016). According to World Bank (2020), Nigeria is presently ranked number 131 in the world's Ease of Business Index. However, Apollos et al. (2018) opined that finance was the most essential of all the factors required for business startup. The authors affirmed that with adequate financing most of the other constraints could be addressed.

Some business owners commenced business from an incubator scheme. David-West et al. (2018) examined SME models adopted by business entrepreneurs in launching novel enterprises and the effectiveness of business incubators across Africa. The study findings revealed a dominance of privately owned and operated SMEs and a complete absence of public-private ownership. David-West et al. also found a technological drift from large to small scale organizations and the inherent competitive advantage of novel

ventures. Such SMEs encounter challenges such as a shortage of capital, training, business skills, experience, and reliable employees (Islam, 2019). According to Islam (2019), these factors inhibit entrepreneurs' ability to run their business smoothly and profitably. Some SMEs are unregistered and continue to operate outside the purview of regulatory agencies; thus, unable to access certain classes of funding (Mpi, 2019).

Operating a Startup Business in Nigeria

Once the business has commenced operations, owners face the challenge of sustaining the business. Financing is a major constraint for most startup SMEs; however, management problems such as a lack of accounting, personnel, and administrative capabilities have been predominant causes of business failures in Nigeria (Adesola et al., 2019). Ezeani (2018) investigated the challenges faced by Nigerian university graduates in finding suitable employment or embarking on entrepreneurship ventures. According to Ezeani, three factors inhibiting entrepreneurial endeavors in Nigeria are (a) inconsistent government policies, (b) lack of investment in education, and (c) dearth of individual skills and technical competence. These three factors constitute a barrier to employment and entrepreneurship in Nigeria. Igwe et al. (2018) carried out a study of 2,676 SMEs to ascertain the constraints business owners had starting and operating a business in Nigeria. The participants in the study highlighted business constraints as inadequate finance (33.1%), epileptic electricity supply (27.2%), and corruption (12.7%).

Some researchers viewed SME operations from a social perspective and evaluated SME performance based on social benefits derived by society rather than profitability. Such researchers opined that the social value contributed by SMEs was a measure of

business success due to the resultant effect of creating societal wellbeing (Ribeiro-Soriano, 2017). According to Gbam (2017), SMEs' social value cannot be neglected as SMEs contribute to job creation and the economic growth of society. Using a chi-square technique, Gbam discovered a positive relationship between SME growth, employment, and household income. Akinyemi et al. (2018) found a positive relationship between SME development, employment, and economic growth but observed that the high rate of unemployment and the need to earn a living had contributed to many ill-advised and poorly researched attempts at entrepreneurship in developing countries; where startups failure rates are high as business owners and managers lack the funds, management skills, or training to operate businesses. Akinyemi et al. (2018) further noted that with sufficient funding, business owners who lacked knowledge could employ knowledgeable and competent managers to run the business. Sentana et al. (2018) examined the social gains of startups in the technology industry and found that promoting social values was not always correlated with organizational profitability, growth, and sustainability.

The hospitality industry's operating environment in Nigeria affects the supply of skills and the financial performance of restaurants and similar hospitality businesses (Adeola & Ezenwafor, 2016). According to the authors, hospitality industry scholars have described hospitality in physiological and psychological terms unique to various types of services in the industry. Adeola and Ezenwafor further stated that whether one is providing room, drink, food, or entertainment, the offering should be given with consideration to the physical and psychological comfort of the customers; thus, the physical structure, design, décor, and location of the facility are the principal concepts for

achieving hospitality and comfort. The authors recognized the need for improvement in the overall performance of the industry and recommended (a) private-public partnerships between government, regulatory agencies, hospitality business owners, and hospitality colleges, (b) strategic partnerships between hospitality institutions and business schools, (c) cooperation among hospitality business owners, and (d) improvement in management practices.

Microloan programs are tools for supporting *necessity-based* rather than *opportunity-based* entrepreneurship (Gafni et al., 2020). Necessity based entrepreneurs venture into entrepreneurship as a means of supporting themselves because they do not have an alternative career opportunity to escape unemployment or under-employment; alternatively, opportunity-based entrepreneurs are pulled into entrepreneurship by a desire to pursue opportunities they see in the marketplace (Kariv & Coleman, 2015). Fairlie and Fossen (2018) noted that necessity and opportunity classifications had become gradually more common in business research and it was necessary to distinguish between necessity-based entrepreneurs pushed into entrepreneurship because all other options for work are absent or unsatisfactory, and opportunity-based entrepreneurs who are pulled into new ventures more out of choice to exploit some business opportunities. Many SME owners in Nigeria especially those working in the informal sector could be classified as necessity-based entrepreneurs.

Barriers to Business Success in Nigeria

In 1980, the International Monetary Fund (IMF) introduced the structural adjustment program (SAP) to provide an alternative economic strategy for Africa

(Matsongoni & Mutambara, 2018). The Nigerian government embraced SAP as part of efforts to increase the number of SMEs, encourage private sector participation, and have a more robust and competitive market (Obokoh & Goldman, 2016). The implementation of SAP did not yield the expected results as the exchange rate of the local currency to the dollar increased, prices went higher, the country went into recession, and businesses began to fail (Eze et al., 2018). Business owners could no longer afford to remain in operation due to the huge losses made as a result of the depreciation of the Nigerian currency (Opusunji & Akyuz, 2019).

Ihua (2009) conducted a comparative study of SME operations in the UK and Nigeria and noted barriers to business success differed from country to country. The author found failures of SMEs in the UK were more often attributed to internal factors such as inadequate management skills. In contrast, SMEs in Nigeria often had external causal factors ranging from poor infrastructure to unfavorable economic policies of the government. Additionally, a volatile economy, excessive bureaucracy, and unreliable or unavailable data make planning for success difficult for SME owners in Nigeria (Adeolu, 2017).

Failure of some startup SMEs in Nigeria can be attributed to a limited domestic market, shortage of subsidies, high production cost, shortage of qualified staff, lack of commitment by some SME owners, and low spending on training, innovation, and creativity (Ezeani, 2018). The author advocated that SME owners should carry out a pre-establishment feasibility study, set targets, establish retail cooperation, maintain their networks, get peer assistance, and monitor all steps of the process when establishing a

new business. Funding strategies for initial set up for the business remained a gap in the study by Ezeani. Several factors, both internal and external to the business remain barriers to successful operations of SMEs in Nigeria (Edoho, 2016).

Access to Capital and Credit

Access to adequate funding for business startup, overhead, and operations is a challenge for some entrepreneurs and business owners (Okon & Edet, 2016). Shen and Yin (2016) evaluated how firms can access different sectors of the debt market to finance their operations. Credit expansion and credit contraction affect the availability of capital and the use of debt by a company (Hon & Ninh, 2020; Shen & Yin, 2016). A company with access to the bond market can access debt capital by securing a bank loan, leveraging its performance ratios better than firms without access to the market (Shen & Yin, 2016). Spender et al. (2017) observed that inadequate human and financial resources and the inability to access funds to promote research and development programs resulted in the non-development of new ideas or innovation in some startup firms. The inability to access capital and credit has limited many ideas and initiatives of prospective investors in Nigeria and contributed to the high rate of business failure and unemployment.

Lack of Infrastructural Amenities

The availability of power supply and infrastructural amenities for business operations is a contributing factor to business effectiveness and growth as well as business failure (Obokoh & Goldman, 2016). In Nigeria, individuals and businesses are responsible for providing electricity for their use as the government does not provide adequately. The cost of running electricity and other necessities like security and

transportation erodes the profits that would have been plowed back into the business for growth, expansion, and sustainability (Ekpo & Bassey, 2016). Ekpo and Bassey cautioned that the high cost of running a business further reduces the earnings and by extension the creditworthiness of some SMEs needed to access loans from banks.

Government Policies and Regulations

Government policies and regulations including tax and environmental laws in Nigeria are often unfavorable to startup SMEs who are unfamiliar with the business terrain. Policy inconsistency and excessive bureaucracy contribute to the failure of SMEs in Nigeria (Akinyoade et al., 2016). Duplication of regulatory agencies with overlapping functions and unclear mandates often result in multiple payments of the same fee or levy for a permit thus affecting the profits and financial position of SMEs. Annually, owners of registered businesses in Nigeria are required to pay local, state, and federal government fees and levies (Aribaba et al., 2019). According to the authors, these specialized fees to the different arms of government are collected statutorily but may not be used to provide infrastructure and other public goods to alleviate the difficulties of running a business in Nigeria. Additional costs such as rent for business premises and signage fees incurred by the business owner further depletes business funds.

The failure of some SMEs can be attributed to a lack of education on processes and procedures needed for success. Lawal et al. (2016) conducted a study on the critical success factors for SMEs' sustainability in Nigeria. The authors noted that most SME owners confronted with the high cost of adhering to government regulations were unable to present a healthy business to banks for the loan required for business growth and

sustainability. Edoho (2016) recommended a complete overhaul of SME operations in Nigeria through improvement in government policies, ease of restrictions, promoting business friendly funding policies by banks and re-orientation of the players in the SME sector.

Lack of Proper Planning and Ineffective Internal Controls

Organizations should have and execute a business plan and adopt a business model with adequate internal controls which can enhance chances of survival (Adegboyegun et al., 2020). The authors noted that a robust internal control framework enabled business owners to manage the organizations' strengths, weaknesses, opportunities, and threats toward achieving desired outcomes. Furthermore, internal control systems are checks for performance and output to minimize leakages which affect sustainability. Andoh et al. (2018) observed that bad practices such as pilfering, use of fake currency to pay for goods and services, and unredeemed credit purchases sometimes accounted for SMEs' inability to attain their full potential. These lapses were traceable to weak internal controls.

A business plan is a formal presentation of the organization's goals with resource needs and timelines (Simón-Moya & Revuelto-Taboada, 2016). When properly articulated these timelines guide SME operations, act as motivation, and enable sustainability. Business success often starts with creating and adhering to a business plan (Hormozi et al., 2002). Organizations with a functional business plan often have strategies for survival imbedded in such plans. According to Gonzalez (2017), at startup, a detailed plan for business success should include what to do (type of enterprise), how to

do it (processes), where to do it (location), and what to do it with (tools and resources). The author differentiated the values of a startup business plan from a strategic business plan and noted a positive correlation between startup business planning and business success.

Business plans provide information to internal and external stakeholders and serve as input in making decisions to invest or not to invest (Abdullah, 2020). Potential investors, banks, and other credit providers require the business plan of the enterprise to ascertain its viability for funding (Mazzarol & Reboud, 2020b). Plans do not guarantee business success (Simón-Moya & Revuelto-Taboada, 2016). Another study showed 69% of investors in startups required a business plan when investing in a startup business. However, 74% of the investors did not read the business plan before investing in the business. Mahlangu (2018) advocated learning the Iron -3 of construction business: cost, quality, and timing and then incorporating them in the operational plans of the business. The author also advocated the establishment of SME development programs and trade associations to boost knowledge sharing and capacity building among SME operators. However, SME owners often neglect to make formal business plans which contributes to the failure of such businesses (Mazzarol & Reboud, 2020b).

Competition and Inadequately Skilled Manpower

The persistent failure and abandonment of construction projects, among others have affected the efficiency of construction businesses in Nigeria, making the performance of such SMEs low (Adebisi et al., 2018). Reasons for the failure of SMEs in the construction industry include inadequate financial and technical capabilities (Asante

et al., 2018; Phiri, 2016). Phiri noted that although construction companies were the fastest growing subsector in the SME arena, competition from foreign firms stifled the growth of local firms as a result of the technical capacity of the expatriate staff of the former. Differentiating between competition and cooperation, Havierníková and Kordoš (2019) stated that competition was the dearth of some businesses when not handled well. Mwika et al. (2018) argued that globalization promotes growth through competition, diversification, and increased access to a wider range of funding options. Local products have competing imported alternatives which sometimes attract more patronage. Herzallah et al. (2017) recommended upgrading the quality of products or services provided by business owners to ensure they remain in business.

Business Location and Environment

The location of a business can affect its success and continued operations (Ihua, 2009). Eniola (2018) opined that business location is central to obtaining raw materials for production and accessibility to patrons and buyers. The author explained the interrelationship between the business and the environment as the business must have access to the market and the market must have access to the business. The PwC Report (2020) presented a survey showing the Nigerian business environment was un conducive for business success. Most participants in the survey posited that factors such as exchange, interest, and inflation rates made cost of doing business high and patronage low. Edoho (2016) found several reasons for business failure. According to Edoho, some SMEs went out of business due to unfavorable external influences beyond the control of the business owner such as high cost of production, an arbitrary increase in the costs of

factors of production such as rent, land, and employees' wages. However, the author noted that other businesses survived because they were owned or sponsored by government officials who financially supported the business with their private savings and influenced the operating environment to ensure their survival.

Sourcing Funding for Startup SMEs

Many researchers view insufficient funding as the main reason for business failure. The challenge of inadequate financing extends from funding set up and business commencement activities to include funding to continue in business, grow, and expand (Desai & Gupta, 2019). Micro and macro factors determine the performance of SMEs in sourcing funding (Tech, 2018). Some SMEs suffer a structural lack of tangible and intangible resources due to their small size: and the owners are challenged on how to source adequate funding to operate and grow the business (Spender et al., 2017). Setup costs to launch a new business are enormous and maybe more than the entrepreneur has set aside.

Most business owners struggle to keep the business afloat in the first few years of operation until the business breaks even or begins to turn a profit. Strategies for sourcing funding for business activities remain a topic for ongoing research (Bukalska, 2019). Spender et al. (2017) identified four characteristics that affects the ability of startups to attract funds as network size, the strength of ties, density, and multiplicity. Frid et al. (2016) used the double-hurdle Cragg model to explore the relationship between low-wealth business founders in the United States and external SME funding and found receipt of external financing during business formation is primarily determined by the

business founder's finances which can be controlled by human capital, venture type, and industry. The authors noted new SMEs were less likely to get external funding than more established firms but when they do, they receive lower amounts. Frid et al. concluded financing a new SME is challenging when raising capital from formal external sources such as bank loans, lines of credit, and investment from venture capitalists and business angels.

Previous studies on SME financing showed (a) the effect of household wealth on founder's ability to acquire external financial resources, (b) the characteristics of business founders and the types of businesses they are starting, (c) the types of funding acquired by low wealth business founders, and (d) the likelihood and amount of external financial support received at various levels of the wealth distribution. Financial resources available for use by SMEs are limited by competing priorities and fierce market competition within the industry (Salamzadeh & Kesim, 2017). Time to market is a primary driver of growth and a function of the availability of funds. SMEs do not have readily available access to funds required for growth as often as the more established firms (Ofori-Sasu et al., 2019). The authors categorized new SMEs by stage, sector, asset structure, organization type, and growth orientation. SMEs financing are through (a) seed capital, (b) venture capital, (c) angel investor funds, (d) self-funding, (e) funds from friends and family, and (f) large corporations partnering funds. Debt and other financial considerations restrict the operational decisions of SME owners (Salamzadeh & Kesim, 2017). Despite an abundance of literature on various sources of financing available to SMEs in the developed world, studies that give information on workable strategies owners of SMEs in

developing countries, like Nigeria, can adopt to source for the funds required to startup and sustain their business are limited.

Financing sources for startup businesses in Nigeria include funds from personal investments, personal savings, family and friend's gifts, and loans from family (Boateng et al., 2019; Ibrahim & Shariff, 2016). Other sources of funding include grants, venture capital funding, angel investors, debt from banks, international donor agencies, government funding agencies, and employees. Lemmon and Zender (2019) categorized these sources into three main classes: internal sources, debt funding, and new equity financing. Desai and Gupta (2019) recognized two groupings, internal and external sources with the external component made up of debt and equity. Some researchers also viewed personal funding, debt, and equity as sources of funding while other researchers viewed them as strategies for sourcing funds. Funding options for startup businesses differ from place to place, and industry to industry (Berggren & Silver, 2010). The authors noted that the choice of funding sources to explore rests with the business owner who considers the source, availability, cost, returns, and impact on the business before deciding on the best option for the business.

Personal Finances as Source of Funding

Personal financing exploits internal, informal avenues of obtaining funds for the business such as personal savings, funds from friends and relatives (Briozzo et al., 2016). Besides avoiding committing prospective incomes of the business, personal financing reduces additional costs from loan interest and charges (Afolabi et al., 2014). However, personal financing sources offer limited financing options. The funds obtainable through

the process may not be sufficient to start and sustain the business which may stall commencing or continuing business activities. Personal savings include the savings over time in a bank and the more traditional cooperative thrift savings scheme.

Some entrepreneurs save with a contributory thrift scheme (Osusu) where a sum of money is contributed on a daily, weekly, or monthly basis and the contributors take turns collecting the entire contribution each month (Addah & Omogbiya, 2016). The authors noted individuals use this strategy to raise funds to start small businesses. The Igbo apprenticeship incubator program facilitates the acquisition of business funds for new entrants to the SME community by providing stock and startup finances at no monetary cost to the apprentice (Mpi, 2019). Fatoki (2014) recommended having an alternate source of income when starting a new business. The idea is to reduce the overhead cost burden on the business during its teething period.

Bootstrapping as a Source of Funding

Bootstrapping is a modern means of sourcing business funds. Miao et al. (2017) defined bootstrapping as a creative means of obtaining funds for a business without borrowing money (debt) or selling shares (equity). Waleczek et al. (2018) described bootstrap financing as funding from non-formal sources other than personal funds which includes personal loans of the owner applied to the business, credit card debt, delayed payments, minimizing account receivable, and sharing resources. Personal loans could be obtained from family, friends, or cooperatives at a minimum interest rate (Frid et al., 2016). Credit card debts are funds that could be obtained quickly and used upfront before they are available as long as the terms and conditions of the credit card granting

institution are followed (Brown et al., 2019). Brown et al. (2019) noted that credit cards generally have high service charges and are not recommended for long term financing. Bootstrapping sources are funding options for SME owners who are constrained accessing outside financing for business needs (Zhang & Yan, 2018). Bootstrap funding is commonplace among startup businesses, but studies show minimal usage of bootstrap funding in established businesses (Robyn et al., 2019).

Delayed payment happens when goods and services are enjoyed leveraging on a promise of making payments at a later date (Donkor-Hyiaman & Owusu-Manu, 2016). The authors mentioned that minimizing accounts receivable affords startups some lag time such that the lender expects no payment for some time. Wassmer et al. (2017) clarified sharing resources is a strategy by which a business shares some cost with other businesses or non-competitive partners to leverage on cost minimization. Again, product organizations use the term shared resources while service-oriented businesses use the term shared services to define the strategy of sharing operational expenses. Some delayed payment transactions require some down payment from the business owner (Donkor-Hyiaman & Owusu-Manu, 2016). The authors explained that money invested by the founder of a new business provides some measure of confidence to external financiers and shows the founder is committed to the growth and sustainability of the business. However, some suppliers do not operate a credit or flexible payment option plan (Kuschel et al., 2017).

Bootstrapping also referred to as self-funding is a more widely used source of business funding. Zwane and Nyide (2016) conducted a study of 83 SMEs to investigate

bootstrapping as a source of funding in South Africa. The authors found some SME owners had sourced and used bootstrapped funds without being aware of the definition of this financing method. The authors identified five categories of bootstrapped funding (a) customer-related funding, (b) owner-related financing, (c) joint utilization of resources with other SMEs, (d) minimization of capital investment in stock, (e) delayed payments, and (f) subsidy financing. The study's findings showed other methods of funding that involved reduction of business expenses were retaining profits (24%), withholding owners' salary (20.9%), operating business from owners' home (16.6%), use of owners' credit card (13.4%), soft loans from family and friends (12.8%), and staffing the business with friends and relatives at less than market value wages (12.3%). Moreover, some business owners used a strategy known as layering which involved accumulating the funds required by the business from several sources, using several options.

Grants and Impact Investors as Sources of Funding

Impact investors are a class of investors that operate as individuals, groups, or institutional investors different from venture capital and angel investors (Phillips & Johnson, 2019). Impact investors have an affinity for social entrepreneurship because social entrepreneurs create new businesses that address social problems through innovative business-based methods (Agrawal & Hockerts, 2019). Impact investors direct their investments to startups whose mission is targeted at social ventures that address human trafficking, homelessness and hunger, poverty alleviation, and other humanitarian dilemmas (Roundy et al., 2017).

Government agencies in some countries provide financial support such as grants at 0% interest rate or at a reduced interest rate to promote development in targeted sectors which include agriculture, infrastructure, health, and education to boost national development (Argerich & Cruz-Cazares, 2017). Startup SMEs can benefit from government grants by investing in sectors that attract government interest and funding. Peter et al. (2018) noted specific agencies set up by governments disburse and monitor funds set aside for SME financing on behalf of the government. In Nigeria, institutions such as the Development Bank of Nigeria, Bank of Industry (BOI), Bank of Agriculture (BOA), Central Bank of Nigeria (CBN), and NIRSAL are responsible for managing grants (Baro et al., 2017). In addition to disbursing and monitoring government funds, some agencies such as BOI, SMEDAN, CBN, Nigeria Incentive-Based Risk Sharing System for Agricultural Lending (NIRSAL), Heirs Foundation, have funds set aside for funding startup SMEs annually (Igwe et al., 2018). The authors noted that despite the government's financial interventions and initiatives to support SME growth in Nigeria, some business owners face challenges in sourcing funding to commence and continue in business.

International development agencies such as the United Nations Development Program (UNDP) and the World Bank have grants and loan programs dedicated to funding SMEs (Baro et al., 2017). Some funding avenues require the business owners to contribute a certain percentage of the total funds required for eligibility (Edoho, 2016).

Bank Loans as Sources of Funding

Banks in Nigeria statutorily set aside a percentage of annual earnings to provide credit facilities for various SME interventions (Oke, 2020). Commercial banks finance startups as shown in the balance sheet with a capital base including a combination of debt and equity in varying proportions (Racheal & Uju, 2018). Harel and Kaufmann (2016) noted banks categorized funding into the following categories (a) production funding, (b) intermediation funding, (c) asset funding, (d) user cost funding, and (e) value-added funding. Banks act as intermediaries using the volume of deposits, loans, and other valuables such as inputs and outputs when applying the intermediation approach but fund only the operating costs and exclude the interest expenses paid on deposits when the production approach is applied (Racheal & Uju, 2018). Most banks have a range of facilities for providing business funding for startup SMEs (Yeboah & Koffie, 2016).

Established firms with a history of transactions with a formal financial institution are more likely to access funding from such institutions (Erdogan, 2018). Garba (2019) studied the growth of SMEs in Makurdi, Nigeria and noted commercial bankers were more inclined to fund established enterprises than startups for reasons ascribed to the safety of investment and timeliness of returns. SMEs are considered to be more prone to default and are not a priority for bank loan disbursements (Nguyen & Wolfe, 2016). Where assets used as collateral in obtaining bank loans for the business are highly liquid, the bank may sell off the assets at least value as long as the value of the loan and the interest element are covered where there is repayment default (Coleman et al., 2016).

A major factor in promoting economic growth in emerging economies is the financial sector's ability to develop appropriate financial policies to create investment opportunities for startups and create instruments to fund them (Ofori-Sasu et al., 2019). Besides bank loans, other formal sources of debt financing available to SME owners include private sector lenders, lending institutions, and government institutions (Yeboah & Koffie, 2016). Strategies used in securing funding through debt from formal channels include enhanced credit scoring to make the business more attractive to lenders and financiers, establishing a trust relationship with the prospective lender, and a history of profitability as shown in the financial reports of the business (Loukil & Jarboui, 2016). The documentation required when sourcing funds from formal financial institutions and banks are numerous, and borrowers often have to go through several levels of scrutiny to ensure compliance, viability, and guaranteed repayment (Godwin & Simon, 2021). Duarte et al., (2017) advocated creating a database for sharing information about bank debtors to reduce information asymmetry and mitigate against repayment failures.

Microfinance and development banks and institutions are another formal source of funding for startup SMEs. Microfinancing was conceptualized by Muhammad Yunus in 1971 and endorsed by the World Bank in 1973 (Elahi & Rahman, 2006). According to the authors, Yunus provided micro credit of about \$100 each to rural women in Bangladesh through the Grameen bank which he established in 1983. Yunus and Grameen bank co-won the Nobel Peace Prize in 2006 in recognition of the outstanding success recorded in the administration of microcredit facilities to rural Bangladeshi women and the effects of the program on the society (Bateman, 2019).

Microfinance banks (MFBs) and microfinance institutions (MFIs) provide an alternative to commercial bank funding for businesses (Elahi & Rahman, 2006). Hipsher (2020) mentioned that by facilitating and providing finance for individuals and businesses, microfinancing contributed to employment, wealth creation, and growth of the informal sector of the economy. Banerjee et al. (2015) saw microfinance as a catalyst for creating new businesses. The authors noted that some MFIs in India do not require evidence of an already existing business to lend to individuals. Furthermore, microfinance loans have certain features that make them more attractive to smaller business owners such as (a) more inclusiveness, (b) less formality than found in conventional banks, (c) requiring less documentation, (d) lending based on social collateral, (e) more flexibility, (f) easy accessibility, and (g) operating in rural areas and serving poorer entities.

Microfinance institutions disburse funds to credit seekers based on the amount of funds that is available (Quartey & Kotey, 2019). The loan amount applied for may differ from the amount disbursed. Again, the disbursed amount may be insufficient to cover startup expenses and initial operational cost of the SME (Bylander et al., 2019; McHugh et al., 2019; Quartey & Kotey, 2019). Adu et al. (2020) noted that microfinancing rates were higher than the lending rates of commercial banks. The authors advised against using microloans for long term financing. In addition, repayment default rates are higher affecting the sustainability of such institutions (Bylander et al., 2019).

Microfinance loans differ from the typical small business loans in terms of type and purpose of funding (Elahi & Rahman, 2006). From a global perspective,

microfinancing and microcredit programs have attempted to provide alternate financing for relatively poorer and financially disadvantaged individuals (Fracassi et al., 2016). Nwanyawu (2011) identified several limitations to microfinance operations in Nigeria. These included (a) inadequate finance to cater for the request for microcredit, (b) unfavorable and inconsistent government policies, (c) high lending risk and loan default rates, (d) inadequate management and lack of technical skills, and (e) diversion of funds and unethical behavior.

Employees as a Source of Funding

Employees use their income for consumption, investment, or savings (Baidoo & Akoto, 2019). Employees usually set aside a portion of their earnings as savings or in some instances, for future investment in a proposed venture. Such funds are often kept in a bank or informally loaned out in the interim, at a premium for repayment at a future date (Harel & Kaufmann, 2016). The employee's saved income may be inadequate to commence business on their own due to the enormous capital outlay required to start the business of interest. Employees may prefer to invest in the business where they are employed as part of saving towards retirement especially if bank savings rates are not attractive. Such investments provide the opportunity of monitoring their savings. Employee financing was rampant in Nigeria in the early 2000s, where the staff of commercial banks were given easy access to loans to enable them to buy and invest in the bank's shares.

Business Incubators as Sources of Funding

Business incubators are programs or organizations designed to assist entrepreneurs with novel ideas or new businesses to commence, survive, grow, and expand (Battistella et al., 2018). The authors explained that business incubator programs provided participants with knowledge and impetus for innovation which often translates into new business opportunities, products, and enhanced access to funding. In addition to providing training and advisory services, business incubators sometimes provide incubatees also known as tenants, with additional support in the form of premises for the business, initial stock, and some funding for startup expenses (Albort-Morant & Oghazi, 2016; Block et al., 2018). Business incubators and accelerators had provided startup finances for SMEs globally since 1960 with the establishment of the first incubator in America (Sanyal & Hisam, 2018).

Another source of funding for startup SMEs in Nigeria is the informal business incubators such as the Igbo apprenticeship scheme (IAS) (Agu & Nwachukwu, 2020). The Igbo entrepreneurship scheme is an unstructured, informal hybrid incubator that provides on-the-job training and mentoring for a set period, after which the owner of the business will financially set up the apprentice to start an independent enterprise in the same or a similar line of business (Nnonyelu, 2020). Technology incubator apprenticeship schemes do not only provide training but can also provide some funding for initial startup (Adelowo, 2020). Block et al. (2020) concluded that business incubators are mitigants against the risk of business failure as incubators provide practical knowledge of how to run a business successfully.

Strategies for Sourcing Funding to Start and Operate an SME in Nigeria

Formal and informal strategies could be used to source business funds. Sierra (2019) had two views of strategies for sourcing funding for startup businesses: financial strategies and non-financial strategies. Financial strategies define how business owners and managers plan to source funds for the short and long term business goals (Demir, 2017) and are categorized as (a) financing strategies, (b) investment strategies, (c) dividend strategies (Eldomiaty et al., 2018). Coleman et al. (2016) noted that financing strategies dealt with the cost structure and management; and involved the decision to use either debt, equity or a combination of both to fund business activities in the short and long term; apportioning the funds obtained evenly and strategically to the best advantage of the business. Coleman et al. further stated that financing strategies set out an acceptable means of financing the long and short term goals of the organization by matching milestones to activities with timelines that are usually three to 5 years. According to Coleman et al. (2016), each activity is evaluated on its merit as part of the organization's strategy and the most appropriate and convenient financing option is adopted.

Furthermore, using financing strategies, business financiers determine the funding needs of a business by identifying and evaluating (a) the current position of business operations, (b) the target position of operations, and (c) requirements to attain the target position with timelines. Financing strategies are applied for decisions on the need for external funds, how to source additional funds, replacement of bad or obsolete assets, funding operational, recurrent, and capital expenditures (Eldomiaty et al., 2018).

Dividend strategies involve decisions on the percentage of profit to share to the investors or retain for reinjection into the business and expansion or for offsetting debt. Investment strategies deal with apportioning cash flow by hierarchy in the business based on need assessment to the best advantage to the business.

Other Financing Strategies

Other startup financing strategies include current asset/working capital financing, supplier financing, sale of fixed assets financing, franchising, hire purchase, leasing, patenting, and layering. Business owners use these strategies to source funding, spread the financial burden, and apportion spending in organizations (Nchabeleng et al., 2018; Sági & Juhász, 2019). Some organizations incorporate financing strategies in their budget; hence a budget can be considered a financial strategy tool. Business owners and managers determine the financial strategies deployed by the organization hence the success or failure of the enterprise rests with them (Bilal et al., 2017). However, the SME owner's adaptation of a financial strategy is often based on necessity and fit for purpose rather than choice (Coleman et al., 2016). Some business owners employ the services of professional financial advisors to ascertain the best financial strategy for their business and possible implementation plans.

Some business owners source funds for aspects of their business by pairing funding to the asset required. Researchers class these asset funding strategies as current assets/working capital financing strategies. Fletcher et al. (2018) mentioned three approaches to current assets/working capital financing strategies which are (a) matching maturity, (b) conservative, and (c) aggressive. The maturity matching approach entails

matching the duration-to-maturity of a facility to the life span of the asset to be purchased. From an accounting perspective, the life span of most current assets is 5 years. To finance the purchase of equipment with a useful life of 5 years, the business owner or manager using the matching maturity approach would pair the funding for the equipment to a loan with a 5 year duration. Conservative approaches entail long term funding for the acquisition of permanent assets such as the business premises while the aggressive approach involves using short term financing options to fund temporary and permanent expenditure projects without emphasis on minimum reserve (Maswadeh, 2015).

Supplier financing is a strategy for financing business operations by some form of partnership between the business owner and the supplier. The process involves extending credit in the form of goods or services until an agreed time or mode of payment reaches. A study by Martínez-Sola et al. (2017) found a positive relationship between supplier financing and the value of SMEs. The study findings showed supplier financing increased with costs but decreased with cash flow, leverage, and short-term financing like other trade credit facilities. Acquisition of current assets such as equipment and tools, can be done through leasing and hire purchase. Supplier financing such as leasing and hire purchase and the sale of assets are variants of the asset/working capital financing model. Tunca and Zhu (2018) mentioned that some large businesses in developing countries created a brand of financial intermediation to fund buyers' purchases through supplier financing.

A strategy of build, operate, and transfer (BOT) is used for high-risk projects with large capital outlays and may not be a ready option for SME business owners (Effiom &

Ubi, 2016). A modified version of the BOT concept for smaller operators is the lease, rent, or build, to equip and outsource. The strategy here is for the individual who may not necessarily be knowledgeable in that line of business to lease, rent or build a store or shop, equip it and give it out to a professional to operate with an agreement to pay the owner a certain sum of money at predetermined installments usually monthly. This strategy differs from a hire purchase agreement in that it does not cumulate in the transfer of ownership to the person running the business.

Some business owners sell personal assets and assets belonging to the organization to raise funds required by the business (Arnold et al., 2018; Edmans & Mann, 2019). Another strategy deployed by entrepreneurs is the creation of income generating activities to boost the organizations cash flow and financial balance such as introducing new processes and products, increasing the production line, innovation to create new products, factoring, renting or leasing out idle resources including renting out unused office or storage spaces, boarded vehicles (Jianping, 2012; Oke, 2020).

Transition

In Section 1, I discussed the problem statement, purpose of the study, and reviewed academic literature highlighting the strategies for sourcing funding for startup businesses in Nigeria. In the literature review, I looked at financing SMEs in Nigeria, startup businesses, options for SME financing, funding a business startup, funding new businesses in Nigeria, starting a business in Nigeria, sourcing funds for a new business, challenges confronting SMEs in Nigeria, strategies for sourcing funding, strategies for survival, and business sustainability strategies. Section 2 contains the project, the role of

the researcher, the participants, and the research design and methodology. Section 2 also includes data collection techniques, reliability, and validity of the study. Section 3 captures the findings, limitations, justification for further studies, description of how the research relates to professional practice, and the implications of social change. In Section 3, I discuss the research findings, recommendations from the study, and conclusions.

Section 2: The Project

Section 2 begins with a reiteration of the purpose statement and culminates in ways of ensuring reliability and validity of the study. Additionally, I explored other topics including the role of the researcher, participants, research method and design, population and sampling, ethical research, data collection instruments and techniques, data organization, and data analysis.

Purpose Statement

The purpose of this qualitative multiple case study was to explore strategies owners of startup SMEs in FCT, Nigeria can adopt to source the funds required to start and sustain a business in the FCT beyond 5 years.

Role of the Researcher

I conducted a qualitative multiple exploratory case study to explore strategies owners of SMEs in FCT, Nigeria, adopted to source for the funds required to startup and sustain a business in the FCT beyond 5 years. The researcher is the primary instrument for data collection in a qualitative study (Marshall & Rossman, 2016). My role as a researcher included determining the research design; developing the interview protocol; selecting and contacting the participants; collecting, transcribing, and analyzing the data collected; minimizing the bias of the interviewer and interviewee; assuring the participants of anonymity and confidentiality; and ascertaining that the views of the participants were correctly stated by using set out protocols. Researchers develop interview protocols to provide structure (Yin, 2018), flexibility (Patton, 2017), and

moderation of the interview process to ensure a wide range of perspectives are captured to enrich the study (Weller, 2017).

Researchers should minimize bias to enhance the credibility of the study findings (Marshall & Rossman, 2016). I conducted impartial semistructured interviews using open-ended questions after obtaining participant's consent in writing. I adhered to the interview protocol (see Appendix B) to mitigate bias and performed member checking by sending the transcripts to each participant to review and confirm the accuracy of the interview transcripts within a week of conducting the interviews. I conformed to the Walden University Institutional Review Board (IRB) standards by complying with the ethical recommendations of *The Belmont Report* protocol regarding participants consent and confidentiality. The objective of *The Belmont Report* is to help researchers protect participants' rights when the research involves human subjects (Miracle, 2016). In complying with the report guidelines, I ensured participants understood that participation was voluntary and could be withdrawn at any time as stated in *The Belmont Report*.

Member checking means validating the accuracy of participants' responses and enhancing the credibility of research (Thomas, 2017). Synthesized member checking technique avails research participants a means of validating their responses months after an initial interview (Birt et al., 2016). According to Birt et al. (2016), synthesized member checking differs from the other member checking techniques in the time taken for the participants to validate their responses. A longer time interval between the interview and the validation check may introduce bias in this study. Within a week of conducting the interview, each participant got the transcript of their interview via email

and a request to validate the narrative of their responses. The participants were also informed that they could add to the narrative contained in the transcript or remove any part they disagree with.

Participants

The target population for the study was successful SMEs owners in (a) the fashion industry, (b) the food industry, (c) the photography field, and (d) printing press operations who have been in business beyond 5 years in FCT, Nigeria. The eligibility criteria for participation in this study were (a) SME owner with startup experience within the last 10 years, (b) operations within Abuja, FCT, (c) successful operation of the business for a minimum of 5 years, and (d) operating in one of the four specified industries: fashion industry, food industry, photography field, and the printing press industry.

Purposeful sampling allows the researcher to pick specific participants who are most suited for the study (Taherdoost, 2016). Saunders and Townsend (2016) advocated purposeful sampling which allows researchers to use personal judgment in selecting the participants in the study. I used purposeful sampling to recruit the participants to ensure the participants met the criteria required. The main reason for using purposeful sampling was to ensure data is collected from participants with sufficient experience and education in the topic under study. However, to avoid bias in selecting participants, some researchers choose to use random sampling (Marshall & Rossman, 2016).

I recruited SME owners from the CAC database who had been in business for 5–10 years. After I obtained the IRB approval, I contacted the participants to introduce myself, explained the purpose for contacting the individual, requested their participation

in the interview and scheduled the interviews. A researcher can contact prospective participants by e-mail, letter, or telephone call to establish interest and willingness to participate in the interview process (Drabble et al., 2016; Majid et al., 2017). Weller (2017) posited that it is easier to obtain the consent of prospective participants in a study when the researcher establishes a rapport with the participants and can assure them of the security and confidentiality of the data collected. To establish the relationship for the interview, I sent the letter of invitation and informed consent form to each participant by email after explaining the process, purpose, and requirements of the research interview and inviting participation. I scheduled the interviews once I got consent and a suitable date and time was agreed on with each participant.

Research Method and Design

Research Method

The qualitative, quantitative, and mixed methods are the three primary research methodologies available to researchers (Levitt et al., 2018). Researchers often use quantitative methods to examine the relationships among study variables (Marshall & Rossman, 2016). Quantitative methods were not appropriate for the study because the study goals did not include measuring the strength of the relationship among variables. Iqbal et al. (2019) explained how a mixed method researcher uses both quantitative and qualitative data to draw conclusions based on the combined strengths of both methods. I did not consider the mixed method for this study because using a combination of the quantitative and qualitative methods would have taken more time and resources than was available to attain the study goal. Researchers often use qualitative methods to explore

the personal views of participants in the study (Queirós et al., 2017). Researchers can use open-ended questions during qualitative interviews to gain more insights on the topic of study and allow the participants to express their views in their own words in a manner convenient for them (Yin, 2018). I used the qualitative method to explore the experiences of the participants.

Research Design

Qualitative research methods include ethnography, narrative, grounded theory, phenomenology, and case study designs (Yin, 2018). Ethnography design is used when the researcher is concerned with the culture and living pattern of the participants of the study (Van Maanen, 2015). An ethnographic research design is not appropriate for the present study because ethnography is used to study and understand the cultural orientation of people (Mutchler et al., 2013; Van Maanen, 2015) which was not the focus of the study. Narrative design was not suitable for use in the present study as the narrative design focuses on data collection from the stories told by the participants (Creswell & Poth, 2016).

Phenomenological design involves the study of the lived experiences of participants (Saunders & Townsend, 2016). Phenomenology researchers conduct studies by limiting data gathering to the personal meanings of the participants' lived experiences to draw meaning for research purposes (Yin, 2018). Phenomenological design was not suitable for this study because this study was not aimed at understanding the participants' perceptions of their lived experiences. Case study design deals with exploring and investigating actual life situations or practices (Harrison et al., 2017). Researchers using a

single case study can observe some of the organizational frameworks during the study (Yin, 2018). A single case study design was not suitable for this study because the purpose of the study was to explore strategies used by startup SME owners in different industries to source funds required to startup and sustain an FCT based business beyond 5 years in Nigeria.

In this study, I used the multiple case study design to explore strategies used by startup SME owners of successful businesses in (a) a fashion industry, (b) a food industry, (c) photography, and (d) printing press that has been in business beyond 5 years in FCT, Nigeria. I studied each successful business as a separate case to understand the strategies used to finance startup and sustain the business beyond 5 years. Each leader's strategy represented a case study; the aggregate of the strategies of all the leaders made up the multiple case study. The use of multiple case studies is an interpretive and naturalistic approach to research (Yin, 2018).

Data Saturation

Scholars have divergent views on the definition and form of data saturation in research (Nelson, 2017). While some researchers opine the type of research determines the sample size and data saturation point, others view saturation as the signal for terminating research interviews as going further with the interview becomes counterproductive (Braun & Clarke, 2019; Guest et al., 2020; Saunders et al., 2018). Data saturation is the point at which no new word, code, idea, or theme emerges from the data collection process (Faulkner & Trotter, 2017). Hennink et al., (2017) posited that the number of participants required to attain data saturation could be predetermined. Boddy

(2016) viewed saturation as the point at which a researcher can make generalized statements regarding the attributes of the subject of the study. Data saturation is achieved when there is enough information to replicate the study, participants begin to give already recorded responses to the interview questions, and coding becomes unnecessary (Fusch et al., 2017). Failure to reach data saturation could negatively impact the quality of a study (Yin, 2018). I attained data saturation after the fifth participant when no new information emerged. However, I interviewed all eight participants to ensure there was a balanced representation of the four different industries (a) a fashion industry, (b) a food industry, (c) photography, and (d) printing press.

Population and Sampling

The population of a study is the group of participants to be interviewed (Fusch et al., 2017). Drabble et al. (2016) recommended contacting study participants verbally or in writing. Researchers rely on data from a sample of the population in the study because it is not cost or time efficient to interview the entire population in the study (Marshall & Rossman, 2016). Purposeful sampling ensures a fit for purpose of study participants (Robinson, 2014). It is essential to have a clear basis for selecting participants in research. The inclusion criteria in this study are (a) SME owner with startup experience within the last 10 years, (b) operations within Abuja, FCT, (c) successfully operation of the business for a minimum of 5 years, and (d) operating in one of the four specified industries: fashion industry, food industry, photography field, and the printing press industry.

Sampling Strategy

Purposeful sampling is used in qualitative research to ensure the selected participants possess the required attributes for the study (Marshall & Rossman, 2016). I identified, approached, and recruited participants based on my judgement of their fit for purpose and willingness to participate. Using purposeful sampling, two participants each were recruited from the four different industries, (a) fashion industry, (b) food industry, (c) photography, and (d) printing press industry, that had been in business for more than 5 years from the CAC website. The decision to spread the sample size to SMEs in four different enterprises was to provide insights on the ease of accessing startup financing for various businesses in different industries. The study findings may provide prospective entrepreneurs who are uncertain of the exact business endeavor to pursue the necessary information to make informed decisions.

Sample Size

Taherdoost (2016) advocated that researchers align the sample to the population and the research question. The sample size is not standardized in qualitative research (Fusch et al., 2017). Wakefield and Blodgett (2016) determined that a population of three participants was sufficient to attain data saturation in research. Okundaye et al. (2019) conducted a multiple case study research using four participants. Robinson (2014) suggested a sample size of three to 16 participants was appropriate to carry out a qualitative study and between three and 15 participants should be adequate to achieve saturation in a multiple case study. Hanson et al. (2011) argued that between three and 15 participants should be adequate for data collection. Yin (2018) advocated using case

studies in qualitative research as a case study design does not require a large sample size to gain useful insights on the subject under study. The nature of the study, research question, time, and resources available to the researcher determine the choice of participants and sample size (Yin, 2018). However, time and available resources were the main considerations in the choice of sample in this research.

When deciding on the research design for this study, the concentration was towards attaining data saturation. Data saturation can be attained with one, four, or seven participants (Walker, 2012). Data saturation is attained when the researcher has collected quality and quantity data to support the study and new information or themes no longer emerge from the interview process (Faulkner & Trotter, 2017; Fusch et al., 2017). To achieve data saturation, I continued the interviews of the participants using probing open-ended questions until no new information emerged. I reviewed the interview transcripts and notes and carried out member checking to confirm the accuracy of the interview records before commencing data analysis.

Sample Sourcing

The sampling process requires three skills: practical skills, organizational skills, and ethical skills from the researcher (Robinson, 2014). In attaining sample sourcing, the researcher must inform all potential participants about the purpose of the study (Yin, 2018). The researcher needs to inform all participants that other participants have agreed to be included in the data collection process. I informed all participants that the process was voluntary and that there were other participants. I ensured the selected participants

had sufficient knowledge about the topic of study and the interview protocol by signing the consent forms.

I negotiated a date, time, and place convenient for each participant, created an environment of trust by assuring the participants of the security and confidentiality of their responses, and used a secure connection for the online interviews. I did not carry out any face-to-face interviews due to COVID 19 restrictions on in-person interactions. I requested and received the participants' permission to record the interview and took notes of all responses during the interview. Triangulation using data from the recording and notes taken at the interview, documents presented by some participants, and publicly available information ensured additional credibility of the study findings.

Ethical Research

Ethical issues such as confidentiality, objectivity, consent, and rights of the participants exist (Marshall & Rossman, 2016) and are considered in research studies where human participants are involved (Yin, 2018). Ethical consideration is the part of the research study aimed at providing reliable findings with no harm to the study participants. Ngozwana (2018) stated that ethical considerations in research are not independent but must be considered in context and includes (a) using accurate descriptions, (b) clear processes, (c) unbiased presentation of study findings, (d) removal of influences and bias, (e) assurance of confidentiality, and (f) respecting the participant's privacy.

The Belmont Report outlines acceptable ethical behavior in carrying out research involving humans (National Commission for the Protection of Human Subjects of

Biomedical and Behavioral Research, 1979). The purpose of the report is to help researchers protect the rights of the participants in a research study by ensuring a balance between the risk and the benefits of a study as well as preventing abuse during studies that involve humans. The three basic principles of *The Belmont Report* are (a) respect for persons, (b) beneficence, and (c) justice (Kara & Pickering, 2017). I observed these three principles throughout the study particularly in my interactions with the participants.

Each participant received a letter of invitation to participate in the study and the informed consent form via e-mails once the selection criteria was met. Information introducing (a) the research topic and purpose, (b) my role as a researcher, (c) a description of the procedure of the study, and (d) the duration of the interview to the participants were included in the letter of invitation and informed consent. Additional information I included in the consent form were (a) a mention that participation is voluntary, (b) a statement that withdrawal is without penalty and can be done at any time, (c) an explanation of any possible risks or expected benefits from the study, (d) information on confidentiality, and (e) information on data storage. Interviews were scheduled after the participants gave their consent by responding with the words “I consent” to the email with which I sent the consent forms.

In line with *The Belmont Report* protocol (National Commission for the Protection of Human Subjects of Biomedical and Behavioral Research, 1979), I ensured the participants understood their rights regarding participation in the study. Participants’ identities were disguised using pseudonyms P1–P8 to ensure confidentiality. I backed up information from the interviews on an external drive which I locked up in a pin locked

fireproof safe in my study for audit purposes or future requirements and to maintain the confidentiality of the participants. I will destroy the file contents at the end of 5 years. No material compensation or inducements was given to the participants. Data collection, analysis, and interpretation were carried out in line with Walden University IRB guidelines for research studies.

Data Collection Instruments

As the researcher, I am the primary source of data collection. The data collection process includes (a) interview of selected participants, (b) analysis and synthesis of interview data, (c) confirmation of the accuracy of information by participants through member checking, and (d) validation of themes after achieving data saturation (Yin, 2018). The author identified three interview types available to researchers as structured interviews, semistructured interviews, and unstructured interviews. Researchers use semistructured interview protocols when using the multiple case study design. Marshall and Rossman (2016) noted that data collection using semistructured interviews provides the researcher with a platform to gain a robust understanding of the participant's view of the subject under study. According to the authors, semistructured face-to-face, telephone or video conversations, online or virtual interviews using platforms such as zoom, skype or teams, questionnaires, surveys, observation, notetaking, document review, or e-mails gives participants the freedom to describe and elaborate on their experiences which enhances the richness of the study findings.

Semistructured interviews enable the researcher to achieve confidentiality, clarity of questions and responses, ask follow-up questions, observe participants body language

during the process, and appreciate the participants after the interview process (Saunders & Townsend, 2016). The disadvantage of a semistructured interview is that the participant controls the quality and quantity of information and can introduce bias or be influenced. Merriam and Tisdell (2016) recommended using open-ended questions and asking follow-up questions to gain in-depth insights during research.

I collected rich data from the eight participants in this study through the semistructured interviews, field notes, and document review. I conducted the interviews using the eight initial open-ended research questions. I asked several follow up questions to further explore the participants experiences, gain more insights, and seek clarification. I adhered to the interview protocol (see Appendix B) and ensured all participants were asked the same initial questions. However, the follow-up questions were different as the areas needing further clarification differed based on the participant's initial answer. I recorded the interviews using the audio recording device on my phone with the permission of the participants. Field notes were used to record participants' responses and the keywords that emerged during the interviews. Document review was used to confirm documents regarding previous unsuccessful applications for loans by two participants.

After each interview, I transcribed the recorded audio conversation to a readable form for further analysis. Researchers carry out member checking to enhance the reliability and validity of their study. I sent a copy of the transcribed interview to each participant to review and confirm the accuracy of the data collected. To further ensure reliability and validity of the study findings, I conducted document review and

triangulation. Triangulation involves using a minimum of three different means of verifying a narrative (Yin, 2018).

Data Collection Technique

Data collection techniques are tools that provide information about the topic of study such as interviews, surveys, questionnaires, and observation. The methods of interviewing participants in a study available to a researcher include personal interview, telephone interview, and e-mail (Yin, 2018). Some researchers consider the use of telephone interviews in qualitative research inadequate because of the lack of face-to-face personal contact. Oltmann (2016) opined that face-to-face interviews are better than telephone interviews as the researcher can read and obtain additional information from the body language and non-verbal communication of the participant. Ipatova and Rogozin (2019) argued that telephone interviews avail the researcher of some non-physical personal contact and provides prompt and clear responses that are not encumbered by reactions to the person of the interviewer or the interviewee. Another advantage is that a telephone interview is convenient and cheaper when the researcher and participants are at different locations, provides some anonymity for the interviewer and the interviewee when personal, sensitive topics are discussed, and reduces apprehension of participants when the researcher is noting or recording their responses (Cachia & Millward, 2011). Trier-Bieniek, 2012 noted that a disadvantage of using telephone interviews is the sometimes epileptic network connection which may interfere with or disrupt the interview process.

Video calls or virtual internet meetings are alternatives that provide the researcher with the benefits of a face-to-face and telephone conversations at the same time (Seitz, 2016). The researcher and participants can connect and interact without being collocated. Oktavianor et al. (2018) mentioned that some business owners do not have a functional telephone number listed in the registration documents at the CAC. Again, SMEs located in rural areas may not have access to reliable internet services (Townsend et al., 2016). Furthermore, novice investigators may not note non-verbal communication through the telephone as this requires experience and training (Yin, 2018).

The World Health Organization recommended limiting person to person interactions and observance of social distancing to mitigate the effects of the COVID-19 pandemic. All eight participants opted for online virtual interviews which I scheduled at their convenience. I adhered strictly to the approved interview protocol (Appendix B) during the interview. I started by introducing myself and the purpose of the study and informing the participants that the conversation would be recorded. The participants were asked the same eight research questions but different follow up questions to probe for further information based on their initial answers. Researchers conduct member checking during or after the interview. According to Marshall and Rossman (2016), member checking is a means of ensuring credibility, reliability, and validity of the research by allowing the participants access to examine the interviewer's narration of their responses and affirm or reject its correctness.

I continued to engage each SME owner until repetitive responses emerged and data saturation was attained. I transcribed the recordings and saved them on an external

hard drive which was securely locked up in a passworded fireproof safe at my home for 5 years before destruction. I conducted triangulation with document review and member checking by sending a copy of the transcript to the participant to check for correctness via email.

Data Organization Technique

Choice of data organization technique depends on the topic, research purpose, school of thought of the researcher, cost implications, and convenience (Yazan, 2015). Data collection commenced after I received Walden University's IRB approval detailed as 12-10-0979835. I recruited participants and scheduled interviews after receiving their consent. The functionality of the tools required for the interview were tested and confirmed. Both mobile phones were fully charged, additional backup battery power from a power bank was on standby, the laptop was fully charged, an alternate internet service provider secured in the event of failure of the main service provider, and sufficient airtime bought in advance before commencing the interview with each participant. I introduced the topic and purpose of the research, explained the protocol, and clarified any issues or questions the participant had before commencing. Orange (2016) recommends that researchers use reflective journals to note unspoken cues and insights gained before, during and after interviewing participants to avoid bias. Conducting virtual interviews did not allow for physical interactions. However, I kept a notebook for jotting down points close by while I called each participant. The notebook served as a reflective journal to note reflections and non-verbal reactions of the participants. I noted that the participants were calm and recorded several minor interruptions due to epileptic network

connectivity. We proceeded with the interviews as soon as connectivity was restored and I repeated the last comments before the interruption to remind the participant of where we had stopped off.

Using descriptive cataloging, descriptive analysis, and frequency, I organized the emerging patterns from each interview into codes and themes. I labeled the responses and documentation provided by each participant under a separate file name to differentiate the participants. I transcribed the interviews using Microsoft Word, used Microsoft Excel to organize the data, and NVivo software to analyze and interpret the data. Work in progress was saved on my laptop which was passworded and the external drive with backed up data on the study was secured in a managed access fireproof safe. I will maintain the data for a minimum of 5 years before destruction as recommended by Walden University.

Data Analysis

In a qualitative multiple case study, the researcher chooses a method of analyzing data to have findings for data reporting. Yin (2018) identifies five categories of data analysis as (a) data compilation, (b) data disassembly, (c) data reassembly, (d) data interpretation, and (e) data conclusion and reporting. I used NVivo software and Microsoft Excel for data sorting and analysis. Data analysis in this study involved recording interviews, transcribing recordings, note taking, evidencing documents from the SME owners, identifying patterns, and deriving codes and themes. Triangulation of the transcribed interviews, document review and the notes taken during the interview will ensure credibility of the study findings. Categories of triangulation include

methodological triangulation, investigation triangulation, data triangulation, and theoretical triangulation (Natow, 2020; Renz et al., 2018).

In this study, data analysis involved using codes and establishing the frequencies of themes using hand coding and NVivo software. Qualitative researchers use NVivo and other software applications to capture, organize, code, analyze, and store data (Maher et al., 2018). I assigned codes P1 – P8 to the participants to ensure confidentiality and conducted member checking to validate the responses to the interview questions before commencing data analysis. Williams and Moser (2019) identified code levels in qualitative research as open coding, axial coding, and selective coding. I generated the initial codes after each interview. After organizing the initial codes to broader codes and themes, I structured the data analysis to align with the research question and study objectives. I identified the emerging themes and compared the themes by aggregating the codes from each transcript and hand coding. Initially ten themes emerged which I considered as subthemes and further regrouped into four main themes. I used hand coding, Microsoft Excel, and NVivo to analyze and store data.

Reliability and Validity

Reliability and validity are essential components of a good research. Mohajan (2017) perceived reliability and validity as guarantees the result from a research could be replicated. Attention to detail is required to achieve validity and reliability in a study and distinguish a good study from a poorly conducted study (Yin, 2018). To ensure reliability and validity in a quantitative study, researchers apply internal validity, external validity, construct validity, and reliability while qualitative researchers apply credibility,

transferability, confirmability, and dependability (Marshall & Rossman, 2016).

Reliability and validity of a qualitative study are enhanced by triangulation, member checking, document review, and data saturation (Marshall & Rossman, 2016). Patton (2017) posited that validity is about how a study achieves its objective. The author noted that generalization is not a feature in a qualitative study. In Patton's opinion, repetitiveness and consistency of study measures rather than statistical evidences validated a study.

Reliability

In a qualitative study, reliability is how stable and consistent a study can be for future users to depend on the findings from the participants (Mohajan, 2017). Mahojan noted that reliability is the dependability of the study findings. Qualitative researchers require justifiable claims when assessing the reliability of the study to bring about the integrity of the findings. I used the interview protocol (Appendix B) to ensure dependability when conducting the semistructured interview with the participants. I asked probing follow up questions to gain additional insights, exhaust all possible views of the participant, and ensure data saturation. I reviewed the interview recordings, interview notes, and documents presented by the participants such as copies of failed loan applications, budgets, plans, and resource allocation documents. I also used member checking to authenticate the interviewee's answers to the interview questions as recommended in Yin, 2018.

Dependability refers to the reliability of research data and the ability to replicate study results (Yin, 2018). Dependability in research involves detailed notes of the

contexts in which the research was carried out and all the changes that occurred (Moon et al., 2016). I adopted several methods in ensuring dependability of this study. These included an accurate translation of the responses provided by the participants, ensuring all data were captured before commencing analysis, the use of my interview notes as a reflective journal which I compared with the transcribed notes, and checking that the study conclusions were definite. Additionally, I conducted member checking, methodological triangulation and maintained an accurate audit trail to satisfy the dependability criteria. After validating the responses received from participants', I commenced data analysis using NVivo software. Providing an accurate and detailed account of the data analysis process assures future researchers of the dependability of the study findings.

Validity

Validity in qualitative studies is the appropriateness of the tools and data collection process, used in the research (Noble and Smith, 2015). The authors viewed validity as the accuracy and truthfulness of the research findings. Researchers sometimes use triangulation, member checking, and document review to ensure credibility of research findings (Marshall & Rossman, 2016). For a study to be valid, the study must have the features of believability, consistency, credibility, and applicability in future research. I affirmed the study's credibility, transferability, and dependability by ensuring all processes are transparent and clearly defined. In addition, I collected data from multiple sources and conducted member checking after each interview was transcribed.

Credibility

Research credibility involves minimizing interviewer and participant bias (Noble & Smith, 2015). Credibility of the research is enhanced when researchers adopt the approved interview protocol (Patton, 2017) and reflect the participants opinions and views (Birt et al., 2016). To ensure credibility, I maintained an accurate record of the steps taken in the interview process and noted the participants responses in my notebook in addition to the recordings. Transcription of the recordings after each interview were followed by transcript review to ensure accuracy of the interpretation of participant responses. To further enhance the credibility of the research, I carried out member checking by sending a copy of the transcript of their interview to each participant for a confirmation of the accuracy of the narrative of their responses. Three sources of data were used in this study (a) participant interviews, (b) document reviews, and (c) secondary data sources. In addition to member checking, I used triangulation of the data sources to ensure credibility of the data used and employ best practices as approved by in the interview protocol.

Transferability

Transferability in research refers to the usefulness and applicability of research findings in other studies (Parker & Northcott, 2016). According to the Parker and Northcott, transferability infers the findings can be used in a different setting for a different group of people. Study findings are transferable when the findings can be applied to individuals in the population that did not participate in the study. Patton (2017) posited that certain characteristics enable replication of study findings given similar, or

different participants and setting. In a qualitative study, the transferability of data is usually left up to the users of the findings to determine (Fusch et al., 2017). To ensure transferability, I listed the criteria I used for purposeful sampling when selecting the participants and the research processes so the study can be replicated in future.

Confirmability

Confirmability is necessary in research. Moon et al. (2016) defined confirmability as ensuring the research reflects the views of the participants and is devoid of the researcher's opinions and biases. Some researchers establish confirmability by using an audit trail to catalog the steps and procedures used in the research (Patton, 2017). The steps to confirmability in this study included member checking and triangulation. I provided the participants with sufficient time to answer the interview questions, ensured there were sufficient follow-up interview questions aligned to the research purpose in the interview protocol to attain saturation, listened to and narrated only the views of each participant when transcribing the interview, maintained the procedures listed in the interview protocol, noting every step used in the interviews, and maintained an audit trail.

Data Saturation

Data saturation enhances the validity and reliability of a study (Marshall & Rossman, 2016). Data saturation is achieved when no new codes or themes emerge from the interview process (Saunders et al., 2018). Data saturation is achieved when there is enough information to replicate the study, participants begin to give already recorded responses to the interview questions, and coding becomes unnecessary (Fusch et al., 2017). To achieve data saturation, I conducted the interviews of participants using

probing open ended questions and continued to ask follow-up questions to gain more insights until no new information emerged. I attained data saturation when no new information emerged. Failure to reach data saturation could negatively impact the quality of a study (Yin, 2018).

Transition and Summary

Section 2 of the study contained the purpose statement of the study, the role of the researcher, participants in the study, the research methodology, research design, population and sampling methods, ethical research, data collection, data analysis, data collection techniques, methods for achieving data reliability and validity. I conducted semistructured interviews for successful business owners in (a) the fashion industry, (b) the food industry, (c) photography business (d) and printing press operations that had been in business beyond 5 years in FCT, Nigeria. I initially selected a sample of four startup SME owners to participate in this multiple case study on strategies for sourcing funding for startup businesses in Nigeria. When saturation was not attained, I recruited an additional four SME owners to bring the number of participants to eight. I recruited participants using purposeful sampling and conducted semistructured telephone interviews as preferred by the participants and in accordance with Covid-19 protocols. In collecting the data, I used open ended probing questions till the participants' answers became repetitive and saturation was attained. The recorded interviews were transcribed manually to Microsoft Word and uploaded on the NVivo software for analysis.

Section 3 contains an introduction to the study, the purpose statement, research questions, and a presentation of the study's findings to support the study conclusion.

Section 3 also includes a discussion of the application to professional practice, recommendations for future research, research reflections, the implications for social change, and the conclusion of the study.

Section 3: Application to Professional Practice and Implications for Change

In Section 3, I restate the purpose of the study and the research questions. I present the study's findings to support the study's conclusion. Section 3 also includes a discussion of the application to professional practice, recommendations for future research, research reflections, the implications for social change, and the study's conclusion.

Introduction

The purpose of this qualitative multiple case study was to explore strategies owners of startup SMEs in FCT, Nigeria, can adopt to source the funds required to start and sustain a business in the FCT beyond 5 years. Eight business owners participated in this multiple case study. Selecting eight SMEs from four different industries ensured richness and diversity in the range of collected data and revealed similarities in SME operations in various industries in Nigeria. Adhering strictly to the interview protocols, I asked the participants the same eight open-ended interview questions and several follow-up questions to gain better insights from their experiences. Rich data collected from the interviews were recorded using my phone recorder and transcribed manually using Microsoft Word. I obtained additional data from documents presented to me by the participants, notes taken during the interview, and my review of publicly available reports. After transcription and member checking, I uploaded the interview data on NVivo software for analysis. The analysis of data resulted in four major themes: (a) starting small and building up capital, (b) cash flow and working capital management, (c) concentric diversification and counter cyclical businesses, and (d) adapted crowdfunding.

Presentation of the Findings

This study was conducted to answer the overarching research question: What strategies do startup SME owners in FCT, Nigeria use to source funds required to start and sustain business operations beyond 5 years? To determine these strategies, I used Yin's five phases of data analysis (a) compiling, (b) disassembling, (c) reassembling, (d) clarifying, and (e) concluding. The first step in this research was to gather information from the participants. I recruited participants who had owned and operated their own business in Abuja, FCT, for 6–10 years. I scheduled interviews upon receipt of consent from participants and commenced the interviews from the first volunteer from each industry. I achieved saturation when no new information or codes were emerging. To ensure participants' confidentiality, I assigned alphanumeric pseudonyms P1 to P8.

After confirming the accuracy of the information gathered and mitigating bias through member checking, the next step was to compile and organize the data collected. I uploaded the transcribed interviews on NVivo, assigned codes using the colored stripe functionality, and categorized the codes into themes. To ensure validity and reliability of the study results, I used methodological triangulation of the interview data, existing literature, documents presented by some of the participants, and publicly available reports. The data collected were thematically analyzed using NVivo software. Four major themes emerged: (a) starting small and building up capital, (b) cash flow and working capital management, (c) concentric diversification and counter cyclical business strategies and (d) adapted crowdfunding (see Table 2). The themes showed the strategies

the participants employed in sourcing initial capital and continuous funding for their businesses.

Table 2

Emergent Themes

Source of financing	<i>n</i>	P1	P2	P3	P4	P5	P6	P7	P8
		(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Starting small and building up capital	68	27	7	10	16	19	6	9	6
Cash and working capital management	76	11	12	14	17	12	13	7	14
Concentric diversification and counter cyclical businesses	28	14	7	14	21	4	29	4	7
Adapted crowdfunding	23	13	17	4	13	9	27	13	4

Note. *n* = Number of occurrences; P(*n*) = % of occurrences for Participants 1 to 8.

Theme 1: Starting Small and Building up Capital

The first theme that emerged indicated that the SME owners in this study used a strategy of starting small and building up capital from retained earnings. Six out of the eight participants in this study started their business with personal funds and savings that were less than the value of funds that were required to commence business operations. In addition to personal funds, P6 obtained initial funding from a community purse. The participant initially accessed seed capital at 1% interest and became eligible for more

funds when the initial money borrowed was repaid without default. The eighth participant (P2) started the business with funds from family.

None of the participants had access to the total funds required to start the business of their choice from the narratives. Seven participants indicated that they had started a business at a smaller scale with whatever capital they had, rather than waiting to raise the entire sum required for the business. P3 did not use a strategy of starting small but opted to defer the commencement of the business while working towards getting all the funds required. According to this participant “I did not see any need for external funding and used the period between the birth of the business idea and when the entire funds for the business were available to raise funds and conduct further research on the business idea.” P3 confirmed never considering external funding because of the fear of losing control of the business. Previous researchers have identified the fear of possible loss of control of the firm as a factor influencing business owner’s funding strategies (Mazzarol & Reboud, 2020a; Rashid, 2016). Seven of the eight participants in my study decided to use the strategy of starting small and building up capital to fund their business due to availability, timing, and preference.

P1 recognized the need to ensure customer satisfaction as a basis for steady and robust patronage, which would in turn, provide a continuous stream of income to keep the business going. According to the entrepreneur,

We invested our own money gradually, in little bits, adding any extra cash I got personally and putting the profit back in the business to grow it. I was not interested in drawing a salary or in frivolous spending. I concentrated everything

on growing the business. One thing I know about business is that one does not need to wait until all the money to start the business is available before starting. My advice is to start small with whatever funds are available, be thrifty and save to put back in the business instead of storing it in a bank or using it for unnecessary things.

P8 started small with personal funds and financial help from a friend. Additional funds came from a government grant, but the sum given was insufficient for the business needs. The entrepreneur supplemented with personal funds and proceeds from sales as the business grew. P4 also applied for but failed to get approval for a government grant. The participant explained the alternative to a failed grant request was to “concentrate on working harder, getting more customers, selling more, making more profit, putting the profit back into the business and so on.” P4 added “I continued funding the business with proceeds from personal investments and the profits made from the business since I couldn’t get funds from any financial institution or organization. At the end of the day, my business sponsored itself.”

P2 started business on a small scale with a noninterest loan from family and obtained additional financing by increasing the scope of operations to enhance sales and increase profit. P2 recognized two businesses offering the same service could not operate in the same environment profitably. Her strategy was to eliminate the competition by absorbing the smaller business and employing its owner. After absorbing the smaller business, operations, sales, and profit increased. P2 explained thus:

When starting up a business one should not wait till all the money required is available. Start with what you have and God will bless it, no matter how small just start something. I judiciously spent wisely, saved the profit, and reinvested in the business. That is how I started my business and sustained it till today.

P7 relied on self-financing and internally generated funding at inception. To access continuous financing, the entrepreneur concentrated on innovation and growing the brand to provide quality service, satisfy the customers, increase sales, and enhance profits. The strategy of starting small and gradually building up capital by rigorously pursuing a strategy of savings and plowing profits back in the business was common to all eight participants.

Relationship With the Literature

Boateng et al. (2019) noted the financing sources for startup businesses in Nigeria as (a) personal funds, (b) personal investments and savings, (c) financial gifts from family and friends, and (d) loans from family and friends. I found participants in this study used a combination of personal funds, savings, and funds from family to finance their business at inception. My findings agree with Taiwo et al. (2016) that personal funds of the SME owner accounted for almost the entire financing of the business. Frid et al. (2016) posited that financing startup businesses through formal financial channels was often difficult and noted new business owners were less likely to get approval for funding from banks and other lenders than more established firms. My findings align with the authors' position. Six of the eight business owners in the study applied for funding from

formal financial institutions; however, no participant accessed external financing through debt or equity to commence business.

Different funding options are available to business owners at various times during the life cycle of the organization. The choice of which to explore depends on several factors. Berggren and Silver (2010) agreed that funding options for startups differ from place to place and industry to industry. The authors noted the choice of funding source to use rests with the business owner, who considers the source, availability, cost, returns, and impact on the business before deciding on the best option for the business. However, study findings do not reveal the accessibility of these options to startup SME owners in Nigeria irrespective of the industry in which they operate or their stage of operations. In addition to the factors that affect strategy for funding used by business owners as stated by Berggren and Silver, Rashid (2016) noted that the threat of a possible loss of control often prevents business owners from exploring certain funding options. My findings align with Rashid's as P3 and P5 admitted the need to maintain control of the business influenced their strategy for funding.

Profits from the business and retained earnings are a more commonly used source of additional funding once the business has begun operations and became profitable (Zeidan et al., 2018). However, most business owners do not post a profit at the start of operations as they grapple with starting up issues and try to stabilize the business (Grigore & Gurau, 2019). A constant for all the participants in this study was financial discipline, which enabled a savings culture and plowed back the profits as a source of additional funding for the business. At various stages of the business all the participants

except P3 applied for financing from banks and other formal lending institution. P4 stated,

I was very careful in spending and kept my books straight, knowing I would have to show them to a future lender or investor. After a few years, when I needed funds to purchase some equipment and expand my business, I applied to a microfinance bank. The eligibility criteria were to open an account with the bank and maintain a minimum balance of half the sum I needed for six months. When my application was turned down, I knew I could not rely on them for assistance. I worked hard to establish my business, increase my customer base, and sales thereby making more profits which I put back into the business. Study findings showed retained earnings and profit plow back are a staple means of continuous funding for the participants in this study.

An increase in the number of customers would typically reflect increased sales and profit which provide a source of internal financing for the business (Mazzarol & Reboud, 2020b). According to Mazzarol and Reboud (2020b), business owners who deploy a strategy to increase customer satisfaction experience increased sales and profit, which is applied back into the business as additional funding. Improved business processes and service delivery often increase the likelihood of retaining existing customers and acquiring new ones. To increase profits, some participants applied numerous marketing strategies to increase customer satisfaction and gain additional customers through word-of-mouth advertising. P1 recognized the importance of the customer as the primary source of continuous income to the business and worked on

giving the customers satisfactory service. P5 gave extraordinary service to already existing customers knowing person-to-person advertisement would yield additional customers. P2 used a strategy of innovation and unique products to woo new customers and retain existing ones. P7 and P8 offered an extra dimension of their services to their customers beyond the usual industry standard to facilitate return patronage.

Relationship With the Conceptual Framework

Pecking order theory by Myers and Majluf (1984) provided further insight on potential sources for financing for businesses and the preference of business owners in deciding the financing sources to apply to their business. Three sources of financing that are available to business owners are (a) internal funds, (b) debt, and (c) new equity (Zeidan et al., 2018). Participants in this study showed a preference for using internally generated funds such as personal funds and savings as a means of raising capital for their business. Even after commencing operations, P3 restricted funding to internal sources only. The participants attributed their preference for internal financing to (a) ease of acquisition, (b) convenience, (c) availability, (d) safety, and (e) risk appetite. The participants explored the option of external funding after the business had commenced operations and when the need for additional funding arose. Third parties provide external funding like debt and equity financing to businesses on certain conditions (Jarallah et al., 2019). SMEs that are profitable can access a broader range of financing options and are more likely to seek debt financing (Wasiuzzaman & Nurdin, 2019). I reviewed the business documents presented by some participants in this study in about earlier loan applications and found evidence of profitability. However, contrary to Wasiuzzaman and

Nuridin's (2019) position, the participants did not access debt or equity financing despite evidence of profitability. Researchers and participants agree that individual preferences influence the decision on where and how to seek business funds.

Pecking order theory posits that business owners rank the order of financing options available to the business according to preference. This study's findings reveal that business owners followed a ranked order when making financing decisions for the business, preferring internal funding as the first choice for business funding consistent with pecking order theory. However, although other funding options may be readily available to business owners in other environments as contained in the extant literature, this study's findings indicated an absence of external financing options for startup business owners in Nigeria. Using personal funds may not be an option chosen by preference as a source of funding; instead, it may be the only available source of funding for most business owners in Nigeria in the first few years of operation.

Financial growth cycle theory suggests that various funding options are available to business owners based on the life cycle of the business. Funding requirements and access to various sources of funding vary significantly across the growth cycle of the organization. Firms follow a financial growth cycle in which financial needs and options change as the business gains momentum (Walid, 2019). Researchers have used the financial growth cycle theory to explain funding options available to an entrepreneur at the beginning of the business cycle and as it expands operations. Typically, profit, savings, and retained earnings accumulate with the volume of transactions and length of time the business has been in operations (Maleki & Nabavi, 2020). Most startup

businesses have not accumulated enough funds as retained earnings to fund their operations at the infant stage. Startups in Nigeria rarely access debt financing from banks due to the inability of entrepreneurs to meet the stringent loan covenants of banks (Aladejebi, 2020; Eze et al., 2020). This study's findings align with extant literature that startup SMEs predominately obtain funding from informal financial sources including personal savings of the business owner and loans from spouses, family, and friends.

Theme 2: Cash Flow and Working Capital Management

The second theme that emerged was cash flow and working capital management strategies. Some participants used a strategy that revolved around monitoring income and expenditure, balancing assets and liabilities, and monitoring cash inflows and outflows. The participants believed maintaining sufficient cash flow and ensuring a positive working capital balance enhances the ability to meet maturing short-term debts and operational expenses as they fall due. P1 recorded all income and expenditure, reduced wastages, saved, and plowed back a large portion of the savings and profits into the business. This strategy helped to grow the business fast. P3 echoed the same strategy and stated that,

Accountability, budgeting, and precision planning were critical to my operations.

I keep records of every income, every expenditure, all the profits, and any money that comes into the business. I learnt earlier that tracking and accounting for funds is the most important thing if I wanted to succeed as a businessman.

Another way the participants in this study sourced additional business funding was by managing cash flow using available credit lines or deferred payments to obtain

inventory required by the business instead of paying with the limited cash available. Luo et al. (2020) divided debt financing into two classes: supplier financing and bank financing. Four out of the eight participants in this study used supplier credit to fund inventory for the business when business funds were insufficient or large orders requiring more than the available stock of raw materials were to be delivered. P3, P6, P7, and P8 obtained inventory for the business on credit on several occasions. According to P3,

I faced challenges of funding large orders. I used the principle of down payment or advanced payment when the job was huge and my funds were otherwise tied up elsewhere. On one or two occasions, I secured materials on credit from my suppliers even without any down payment. I was adamant about controlling my level of indebtedness at any time T, so I used various funding options that were not overwhelming to me and the business.

P2 negotiated deferred payment for the rental of office premises such that rent was paid piecemeal at the end of every month rather than an annual advance lump sum at the beginning of the year. P5 also used the deferred payment strategy. P6 acquired equipment required in the business on hire purchase. P5 and P8 collected advance payments from clients to finance their jobs when the order was above a certain amount and used the funds paid in advance by the client to get the supplies required to execute the order and pay the staff involved. Information on the business's financial wellbeing impacts the decision of creditors to extend credit facilities to business owners (Yang et al., 2020). Suppliers who offer entrepreneurs goods on credit require information on the creditworthiness and repayment ability of the business owners.

The study findings indicated participants had a high level of awareness of the range of alternate financing options including trade or supplier credit, hire purchase, leasing, advance payment, deferred payments, and payment in installments available to the business owners. Business owners' level of financial literacy and negotiation skills increased the awareness of the existence of these financing alternatives and their success in accessing them. In addition to financial literacy, participants' risk appetite also influenced the desirability to explore these alternate financing options. P3 was not interested in credit funds from external lenders and rarely applied for credit supplies from trade creditors indicating high risk aversion. P5 showed a low to moderate risk tolerance in his stated preference to use part deposit and payment in installments rather than outright supplier credit in funding business supply purchases when funds were not available to reduce the burden of exposure and indebtedness.

Relationship With the Literature

Business owners often used internally generated funding rather than external capital to finance their operations (Godwin and Simon, 2021). According to Godwin and Simon (2021), personal investment, savings, funds from family, and funds from friends predominately constitute the internal sources of funding available to business owners at the start of operations. Additional funding as the business grows includes internal sources such as the owner's private equity, retained earnings and cash flow. Zeidan et al. (2018) found that cash flow management was key to business funding and sustainability. The authors noted business owners aimed for a higher cash inflow than cash outflow, thereby creating a surplus to fund business operations and promote sustainability.

Maintaining a positive cash flow is an integral part of working capital management consisting of accounts receivable, accounts payable, and inventory. This process is also known as the cash conversion cycle. Wang et al. (2020) defined the cash conversion cycle as the difference in timing between when a firm receives cash for its sales and when it pays for its purchases. Wang et al. (2020) found a positive relationship between cash conversion cycle, profitability, and business sustainability. My study indicates cash flow management techniques applied by some participants ensured a favorable balance between income to the business and expenditure for the business.

In a study of the effect of networking on finance and investment, Nguyen (2020), grouped business investment strategies into four classes, (a) investments using no external funding, (b) investments using external informal funding, (c) investments using external formal funding, and (d) investments using both informal and formal funding. Nguyen (2020) noted there was a relationship between a firms' financial structure and its operational efficiency, and between its capital structure and business performance. Nguyen cites Chinese firms who cannot access formal external funding but depend on continuous cash flow from high productivity levels to fund the business. My study findings agree with Nguyen's position as several business owners in my study built their funding strategy on cash management techniques.

Cash flow management ensures sufficient liquidity is maintained to meet business needs as they arise (Faque, 2020). Faque maintains that cash inflow in excess of outflow creates a surplus which is cheaper for business funding than external borrowing. Gmoi (2020) noted that financial forecasting of future business outcomes was vital in addition

to cash flow and working capital management, as it positively impacted business survival and growth. Gomoï further explained that proper cash flow management and financial forecasting, and budgeting were significant to the business's earning capacity and continued financial health. All the participants in my study were actively involved in the daily management of the business; P3, P4, P5, and P6 had active budgets and reviewed them periodically to ascertain performance and deviation from set targets. P4 and P7 made and reviewed business projections weekly. Seven out of the eight participants in the study prepared a cash budget, implemented the budget, and monitored cash inflows and outflows regularly. In prioritizing the use of available cash, purchasing particular stock and equipment on a hire purchase or lease basis, budgeting, and projecting financial performance, participants in this study managed available funds to meet emerging business needs and continue in business. Study findings align with Naicker's (2020) research findings on the impact of cash flow management on SME sustainability.

Working capital management is focused on the liquidity of the enterprise (Alvarez et al., 2021). According to the authors, working capital management involves maintaining a positive cash flow level that is sufficient to meet the short term financing and investing obligations of the organization. Net working capital management matches the current assets to current liabilities and balances income and expenditure of the business (Salaudeen, 2020). The net working capital position of a firm is crucial in valuing a business as it indicates the efficiency of business processes, aids in assessing profitability, and the ability to meet financial obligations as they arise (Alvarez et al., 2021). Wang et al. (2020) highlighted that working capital management defines the management of a

firm's short-term financing requirements and resources by stipulating the optimum balance of account receivables, inventory, and payables. Some business owners in my study focused on managing their working capital and ensuring the firm's net working capital was positive.

Cash flow and working capital management are the most critical components of financial management in any organization (Mazzarol & Reboud, 2020b). Mazzarol and Reboud argued that increased cash flow as evidenced by properly kept business records could improve the viability of an SME to acquire funding from financial intermediaries. When business processes improve, customer base and sales volume increase, profitability and cash flow are enhanced providing business owners with the needed financing for their business without resorting to external sourcing from debt or equity financing (Mazzarol & Reboud, 2020b).

SME owners explore external funding sources when internal funding fails to meet the needs of the business. External business funding is provided by third parties (Jarallah et al., 2019). SMEs that are profitable can access a broader range of financing options and are more likely to seek debt financing (Wasiuzzaman & Nurdin, 2019). Business owners often use trade credit, hire purchase, leasing, and other methods of deferred payments to acquire tools, equipment, or raw materials needed for production to conserve business funds, thereby freeing up extra cash for other aspects of the business (Lawless et al., 2020). According to some participants, the awareness of claims and outstanding debts for goods obtained through hire purchase or deferred payment made them better cash managers and improved their desire to save to offset the debt. Study findings indicate that

the businesses were profitable but still failed to access a wide range of financing options from formal financial institutions. However, proof of profitability and ability to settle debts in the foreseeable future made it possible for some participants in this study to access supplier credit and hire purchase financing which is a form of debt financing. The study findings align with the position of Luo et al. (2020). Del Gaudio et al. (2020) considered supplier credit a readily available vendor loan accessible to small business owners following pecking order theory.

Relationship With the Conceptual Framework

The pecking order theory posits that a negative relationship exists between cash flow and debt (Sunardi et al., 2020). Typically, the level of indebtedness decreases as cash flow increases (Naicker, 2020). The more money within the business, the less borrowing and funding using short term financing strategies like supplier credit and deferred payment are required. In addition, business owners can reduce or pay off what they owe suppliers and creditors when cash flow increases. In alignment with the pecking order theory, my research findings indicated business owners resorted to using supplier credit, hire purchase, deferred payment, and leasing when they were cash strapped and did not have the funds to obtain needed supplies. Generally, cash flow directly impacts the profitability and survival of SMEs (Alvarez et al., 2021).

Business owners and managers determine the working capital requirements of their organization by balancing current assets and liabilities using several matrices (Wang et al., 2020). Business owners use internal funding strategies to finance their business because it allows them managing business cash flows and expenses (Wong et al., 2018).

P3 used personal funds and a strategy of maintaining a stable cash flow to fund his business. The entrepreneur has a personal preference for only internal funding because he does not want to lose control of the business. Pecking order theorists proffer the need to retain control of the business as a reason why business owners prefer internal funding to external funding sources. The personal preference for internal funding sources ties to the pecking order theory because of asymmetric information (Bergh et al., 2019).

Theme 3: Concentric Diversification and Counter Cyclical Businesses

A third emerging theme points at diversification and engaging in counter cyclical businesses to enhance earnings and reduce business expenses as a means of sourcing funds. Several participants engaged in counter cyclical business activities to provide continuous business funding. A strategy for sustained financing used by some participants was to expand business operations and reinvest the proceeds in the business. Some participants also complemented business funds by engaging in activities involving additional spending to enhance business earnings including complimentary or extra services, doing promotions, giving bonuses, and diversifying to other business activities that increased customer base and enhanced sales. Most participants acknowledged that increased sales meant more profits cumulatively and therefore more funds available to grow the business. P2 worked on innovation, branding, and providing unique services to make the business the first choice for any customer. This strategy involved additional spending but it also resulted in more customers and increased sales which provided more funds for the business. P2 “engaged in additional things.” According to the SME owner, “I had to do other things and introduce innovations to the way people were doing my kind

of business in Abuja to attract more customers.” I built a reputation of pushing boundaries and taking incredible shots.” P2 further added,

I grew a reputation for having what no one else had and for shooting amazing photos. My unique service alone brought me more customers which increased my income and made it possible to set aside more funds from my profit for future needs of the business.

P3 stated that,

I opened up other sources of funding. Other sources have to do with venturing into different kinds of businesses alongside my main business. I got a nine to five paid employment, some extra hours of consulting here and there, all to try and gather additional funds. I engaged in one-off money raising and money yielding activities outside my regular business by providing part time teaching and mentoring for undergraduate students.

P6 expanded business outlets to increase the number of customers and enhance sales and profit. P1, P6, and P7 diversified and expanded business activities to raise funds from additional sources. In addition, P1 extended her business activities to include other aspects of the fashion business, such as sales of accessories and training to raise the needed funds. According to P1, “additional funds came from delving into other related areas of the fashion business. I got inspired to expand the business using some of the funds at hand to make ready to wear clothes and selling fashion accessories.”

P1 further stated, “We diversified into training classes for those who wanted to learn tailoring and fashion designing. All of these were to boost our capital, income, and

finances.” According to P6, “We started making bread and selling out of our truck because it was a quick win and fast access to additional funding,” adding that “We started supplying food to boarding schools.”

Entrepreneurs also used cost cutting strategies to reduce operational costs and business expenses. During analysis, several codes pointed towards using cost sharing and expense reducing strategies to free up extra cash for other business needs and spread the available funds for necessary business activities. Shared services, shared premises, and shared facilities meant less funds spent procuring certain assets or services. Precision staffing, paying wages based on man hour or quantity of job delivered rather than the conventional monthly pay helped reduce overhead expenses. The money saved could be applied to other aspects of the business. For instance, P1 stated that

Another hindrance to keeping my customers happy was the challenge of meeting deadlines. I had to improve the process or lose my customers. On several occasions, power failure made us stop work thereby thwarting our desire to meet the delivery date agreed on with the customer. I could not fund an alternate source of power supply on my own. I overcame this hurdle by teaming up with a fellow entrepreneur in the next shop to co-buy a generator and generate power.

P4 and P8 paid their staff based on work completed or hours of active work rather than a monthly wage. P4, P7, and P8 operated their businesses from their homes thereby eliminating the cost of renting business premises.

Relationship With the Literature

Sharma et al. (2020) advocated income diversification as a source of guaranteed business funding. In a study conducted by Naicker (2020), respondents admitted to operating other businesses and using the profits from those businesses to fund newer businesses. Some researchers may argue such funds are external to the business and do not qualify as internal funding. However, Naicker argued that profits from one business applied to another business owned by the same individual(s) represents the use of owners' equity. P3 admitted to taking a paid employment on contract terms to raise additional funds required by the business. Analysis of participants' responses showed some participants engaged in complementary businesses and applied the proceeds to fund the firm under study. P1, P2, P4, and P6, expanded their businesses to include complementary activities and diversified to explore other streams on income.

Diversification and expansion are investing strategies and therefore, funding strategies for firms (Saria and Mardijuwonob, 2020). According to the authors, a profitable business is attractive to creditors; hence businesses with records of additional income from complementary business activities are likely to attract investors. Profit is income less expenses; therefore, an increase in the operational cost of the business results in reduced profits (Frank et al., 2020). Business owners make tough decisions that affect the operations and survival of the business (Nguyen, 2020). P6 obtained additional funds from a friend willing to invest in the business because it was profitable.

Diversification of sources of revenue affords business owners a broader range of funding alternatives, enhances productivity, improves performance, and enables

sustainability (Mayombya et al., 2019; Oladimeji & Udosen, 2019). As businesses grow and gain momentum, owners often consider expansion and diversification as part of the next steps (Taiwo et al., 2016). Study findings concur with the assertion of Taiwo et al. as participants ventured into expansion of product line, expansion of outlets, and diversification to providing complementary products and services as a means of raising extra income. These findings align with Myers and Majluf's (1984) pecking order theory.

Relationship With the Conceptual Framework

One of the funding decisions business owners have to take is the issue of investing and expansion. Pecking order theory indicates that unlike larger firms that have accumulated earnings, SME owners often lack sufficient internal funds for expansion, cannot access the capital market, and often have to resort to external funding (Frank et al., 2020). Unprofitable investment leads to business failure (Saria & Mardijuwonob, 2020): inferring that when the investment is profitable, it is a source of additional funding to the business and enhances survival when the business is profitable. This study's findings indicate that some participants could not access external funding when internal funds were insufficient to fund the expansion of business operations. However, some participants offered complementary services and activities to their customers as a means of raising additional business funds.

Kurdyś-Kujawska et al. (2021) found a positive relationship between product diversification and the earning capability of a firm. My findings align with the position of the authors. Ajay and Madhumathi (2015) debated the existence of a positive relationship between diversification and capital structure but conceded that diversification was an

income earning activity that entrepreneurs should engage in to grow their business. Study findings showed expansion and diversification introduced additional funding avenues to the businesses of P1, P2, P4, P6, P7, and P8. The impact of business diversification on the financing structure of a business is related to the pecking order theory (Saria & Mardijuwonob, 2020). Proceeds from diversification activities may be plowed back into the business as additional funding. On the other hand, a loss from investing activities would impact available business funds affecting business operations. Sofiatin et al. (2020) revealed that product diversification gave the firm financial leverage and significantly affected profits. Wasiuzzaman (2019) emphasized the impact of geographical diversification on cash flow and business survival.

Theme 4: Adapted crowdfunding Strategies

The fourth theme that emerged indicated SME owners used a variant of crowdfunding strategy to obtain necessary finance for the business. The inability of SMEs to obtain funding from traditional financial institutions has increased the dependency on crowdfunding (Adjakou, 2020). Adjakou recommended several adaptations of crowdfunding to suit various SME funding needs. Sieradzka (2020) noted that different adaptations of crowdfunding existed due to differences in purpose and objective for the funds. Typically, crowdfunding is an alternative source of financing startup businesses that involves raising business funds by seeking relatively small amounts of money from a large number of people via the internet (Kim & Hall, 2021; Shneor & Vik, 2020). Some participants in this research used an adaptation of crowdfunding to raise business funds from a combination of sources using word of mouth

to request for financing and relying on personal relationships rather than the anonymity of the internet. Both applications of crowdfunding are aligned to the position of Witt and Brachtendorf (2006) and Zhao and Shneor (2020). Another difference between the adapted crowdfunding strategy employed by the participants in this study and the regular crowdfunding defined by Shneor and Vik are the fund owners. Typically, crowdfunding involves individuals who have come together with the sole purpose of funding startup businesses. The financiers of the adapted crowdfunding used by the participants in this study are not an organized group. Instead, business owners who used this strategy selected and solicited funds from friends, peers, or family considered capable of providing some funding for the business. The typical crowdfunding defined by most researchers and the adapted crowdfunding strategy used by some participants in this study are similar. Both have a finance seeking and finance giving entity.

Having explored and failed to obtain the funding required for the business from traditional financial intermediaries, some participants devised a strategy of spreading the burden of financing by borrowing from several different sources. Some business owners interviewed stated they obtained the total sum required from one lender in phased installments, stages, or tranches using an adapted crowdfunding strategy. In contrast, some others obtained the entire sum at one go but from smaller contributions of different lenders. P6 took an initial amount to finance the business, repaid it promptly without default, and became eligible for more funding from the same source. P5 stated that he split the whole amount required into smaller units whenever he required financing, which

he sourced from different friends. P5 found it easier to borrow little sums from many lenders than get the total funds needed from a single lender. P5 stated that

It doesn't take time to get funds when borrowing from my friends. I had friends who could lend me money without interest as long as it was for the business and the value was not too high. I didn't burden one friend with the entire amount I needed. Instead, I spread it amongst several of them. Therefore, borrowing from my friends was faster and less rigorous.

According to P7,

I checked how much I had on my own and decided to raise the extra from my family and some friends. The majority of the funds came from my husband and my siblings. Later on, I got additional from my friends. So, I do not burden only one person when I need money for business and ask several of them for small amounts at a time that I know they can easily part with.

Participants' social network also influenced the ability to raise funds from a combination of multiple sources. P5 had a network of friends to borrow from, P6 assessed some funds as a member of a community guaranteed by her peers in the community, and P8 got information about an available source of funding from peers in the church. P1 and P4 belonged to trade associations where members shared information on business success and funding sources at monthly meetings.

Relationship With the Literature

Researchers evaluated internal and external financing sources for businesses and found the choice of financing depended on the amount of financing required (Desai &

Gupta, 2019), business size, and financial capacity (Begenau & Salomao, 2019).

However, because of perceived conceptions about the process and outcome of applying for debt financing from formal financial institutions, most SME owners in this study were not interested in debt financing offered by financial institutions or equity financing through the sale of equity irrespective of their needs, size, or capacity. Crowdfunding is an alternative means of obtaining business funding from several small investors when formal funding channels fail (Hervé & Schwienbacher, 2018). Three out of the eight participants in this study used adapted crowdfunding to finance their business.

Crowdfunding is cheaper, more efficient, easier to access, and contains more flexibility than traditional financing sources (Bellavitis et al., 2016). The funds obtained by the participants in this study using adapted crowdfunding strategies were free of interest, not time bound, and required no collateral. Typically, fund givers in a crowdfunding scheme do not have sufficient information on the beneficiaries, still, financiers in the adapted crowdfunding model in this study have enough information about the business to recover their money from the business owner.

Asymmetric information is a component of pecking order theory that refers to business information that the SME owner has that others outside the business do not have (Ullah, 2020). According to the author, asymmetric information influences how business owners rank the type of capital they need to fund their businesses. Information asymmetry remains a barrier to startup SMEs' access to funding from banks (Idehen, 2021). Researchers indicated lack of full disclosure, insufficient data about the business, and poorly kept business records are some of the challenges loan officers in banks face

when assessing applications from startup SMEs. At startup, businesses have no record of performance or profitability and lack sufficient information to make them an attractive investment option for financiers (Cortés et al., 2020). The risk of possible default is often assessed as high for startups and the collateral requirement aligned to the value of funds applied for and the inherent risk of disbursement. Loan applicants are required to present collateral proportional to the funds applied for as part of the requirements for funding which most startup SME owners do not have. The inability of SME owners in Nigeria to secure bank funding has resulted in funding gaps and limited growth, as evidenced in this study. Funding obtained from friends and family is usually based on personal relationships rather than business records. Therefore, information asymmetry is of little significance when using internal funding sources such as loans from family and friends.

Relationship With the Conceptual Framework

Pecking order theory posits that business owners prioritize the use of sources of funds based on preference which is mainly determined by the perceived benefits of the source of funding to the business. The decision of what type of financing, which type of financing, and how much financing to access alternative financing sources rests with the business owner. For example, P3 had an aversion to borrowing and decided to use only his funds in the business. Though the initial concept of pecking order theory did not include crowdfunding, researchers agree that crowdfunding has grown in popularity and applicability due to the inability of business owners to secure funding from traditional financial institutions (Block et al., 2018; Kuma & Yosuff, 2020). According to Kuma and Yosuff, business owners opt for crowdfunding after exploring all other internal and

external funding sources including debt and equity financing. The author considers Osusu and other community-based funding sources as forms of crowdfunding. In alignment with the findings of Kuma and Yosuff, some participants in my study explored crowdfunding when they were unable to secure funds from deposit money and microfinance banks. However, my research findings do not indicate that participants followed this hierarchy in seeking business funds.

Pecking order theory advances the view that information asymmetry increases the cost of financing (Ullah, 2020). Some participants who applied for bank loans cited the tedious application process and harsh payment terms as their reason for not going through with their loan applications. Business owners require information on possible funding sources and how to access them. Prospective investors require information on performance and profitability to assess the viability of SMEs' requests for funds (Ofir & Sadeh, 2019). Unfortunately, most startup businesses lack sufficient operating and financial information to attract investors. Banks and other financial lending institutions prefer funding businesses with a documented record of performance, typically at least three years of positive earnings (Nguyen & Cahn, 2020). Six of the eight participants in the study applied for loans with all the required documentation after the business had commenced operations but were not successful. P4 kept a proper record of business activities but was still denied funding by the bank. This study's findings revealed the inability to secure funding through traditional financial intermediaries led the entrepreneurs to explore other funding options. From the foregoing, we see that P5 and P6 applied one such option.

Britzelmaier (2019) stated that financial needs and financing options change as the business grows and becomes less information opaque. According to Britzelmaier, financing a business from commencement through the daily activities that make up its operational and financial cycle until the business breaks even and becomes profitable often involves a combination of funding alternatives. The author further noted business owners require a record of financial performance to access certain types and sources of funds in line with the financial growth cycle theory. This study's findings show two main combination sourcing techniques; phased sourcing which entails collecting the required funds from one source in several installments and shared sourcing that splits the amount needed amongst several sources or individuals. For instance, P5 split the total sum required into smaller units which he obtained from several friends. The entrepreneur stated he found it easier and faster to raise funds in smaller bits that would not inconvenience the lender. P6 received funding from her community in several phases. These funding strategies are consistent with the pecking order theory.

Applications to Professional Practice

Application of the findings of this study to professional practice may include the identification of workable funding strategies that SME owners in various industries may apply to source the funds required for their businesses to thrive and grow. Business owners who are challenged for ideas on how and where to access financing when traditional channels fail may take advantage of the knowledge from my research to implement strategies for short and long-term financing of their businesses. My findings may serve as motivation for startup SME owners to commence business with the funds

available to them, knowing that various sources of financing are obtainable at different phases of the business growth cycle. The findings may also enhance the awareness of several other sources of financing available to SME owners and how to access them easily. Entrepreneurs may apply the knowledge from my findings to choose the sources of funding they wish to explore.

SME owners may be encouraged to seek better partnerships with formal financial institutions to increase their eligibility for funding. A continuous dialogue with stakeholders comprised of fund owners, fund seekers, and financial intermediaries could promote a lending culture and better corroboration to ease the rigors of accessing funding. SME owners who implement strategies from the findings of this study could increase the chances of survival of their business by improving access to finance resulting in the business's growth from a small or medium scale business to a large one. Fund owners and financial intermediaries may be encouraged to venture more into funding small businesses despite the preference for funding larger firms.

Implications for Social Change

SMEs are an integral element in increasing economic growth and development especially in developing countries like Nigeria (Tahir et al., 2018). Nigeria is one of the fastest growing economies in Africa with a nominal GDP of \$2.6 trillion as at January 2020 (Ajide, 2020). SMEs contribute 48% to the GDP and provide 84% employment in Nigeria (PwC Report, 2020). Lumpkin et al. (2018) defined positive social change as the result of the operations of businesses that improve the lives of the individual employees, their families, and the host community in which the business operates. SME failure rate is

high as business owners grapple with challenges of insufficient funding. My research could provide SME owners in Nigeria and other developing countries with the knowledge to access adequate financing for business operations and increase business survival and sustainability chances. There is a direct correlation between business failure, unemployment, and crime rate (Bennett & Ouazad, 2020; Edomwonyi-Otu & Edomwonyi-Otu, 2020). When fewer businesses fail, job losses are minimized, businesses expand creating new jobs and income to SME employees is sustained. Study findings could provide SME owners with strategies to facilitate business continuance, expansion, and growth through improved access to adequate funding. There would be healthier businesses capable of supporting the Nigerian economy and its citizens. More jobs may be created and existing jobs sustained, thus empowering more citizens and affording them a better standard of living which may increase per capita income, reduce crime rate, minimize insecurity, and enhance the living conditions of most individuals and households.

Taxes are a primary source of funding for any government. Government maps out developmental programs at the start of every financial year based on funding projections for the year. The amount of funds available to the government directly affects its ability to cater to the citizens' welfare. Thriving businesses contribute to funding the government through the taxes and levies they pay to government coffers. Like all other workers in the community, SME employees pay tax on income earned from these businesses. Therefore, SME owners should know how to source the business funds required to keep their businesses in operation for the short and long term.

Government is responsible for providing an enabling environment for businesses to grow and expand. An enabling environment is provided by creating avenues for survival and growth (Davaria & Farokhmaneshb, 2017). Good roads, security, transportation, electricity, and a few other amenities make for ease of operations for SMEs. The government also enacts rules, regulations, policies, and laws that regulate the business environment. The Nigerian government's participation in funding startup SMEs has increased rapidly over the years to reduce the unemployment rate and speed up development (Nakku et al., 2020; Ugwu-oju et al., 2020). The government may apply the knowledge from this study's findings to performing its dual role of lawmaking to regulate SME operations and financing and as financier through its microcredit loans, grants, and schemes. Additionally, my research findings may assist the government in identifying the funding gaps that it could address to rectify the increasing unemployment, underemployment, insecurity, and crime rates that currently challenge its citizens.

Recommendations for Action

An effective strategy achieves its aim. The replication of successful funding strategies used by other business owners may provide startup SME owners with a blueprint for the continuance and survival of their business. Existing and prospective SME owners can adapt my study findings to their peculiar business environment and apply the knowledge of viable funding strategies to secure required business funds. My findings revealed internal sources of funding were not only the preferred source of financing but were predominately the only source of funding available for a majority of SME owners in Nigeria. Awareness of this deficit may bring about changes in some

government policies, fund owners' attitudes, fund seekers use of alternatives, lending processes, and financial institutions' guidelines. Every stakeholder has a role to play in making business funds easier to access.

Even after raising the funds to commence business, about 80% of startup SMEs do not survive beyond the first 5 years of operation due to insufficient funding (Dias & Teixeira, 2017) and poor cash flow management skills (Okoro et al., 2020). Strategies for initial and continued business funding are equally important to the survival of business. One of the reasons financial intermediaries fail to accept loan applications of SMEs is the possibility of default. SME owners and financial intermediaries could explore insurance options as a form of guaranteeing repayment to fund owners. Financial intermediaries and lenders could extend the moratorium period for SMEs. More efficient use of financial tools such as Credit Bureau rating and Bank Verification Number may ease the fear of loss from defaulting debtors.

The government needs to be more deliberate in its financial intervention programs for SMEs. The government should review the terms of disbursement of such intervention funds to facilitate easy access by SME owners on time. Additionally, the government should enact more policies that encourage private sector participation in SME funding including providing guarantees where the fund seeker does not have the required collateral but has a business idea that is likely to be profitable. Prospective SME owners who lack sufficient funding to commence business and do not have a strategy to start small and build up capital may partner with government to fund such businesses.

I will provide the study participants with a summary of my findings so each participant can benefit from the experiences of other participants and my research. I expect the participants would apply some of the strategies contained in my findings to their business. I will publish my research findings in journals that may be assessed by a wider group of SME owners beyond the participants in my study. I will also share my findings with young startup entrepreneurs through programs organized by my church and community. In addition, I intend to carry out further research on SME financing in collaboration with other researchers.

Recommendations for Further Research

Limiting this study to FCT, Abuja may have restricted access to a more varied pool of strategies for sourcing funding. I recommend creating more awareness of the formal, nontraditional sources of finance available to business owners is recommended to enhance the chances of survival of SMEs in Nigeria. I recommend future researchers investigate why external sources of funding are unavailable to SME owners in Nigeria even when the criteria set out by funding organizations and financial institutions are met. In the future, researchers may conduct further research from fund owners' perspective to ascertain the reasons why funding SMEs especially startups remains a challenge. The focus group technique may be used for future research to get a more holistic view of the strategies for financing SMEs. In addition, I recommend future researchers explore conducting industry specific studies on financing to identify unique qualities that may attract investors and financiers to fund SMEs in that industry.

Reflections

The DBA doctoral study process has been a lesson in patience, perseverance, and dedication for me. My experience at Walden differs from earlier graduate learning experiences as it was my first time doing an online course. The challenges of learning in a nontraditional classroom and the reduced interaction with other students gave me the impetus to put in the extra effort needed. Change in the APA edition used, change in curriculum, change of ownership of the school, changes in the grading pattern and my chair some way through my course all contributed to the adventure. My biggest challenges were writing issues with anthropomorphism, academic writing style, use of passive voice, and conforming to APA seventh edition principles. I am a better writer today because of these experiences.

Conducting the research itself was the fun part of my experience at Walden. Rich interactions at residencies, bonding with colleagues during classroom discussions, and the interactions with SME owners during and after the interviews exposed me to a varied set of individuals. Recruiting participants from the CAC database that met the criteria was a challenge. It took longer than I expected as the database was not easy to navigate and was often not updated. Recruiting participants and conducting interviews during a pandemic necessitated complying with unusual protocols for interaction which limited my interviews to online virtual interactions. Mastering the use of NVivo software for data analysis was another new experience. Writing the cumulating section where I presented my findings, recommendations, and conclusion was the high point of my study. I got a sense of fulfillment knowing I was very close to achieving yet another milestone in my

life. I am a more skilled researcher, writer, and data analyst because of my DBA experience at Walden. My increased awareness of the strategies and issues of sourcing business funds for SME operations in a developing country like Nigeria from conducting this study has equipped me to be a better discussant of contemporary funding issues in Nigeria.

Conclusion

The objective of this qualitative multiple case study was to explore the strategies owners of startup SMEs in FCT, Nigeria, can adopt to source the funds required to start and sustain a business in the FCT beyond 5 years. The target population for this study was successful business owners in (a) the fashion industry, (b) the food industry, (c) the photography field, (d) and printing press operations that had been in business in FCT Nigeria for between six and ten years. Some prospective entrepreneurs have profitable business ideas but lack funding to commence operations. Some other entrepreneurs commence a business but are unable to sustain it due to a lack of funds.

I collected data from eight SME owners using semistructured interviews. I assessed secondary data from documents presented by the participants, publicly available records, and extant literature reviewed during the study. Using the approved interview protocol, I asked all the participants the same eight interview questions to mitigate bias. Four themes emerged after the data collected were transcribed and analyzed (a) starting small and building up capital, (b) cash and working capital management, (c) concentric diversification and counter cyclical businesses, and (d) adapted crowdfunding.

I found gaps in the existing literature on strategies for sourcing funding for SMEs in Nigeria. Contrary to Myers and Majful's (1984) position, necessity, and availability rather than personal preference drive SME owners' strategy and choice of funding in FCT, Nigeria. Findings from my study may spur future researchers to investigate SME funding in Nigeria and improve access to the required funding for operations and increasing survival rate of businesses.

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Appendix A: Interview Questions

SME Owner Code.....

Nature of Business:.....

No. of Employees:.....

Interview Mode:.....

Topic: *Strategies for Sourcing Funding for Startup Businesses in Nigeria.*

1. What sources of financing did you explore in acquiring the capital to start your business?
2. What strategies have you used to source funds and sustain your business for over five years?
3. What challenges did you encounter in using the strategies to source funds?
4. How did you overcome the challenges you encountered in sourcing funds with the strategies you mentioned?
5. What were the relevant government and local regulations guiding financing and lending to small businesses in Nigeria that you had to consider?
6. What were the business documents that you provided for screening, contracting, and monitoring before you were granted a loan by the financial institutions?
7. What strategies did you use to allocate funds to the different aspects of your business that enabled it to survive beyond five years?
8. What additional information can you share about financing and sustaining a new business which may be useful for understanding how you sustained your startup SME?

Appendix B: Interview Protocols

Interview Protocol	
What I will do	What I will say
<p>Introduce the interview after the usual pleasantries using standard phone etiquette.</p>	<p style="text-align: center;"><i>Good Day, Sir/Madam,</i></p> <p><i>thank you for agreeing to participate in my research on strategies for sourcing funding for startup businesses in Nigeria. I would appreciate your sharing your experience and perspective regarding the topic. This meeting will take about an hour. The interview consists of eight questions. I would record our conversation and take notes to enable me to capture all your answers.</i></p> <p><i>I will be the only one with access to the recordings of your interview. The recordings will be saved in tapes which will be destroyed after this study.</i></p> <p><i>As stated in the consent form earlier mailed to you:</i></p> <p><i>(1) all information will be confidential,</i></p> <p><i>(2) your participation is voluntary</i></p> <p><i>and</i></p> <p><i>(3) you may stop at any time if you feel uncomfortable as</i></p> <p><i>I do not intend to inflict harm or cause you any discomfort.</i></p>

	<i>Thank you for agreeing to participate. I appreciate.</i>
Interview questions	<i>1. What sources of financing did you explore in acquiring the capital to start your business?</i>
	<i>2. What strategies have you used to sustain your business for over five years?</i>
	<i>3. What challenges did you encounter in using the strategies to source funds?</i>
	<i>4. How did you overcome the challenges you encountered in sourcing funds with the strategies you mentioned?</i>
	<i>5. What were the relevant government and local regulations guiding financing and lending to small businesses in Nigeria that you had to consider?</i>
	<i>6. What were the relevant government and local regulations guiding financing and lending to small businesses in Nigeria that you had to consider?</i>
	<i>7. What strategies did you use to allocate funds to the different aspects of your business that enabled it to survive beyond five years?</i>
	<i>8. What additional information can you share about financing and sustaining a new business which may be</i>

	<i>useful for understanding how you sustained your startup SME?</i>
Wrap up interview thanking participant	<i>Sir/Madam, we have come to the end of the interview. Thank you so much for participating in my research interview. Your responses were rich and relevant. I appreciate your time and patience.</i>
Schedule follow-up member checking interview	<i>I shall e-mail a copy of the transcript of this interview to you to verify its correctness within the week. I shall thereafter call to confirm your agreement with the narrative. Please feel free to add or subtract any part of the narrative you disagree with. Thanks once more for your participation. I am most grateful.</i>