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Recognizing the Onset of Financial Problems in Nigerian Small and Medium Enterprises

Ayodele Amos Olujide
Walden University

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Walden University

College of Management and Technology

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Ayodele Amos Olujide

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Walden University
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Abstract

Recognizing the Onset of Financial Problems in Nigerian Small and Medium Enterprises

by

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MPhil, Walden University, 2020

MSc, Heriot-Watt University, 2009

MBA, Heriot-Watt University, 2008

BSc, University of Ibadan, 2000

Dissertation Submitted in Partial Fulfillment

of the Requirements for the Degree of

Doctor of Philosophy

Management

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Abstract

The number of small and medium enterprises (SMEs) in Nigeria that survive beyond 5 years after their establishment is less than 50%. The specific management problem addressed in this qualitative exploratory multiple case study was that owners and managers of SMEs in a major urban area of Nigeria may lack the knowledge discovery strategies for recognizing the onset of financial problems at inception when managing their businesses. The research question for this study was about how SME owners and managers in this major urban area of Nigeria could obtain the knowledge discovery strategies for recognizing the onset of financial problems at inception when managing their businesses. The realm of entrepreneurial finance was the conceptual framework that underpinned this study. The research data were collected through semi structured interviews with 20 successful SME owners and managers from a major urban area of Nigeria. The data were analyzed with manual coding and validated with QSR Nvivo 12 software. The study results revealed that SME owners and managers whose businesses have lasted beyond 5 years had achieved the mastery of how to recognize the onset of financial problems at inception and to take preventive actions accordingly. The results of this study have implications for positive social change by helping to reduce the number of SMEs that continue to fail in their numbers every day in this major urban area, as well as the rest of Nigeria, across Africa, and in other parts of the world.

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Dedication

I dedicate this doctoral study to the almighty God the giver of life. I thank God for the divine privilege of life, good health, sound mind, the financial wherewithal, and the grace He freely gave me to be able to start and complete this PhD journey despite many other commitments. I also want to dedicate this milestone achievement to my darling wife- Bankie, and to our children- Tomi, Temi, and Tito. You have been my biggest supporters on this journey. I owe you all a debt of gratitude for your understanding and for the invaluable family times you have sacrificed severally over these years.

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Chapter 1: Introduction to the Study

There is evidence in the literature about how financial problems contribute to the failure of small and medium enterprises (SMEs) within a few years after their establishment (Chawinga & Chipeta, 2017; Eniola & Entebang, 2017; Kehinde, 2015; Nassar & Faloye, 2015). The failure of SMEs has serious implications for any nation's economy (Eniola & Entebang, 2017; Mataloni, 2019). In most countries of the world, owners and managers of SMEs contribute in no small way to the overall economic prosperity of their countries (Conz et al., 2017; Filho et al., 2017; Mataloni, 2019). The ability of SME owners and managers to implement good financial management practices as well as recognize financial problems at the onset may help to reduce the high rate of failure of SMEs (Kilonzo & Ouma, 2015).

This qualitative exploratory multiple case study research study was necessary given the contribution of SMEs to local, national, regional, and global economic activities. SMEs represent over 50% of the workforce and on average, contribute over 60% of annual economic output of most nations (Edoho, 2016; Eniola & Entebang, 2017). The failure of SMEs in any nation therefore constitutes a concern to most citizens because of the impact on their socioeconomic lives (Leitch & Volery, 2017; Wall & Bellamy, 2019). In this qualitative exploratory case study research design, I examined how owners and managers of SMEs in a major urban area of Nigeria could obtain the knowledge discovery strategies that they might use to recognize and address early the onset of financial problems that affect SMEs within 5 years of establishment.

In this chapter, I established the background of the study, the problem statement, the purpose of the study, the research question, the conceptual framework that informed the study, the nature of the study, definitions, assumptions, scope, and delimitations. I also addressed the limitations, significance of the study, and the implications for social change. Finally, I provided a summary of Chapter 1, and I introduced the transition to the subsequent chapters.

Background of the Study

The United States Bureau of Economic Analysis (BEA) established that during the fiscal year 2018, the United States had a gross domestic product (GDP) output of over US\$20 trillion, with SMEs accounting for over 70% of this sum (Mataloni, 2019). Since 2015, SME owners and managers have created on average over 1.9 million jobs in the United States (Mataloni, 2019). The European Commission in its 2016/2017 annual report on European SMEs established that in the 28-member nation union, 99.8% of businesses operating in the nonfinancial sector during the 2016 fiscal year were SMEs (Muller et al., 2017). In the same year, SME owners and managers employed about 93 million people, which represented 67% of total employment in the EU-28 nonfinancial business sector (Muller et al., 2017). Furthermore, owners and managers of SMEs in the block contributed about 57 % of the economic value created and provided 70 % of total employment in the retail and wholesale sectors of the European Union (Muller et al., 2017).

In the Middle East and Asia, SME owners and managers employ over three-quarters of the population of each country in the region (Galloway et al., 2017). In Africa,

SMEs represent the sector with the highest promise of growth considering the youthful African population as well as the market growth opportunities (Oduro & Nyarku, 2018). Small and medium enterprise owners and managers employ on average, 90% of the working population in most countries across the African continent (Eniola & Entebang, 2017; Sheriff & Muffatto, 2015).

SMEs in developing countries have a failure rate almost twice that of SMEs in developed economies (Wang, 2016). With an estimated U.S. \$2 trillion financing shortfall and where access to startup or expansion finance is a major challenge for small business owners, the failure of SMEs in developing countries every year remains a concern to governments, employers, employees, and the wider society (Edoho, 2016; Gbandi & Amissah, 2014; Kumar & Rao, 2015). This is such a paradox when it is established that small and medium enterprise owners and managers in developing countries around the world create, on average, about 70% of all jobs (Edoho, 2016; Kehinde, 2015).

In Nigeria, a nation of about 200 million people and annual GDP more than U.S. \$400 billion, small and medium enterprise owners and managers contribute less than 50% of the GDP output (Ilegbinosa & Jumbo, 2015). This is the case even though SMEs constitute over 90% of the nation's businesses (Edoho, 2016). Similarly in Kenya, SMEs account for over 90% of the country's businesses, but this translates to just under 5% of the nation's GDP output of over U.S. \$70 billion (Kilonzo & Ouma, 2015). Ghana's GDP is about U.S. \$40 billion and SMEs account for about 92% of the country's businesses,

yet their contribution to GDP is under 10% (Kumar & Rao, 2015; Oduro & Nyarku, 2018).

Researchers have published extensively about the high rate of failure of SMEs in Nigeria because of financial problems (Anigbogu et al., 2015; Kehinde, 2015; Nassar & Faloye, 2015; Sheriff & Muffatto, 2015). These researchers have focused on the causes of financial problems in SMEs and provided recommendations on how to address the diverse problems. However, the ability of owners and managers of SMEs to recognize the early onset of these financial problems when managing their businesses remains an under-researched area of inquiry. This early recognition ability was the knowledge gap that I addressed in this study.

This study was needed because the failure of SMEs has a direct effect on the ability of a nation's economy to function effectively (Eniola & Entebang, 2017; Sambharya & Rasheed, 2015). SME owners and managers in developing countries continue to struggle and fail in their businesses due mainly to financial problems (Branicki et al., 2017). The ability of SME owners and managers to manage their firms' finances in an efficient manner is necessary for their long-term success (Kilonzo & Ouma, 2015). While financial problems remain a concern for SME owners, managers, and the wider society (Wang, 2016), they are problems that if recognized early enough at their onset may be minimized and kept under control by the business owners and managers while managing their businesses. This fact underscored the need for an in-depth understanding of the knowledge discovery strategies that small and medium

enterprise owners and managers might use for recognizing the onset of financial problems when managing their businesses, hence this study.

Problem Statement

In Nigeria, less than 50% of SMEs remain financially viable beyond 5 years after establishment (Eniola & Entebang, 2017). This is a disturbing data given that 97% of Nigerian businesses are categorized as SMEs that are responsible for providing 70% of total industrial employment in the country (Eniola & Entebang, 2017). The general problem is that there is a high rate of failure of SMEs in Nigeria (see Ajayi, 2016).

Researchers have adduced several reasons why financial problems continue to cause SMEs to fail in Nigeria. They include lack of access to capital, mismanagement of working capital, weak internal financial control systems, high cost of borrowing, multiple taxation, insecurity, poor infrastructure, and high cost of sourcing raw materials (Ajayi, 2016; Anigbogu et al., 2015; Uchegara, 2017). Despite the consensus among scholars that this is an on-going problem that requires continuous monitoring and assessment of solution options, little has been done to explore possible strategies for identifying the above problems at the early stages when the SME owners and managers start experiencing them. The specific problem is that owners and managers of SMEs in a major urban area of Nigeria may lack the knowledge discovery strategies for recognizing the onset of financial problems at inception when managing their SMEs.

Purpose of the Study

The purpose of this qualitative exploratory multiple case study research design was to explore how owners and managers of SMEs in a major urban area of Nigeria

could obtain the knowledge discovery strategies for recognizing the onset of financial problems at inception when managing their SMEs. The units of analysis were owners and managers of SMEs in a major urban area of Nigeria who have managed their businesses successfully for more than 5 years after establishment. I collected qualitative data mainly through semi structured interviews with small and medium enterprise owners and managers from this major urban area of Nigeria. To achieve triangulation, I collected additional data from peer-reviewed and current scholarly journals, as well as seminal papers in order to affirm the trustworthiness of the phenomenon that I was researching (see Patton, 2015; Rittenhofer, 2015).

Research Question

The central research question for this qualitative exploratory multiple case study research design was: How can owners and managers of SMEs in a major urban area of Nigeria obtain the knowledge discovery strategies for recognizing the onset of financial problems at inception when managing their SMEs?

Conceptual Framework

The conceptual framework that guided this qualitative exploratory multiple case study research design was the realms of entrepreneurial finance framework (REFF). Based on the work of Clement and Silvernagel (2019), the REFF describe the realms of awareness and influence of owners and managers of SMEs as they take important financial management decisions daily while managing their businesses. The REFF is a systematic structure and process flow through which linkages are established between the knowledge of the means and the phenomenon of interest of owners and managers of

SMEs towards attaining firm-wide performance and sustainable competitive advantage (Clement & Silvernagel, 2019; Wall & Bellamy, 2019).

Set in context, Clement and Silvernagel (2019) conceptualized the REFF by categorizing them into 12 components which are logically presented to support the framework. The 12 components of the REFF are (a) availability of capital, (b) economic conditions, (c) political constraints, (d) market dynamics, (e) competition for capital, (f) gender and racial bias, (g) personal finance, (h) financial intelligence, (i) means assessment, (j) business model, (k) social and professional network, and (l) financial options assessment. The authors organized the 12 components into two broad categories namely the realm of awareness and the realm of influence. The first six components are in the realm of awareness which posits that small and medium enterprise owners and managers experience limitations with these components despite being fully aware of the implications. The second set of six components is in the realm of influence which recognizes that small and medium enterprise owners and managers who seek or manage finance need to understand what components they can influence and which ones they cannot influence (Clement & Silvernagel, 2019).

The REFF reinforces the importance of how SME owners and managers may be better prepared to control any financial problems that they face if they become aware and recognize them when the problems are still at the early stages. In this study, I sought to explore the knowledge discovery strategies that small and medium enterprise owners and managers may use for recognizing the onset of financial problems at inception when managing their businesses. The REFF and its components reinforced the qualitative

exploratory multiple case study design that I employed for this research. The framework also aligned with the research question. The REFF provides an in-depth discussion about the causes of financial problems and how entrepreneurs must have the ability to control all aspects of their firms' finances (Clement & Silvernagel, 2019; Read et al., 2017).

Nature of the Study

I used a qualitative exploratory multiple case study research design for this study. I identified common themes that emerged from interviewing owners and managers of successful SME that have managed their businesses in a major urban area of Nigeria for over 5 years. The phenomenon of interest was the early recognition of the onset of financial problems by SME owners and managers. Scholars have affirmed the appropriateness of qualitative case study design when the researcher seeks to answer the *why* and *how* questions in a study (Stake, 2015; Yin, 2017). The questions may be explanatory, exploratory, or descriptive, and the designs can be single or multiple case study interpretive analysis (Lester et al., 2020). Because of my desire for an in-depth exploration of the financial management practices of owners and managers of SMEs across diverse industries, I used a multiple case study design, which involved the collection and interpretation of descriptive information from four SME owners and managers from each industry and across five industry sectors. Their businesses must also be in a major urban area of Nigeria and must have been in operation for more than 5 years. Vohra (2014) described multiple case study design as an interpretive and naturalistic approach to research. While a single case study is also conducive for the

generation of interpretative data, a single case study presents only one case, unlike a multiple case study design that consists of various cases, thereby affording greater opportunity for triangulation and reliability (Patton, 2015).

The university approved online data collection via Zoom rather than the planned face-to-face contact with the research participants due to Covid-19 concerns. I collected primary data through semi structured interviews with the SME owners and managers. In addition, I collected some secondary data from the Central Bank of Nigeria (CBN) on the financing of SMEs in Nigeria. I also collected relevant secondary data from the Small and Medium Enterprise Development Agency of Nigeria (SMEDAN). I analyzed the data with NVivo 12 qualitative data management software with which I established common themes in the financial management skills of the successful SME owners and managers that I interviewed. I provided more details of this data collection technique in Chapter 3.

Definitions

Financial Knowledge: The ability to demonstrate an understanding of a wide range of basic financial concepts present in a business (Filho et al., 2017). This may involve applying original thinking skills to support decision making across several financial matters (Chawinga & Chipeta, 2017).

Resilience: The ability to revert to pre-existing equilibrium after absorbing external shocks and responding accordingly to preserve existence, and an adaptive capacity that builds resistance over time (Conz et al., 2017). The above definition establishes that external shocks notwithstanding, the ability of SMEs to learn from a

temporary setback, absorb shock, manage disruption, and increase learning as an organization are necessary for resilience (Uduma & Wali, 2016).

Small and Medium Enterprise: Small business with less than 250 employees and whose turnover does not exceed 50 million Euros (Muller et al., 2017).

Small and Medium Enterprise Financial Problems: The internal or external problems that arise from capital shortage, taxation and regulations, weak internal financial control, mismanagement of working capital, and competitive pressure when owners and managers are managing their SMEs. They also include (a) difficulty in sourcing raw materials, (b) logistical complexity, (c) low asset capacity utilization, (d) poor financial management skills, (e) frequent government policy changes, and (f) multiple taxation (Rittenhofer, 2015).

SMEs in Nigeria: Small to medium sized businesses in Nigeria employing between 10 and 300 persons and reporting a turnover of between 20 million and 100 million Naira (Edoho, 2016).

Assumptions

I conducted this study under the primary assumption that successful SME owners and managers had the knowledge discovery strategies for recognizing the onset of financial problems when managing their businesses. I also assumed that owners and managers of successful SMEs would provide honest information regarding the steps they had been taking to keep their businesses profitable and sustained beyond 5 years when many others failed. While my assumptions might have been right or wrong in the end, they were necessary in this study. I had to recognize the existence of assumptions in order

that my research would have a basis upon which it was being undertaken and to be able recall these assumptions when the results are generated and interpreted (see Rubin & Rubin, 2012).

Scope and Delimitations

Scope of Study

I limited the scope of this study to the owners and managers of successful SMEs operating in a major urban area of Nigeria who have managed their businesses for 5 years and longer. The participant sample size was four SME owners or managers each from five different business sectors, namely (a) retail supermarkets, (b) quick-service restaurants, (c) microfinance banks, (d) information technology, and (e) professional services. Marshall and Rossman (2015) affirmed the appropriateness of a small sample size when the researcher seeks to obtain a deeper insight into the lived experiences of the research participants.

Delimitations

In line with Patton (2015), I deliberately narrowed the scope of this research to SME owners and managers in the five business sectors outlined above and no more. This group formed the interview participants, and they had operated their businesses from this major urban area of Nigeria for 5 years or longer. The semi structured interviews took place in the business premises of the SME owners and managers where they daily live their business experiences in practical terms.

Limitations

Qualitative researchers face a challenge with establishing generalizability of their findings (Yin, 2017). A study may be criticized because of the format through which the data are collected, and the interpretation may even suffer a greater degree of criticism from peers. Qualitative exploratory case study has several challenges especially with respect to the methods of data collection, interpretation, as well as the perceived unrepresentativeness of the sample sizes (Yin, 2017). The researcher is responsible for ensuring that data collected are reported in the actual letter and spirit so that discrepancies are transparently captured and reported, and any trace of biases are eliminated (Rubin & Rubin, 2012). Furthermore, I conducted the interviews with the SME owners and managers in the natural locations of their businesses, as such it might be difficult to rely on the findings as a basis for generalizing the outcome when the same study is carried out in other environment and other climes with different operating conditions.

Significance of the Study

The significance of a doctoral study is that the researcher's work contributes to the advancement of the body of knowledge of the subject area within the wider field of discipline (Wallace & O'Farrell, 2013). The study must be original in thought and convincing in evidence which the researcher may demonstrate either by bringing to the fore, new facts that did not previously exist or by applying independent and novel thinking skills to create new knowledge (Wallace & O'Farrell, 2013). I studied successful rather than failed SMEs in a major urban area of Nigeria. I believed that an understanding of the knowledge discovery strategies employed by the owners and managers of the

successful SMEs for recognizing the onset of financial problems might provide a solution that could form original contribution to the body of knowledge of SME finance literature within the strategic management field.

This research is original because I conducted the study with primary data, and I carried out detailed analysis and diagnosis of the findings before I published the results. I have discovered new facts, having explored how the participant SME owners and managers across the five business sectors in this major urban area of Nigeria were able to obtain the knowledge discovery strategies for recognizing the early onset of financial problems. I inquired about the ways they have been able to overcome their financial problems and succeed despite the high rate of failure of SMEs in Nigeria (see Edoho, 2016; Nassar & Faloye, 2015).

Significance to Practice

This qualitative exploratory multiple case study research design may support professional practice in management and may inform government, businesses, multilateral agencies, and policymakers to recommend the adoption of the outcome of this study as a way for new and existing but struggling SMEs to manage their financial problems in order increase their chances of success (see Rittenhofer, 2015; Sambharya & Rasheed, 2015). This study may also be significant to management practitioners who provide consulting and professional advisory services to SME managers and owners in this major urban area of Nigeria and beyond on handling financial problems and a wide range of other business and management issues.

Significance to Theory

The findings from this study may have significance in creating new theory by contributing to the body of knowledge in the SME literature. Researchers have written about the failure of SMEs (Botta, 2019; Kehinde, 2015; Rittenhofer, 2015). This study may address the gap in the literature as there appears to be little research specifically on how owners and managers of SMEs can obtain the knowledge discovery strategies for recognizing the onset of financial problems at inception when managing their businesses. This would allow them to take prompt actions towards addressing these problems early. Beyond looking at successful versus failed SMEs, I have also used this study to carefully examine the critical turning points at which the symptoms began to manifest and how the successful SME owners and managers developed the recognition strategies to spot these points and developed counterstrategies for mitigating them.

This study may also assist future researchers in their ability to probe, on a deeper level, the financial problems of SMEs by looking at every stage of the SME life cycle from inception to growth, to shakeout, to maturity, and decline (see Filho et al., 2017). This knowledge may also enable scholars to have a better understanding of the nature of problems that SME managers and owners experience at each stage as their businesses evolve. This may help them to develop solutions that are appropriate for each stage based on the peculiarity of each problem. Researchers may also wish to expand the scope of this study by applying the proposed early problem recognition strategies to SMEs in other sectors excluded in this study, as well as to large scale enterprises which this study also excluded.

Significance to Social Change

Walden University requires that the work of their doctoral research candidates be extended to address one or more societal issues with a view to contributing to effect positive change on those issues. This study aligned with the problem statement, which constitutes a concern to society. SME owners and managers provide employment to most citizens in all countries of the world (Edoho, 2016; Rittenhofer, 2015). The findings and conclusions drawn from this study if successfully implemented by SME owners and managers, may assist in the preservation of jobs which are lost regularly because of failed SMEs.

Owners and managers of successful SMEs who have overcome financial problems have not only preserved their businesses but have helped to preserve many jobs that would have been lost from the failure of their businesses. When jobs are lost, the effect is not only on the individual employee who loses the job, but it extends to all other persons who directly or indirectly depend on the individual for their source of livelihood or support in some way. Failed SMEs impose costs on the society as the number of jobless and welfare-dependent citizens may increase (Wall & Bellamy, 2019). Successful SME owners and managers that provide jobs for citizens of the society help to address the problems thereby contributing to advancing positive social change.

Summary and Transition

In this chapter, I established an alignment among the problem statement, the purpose of the study, the research question, the conceptual framework as well as the nature and significance of the study. I identified the unit of analysis as owners and

managers of successful SMEs in a major urban area of Nigeria who have successfully owned or managed their businesses for 5 years and longer. I established that the purpose of this case study was to explore how SME owners and managers in a major urban area of Nigeria might obtain the knowledge discovery strategies for recognizing the onset of financial problems when managing their businesses.

In Chapter 2, I conducted an extensive review literature related to SME financial problems; with a view to understanding what researchers are focusing on, and to identify gaps in the literature so I could situate my study. I expatiated on the conceptual framework that guided the study, and I established a thrust for my research to address the gap in literature. I searched literature to find out about strategies that SME owners and managers could use for recognizing early, the onset of financial problems when managing their businesses.

In Chapter 3, I discussed the research method that I employed for the study and provided justification for the choice of this method with respect to the research strategy, the sampling methodology, as well as the data collection and analysis protocols. In Chapter 4, I communicated the results of my findings from data analysis as well as the evaluation and synthesis of the themes of the results. In Chapter 5, I provided the summary and conclusions of my study. I identified the social change implications of the study; I also provided a brief reflective analysis of the themes that emerged in Chapter 4. Finally, I provided recommendations for future research.

Chapter 2: Literature Review

The general problem was a high rate of failure of SMEs in Nigeria (Ajayi, 2016). The consequence of this is that less than 50% owners and managers of SMEs in Nigeria remain financially viable in their businesses 5 years after establishment (Anigbogu et al., 2015; Uchehara, 2017). The specific problem was that most owners and managers of SMEs of a major urban area of Nigeria may not have the knowledge discovery strategies for recognizing the onset of financial problems that may lead to the failure of their businesses within 5 years of establishment.

The purpose of this qualitative exploratory multiple case study research design was to explore how owners and managers of SMEs in a major urban area of Nigeria might obtain the knowledge discovery strategies for recognizing the onset of financial problems at inception when managing their SMEs. Scholars have identified a plethora of reasons why a significant number of SMEs especially in developing countries continue to fail within 5 years of their establishment. Top among these reasons relate to financial problems (Edoho, 2015; Oduro & Nyarku, 2018; Sheriff & Muffatto, 2015). There is a dearth of research on how owners and managers of SMEs may obtain the knowledge discovery strategies for recognizing the onset of financial problems when managing their businesses.

In Nigeria, small and medium enterprise owners and managers face financial and other problems as they pursue growth and attempt to innovate, be it incrementally or radically (Eniola & Entebang, 2017; Ilegbinosa & Jumbo, 2015; Uduma & Wali, 2016). Previous scholars focused mainly on identifying several financial problems that SME

owners and managers face and they recommended ways of addressing the problems. There is however paucity of research that explore the possible benefits to owners and managers of SMEs of obtaining the knowledge discovery strategies for recognizing early, the onset of financial problems when managing their businesses.

I divided this chapter into four main sections. In Section 1, I discussed the literature search strategy that I adopted for the study. In Section 2, I expounded the conceptual framework that underpinned this study. In the third section, I conducted a review of literature on SMEs with emphasis on financial problems. I concluded the chapter with a summary of the literature review, and I drew preliminary conclusions.

Literature Search Strategy

The strategy that I used to search the literature was first to look for a wide-range of peer-reviewed journals related to finance on SMEs. I narrowed my literature search to peer-reviewed journals published between year 2015 and year 2021. With a few exceptions, I also reviewed some important journal articles and seminal works that were produced outside the specified window. The library databases that I used include (a) Walden University library, (b) Sage journals, (c) Emerald insight, (d) Academic Source Complete, and (e) Directory of Open Access Journals. I also used Academic Search Complete and ProQuest which are multidisciplinary databases. The search engines I used include Google Scholar, Google Advanced Scholar, Bielefeld Academic Search Engine (BASE), Microsoft Academic, and CORE. The key search terms that I used to conduct the literature search include *financial problems, onset, recognition, crises management, owner-managers, and sustainability*. I also used these combination of search terms:

SMEs, financial problems in SMEs, onset of financial problems in SMEs, SME financial risk management, SME innovation and creativity, SMEs in developing countries, SMEs in Africa, and SMEs in Nigeria.

To identify relevant scholarly works that are like my area of study, I searched in *ResearchGate* for published dissertations and peer reviewed journals that had similarities with my area of inquiry. As my research methodology was qualitative, I searched key methodology journals and books to locate relevant multiple case study articles that were published between 2015 and 2021. These included *Qualitative Inquiry*, *Qualitative Research*, and *Qualitative Report*. I also searched current peer reviewed qualitative business and management journals that have published literature on SMEs from 2015 to 2021. These included (a) *Journal of Small Business and Entrepreneurship*, (b) *International Small Business Journal*, (c) *Strategic Management Journal*, (d) *Journal of Small Business and Enterprise*, (e) *Journal of Entrepreneurial Finance*, (f) *Small Business Economics*, (g) *Journal of Behavioral Finance*, (h) *Academy of Management Journal*, and (i) *Journal of Developmental Entrepreneurship*. I used search terms like *SME problem recognition, the onset of financial problems in SMEs, the operating model of SMEs in emerging markets, the causes of SME failure within 5 years of establishment, and financial problems of SMEs in the 21st century.*

Conceptual Framework

The conceptual framework that guided this qualitative exploratory multiple case study research design was the realms of entrepreneurial finance framework (REFF). Based on the work of Clement and Silvernagel (2019), the REFF refers to the realms of

awareness and influence of owners and managers of SMEs as they take important financial management decisions daily while managing their businesses. By becoming aware of and taking action to control financial problems in their businesses that otherwise might have been out of control, SME owners and managers may be in a better position to align their business operations with their financing requirements despite the challenges and uncertainties that they face daily (Clement & Silvernagel, 2019).

Based on the peculiar circumstances under which SME owners and managers operate, they face more difficult operating conditions than corporate managers in large scale organizations who work under structured organizational settings (Clement & Silvernagel, 2019). Corporate financial managers in large scale organizations operate under predetermined set of rules and guidelines for managing the finances of their organizations on behalf of their employers and other stakeholders (Clement & Silvernagel, 2019). This distinction between corporate finance and SME finance reinforces the fact that small and medium enterprise owners and managers operate under conditions of risk and uncertainty especially as it concerns their financial management practices (Funken et al., 2018). Thus, SME owners and managers need to ensure that the investment and financing decisions they make for their firms are geared towards consistent good return on their investment.

Lindh and Thorgen (2016) advised SME owners and managers that despite the operational pressures they face, they must pay close attention to the financial health of their firms which they likened to the continuous supply of oxygen that humans need to stay alive. Lindh and Thorgen further advocated the concept of reflective learning to help

small and medium enterprise owners and managers recognize critical event points and be able to respond accordingly to mitigate any adverse effects on their businesses. Gopinath and Mitra (2017) observed that in conceptualizing the REFF, SME owners and managers must understand that the most important skill they need is how to secure the financial wellbeing of their businesses. This may provide them with the necessary impetus for continuous performance as they sense, seize and reconfigure their organizational capabilities to leverage internal and external opportunities (Johnson et al., 2020).

SME owners and managers must be able to use their entrepreneurial skills to instill the right financial behavior and control practices over their businesses (Edoho, 2016). By so doing, they may be able to guard against revenue leakages, financial mismanagement, operational inefficiencies, and cost overruns. In addition, SME owners and managers that understand and uphold the right financial control practices may be better prepared for unforeseen potential financial problems because they are nimble and are able to spot such problems in their latent forms and take preventive actions on such problems before they become unmanageable (Kilonzo & Ouma, 2015).

For small and medium enterprise owners and managers, just as an understanding of the dynamics of their firms' capital structure is important, so is the way they source financial capital for their businesses (Eniola & Entebang, 2017). SME owners and managers must therefore be vigilant to recognize when a mix of financing may do more harm than good for their businesses. For instance, the timing and proportions of debt and equity to use for financing their businesses must be well understood. SME owners and managers may be able to attain this recognition potential if they regularly review their

financing strategy by identifying the benefits and costs of the capital mix with which they finance their businesses in the short and long term.

Cowdean et al. (2019) advocated the adoption of an innovative framework that considers the financial sustainability practices of SME owners and managers. Furthermore, Kanojia et al. (2020) argued for a review of how SME owners and managers interact with other key stakeholders such as government, customers, and suppliers with respect to the influence that these groups may have on the SME owners and managers as they manage their businesses. When taken into perspective, the influence of these groups may have serious consequences for the owners and managers of SMEs and by implication, the sustainability of their businesses.

A gap in the literature exists in the dearth of research about knowledge discovery strategies that SME owners and managers may use for recognizing the onset of financial problems that may lead to the failure of their businesses within 5 years of establishment. As the financial conditions of their businesses begin to show signs of weakness, many SME owners and managers fail to pay attention to the early warning signs (Oduro & Nyarku, 2018). They are preoccupied with balancing operational efficiency with strategic agility in the face of intense competition, but despite these efforts, their financial problems may continue to get more complicated if the owners and managers do not pay proper attention to them especially at the early onset (Oduro & Nyarku, 2018). Thus, the need for effective financial oversight on the part of SME owners and managers while managing their businesses cannot be overemphasized. To engender financial viability of

SMEs, there is a need for hands on and tight financial monitoring and control by their owners and managers.

While the pressure on small and medium enterprise owners and managers is understood, it may be necessary for them to acquire the knowledge discovery strategies for recognizing the onset of financial problems. This may help them to address financial problems early and to mitigate the possible negative impact on their businesses when financial problems become overwhelming. When financial problems in SMEs are kept under control, the managers and owners may be able to spend their time and resources on pursuing innovation, creativity, process optimization, value chain efficiency, economies of scale, and sustainable competitive advantage for their businesses (Chawinga & Chipeta, 2017).

A good understanding of the concept of financial ratio analysis such as liquidity ratios, profitability ratios, solvency ratios, balance sheet ratios, and other management ratios may assist small and medium enterprise owners and managers to have a better understanding of how to measure the financial performance of their businesses especially in the near term (Botta, 2019). While the benefits of the correct interpretation and use of these ratios may be obvious, focusing on ratios alone may not provide all the answers when hands-on management and deliberate effort to control a firm's financial affairs are lacking (Botta, 2019). Ratios may be susceptible to elements of subjectivity and biased reporting; therefore, users of ratio information must always maintain an objective view especially when the ratios do not present good outcomes (Filho et al., 2017). The discipline of paying close attention to the ratios as they increase or decrease and being

able to interpret their direct and indirect implications is one that SME owners and managers must possess in no small measure (Botta, 2019). Financial ratio analysis provides business owners and managers with some important information regarding what is going on within their firm. The information should be carefully interpreted and the limitations with overuse of ratios must also be recognized to avoid the surrogacy trap.

Eniola and Etenbang (2017) emphasized that SME owners and managers need to demonstrate a high level of understanding of financial matters by applying the right knowledge to facilitate decision making regarding all aspects of their businesses. For instance, the capital structure decisions by SME owners and managers cannot be at the behest of the banks or financial institutions (Kraus et al., 2019). These external institutions are not directly involved in the day-to-day management of the businesses that they support, but they may have a general knowledge of how SME owners and managers run their business operations and generate revenue (Lundmark et al., 2019). Therefore, the way SME owners and managers raise financial capital for their businesses may be an important indicator of how effective they are as business owners and managers.

The decision about the type of financing and the proportions of debt and equity financing that SME owners and managers use in their businesses will depend on their ability to estimate the operational, business, and strategic risk profiles of their firms and value these in financial terms (Eniola & Entebang, 2017; Pacheco & Tavares, 2017). In conceptualizing a firm's capital structure which describes the proportion of debt and equity capital with which the firm's managers finance their business, the benefits and costs of each financing option must be well understood (Keasey et al, 2015). There are

benefits and costs to taking on debt or equity capital. The benefits may help SME owners and managers realize their business objectives while poor financial decisions that impose costs on an organization may signal the onset of financial problems. According to the pecking order theory, business owners and managers will generally prefer to use retained earnings, followed by debt, then equity in that order to raise finance for their business operations as well as long term investments (Bhama et al, 2019; Brealey et al, 2018).

There is evidence in the literature that retained earnings are the most preferred way of raising capital by SMEs before they then consider using debt and then equity (Gbandi & Amissah, 2014; Kehinde, 2015; Kumar & Rao, 2015). Retained earnings are funds that the firm might have saved up from its business earnings over time, made possible by prudent financial management. SME owners and managers nonetheless may choose to not follow the pecking order but may elect to be dynamic in the order in which they finance their businesses depending on the peculiar circumstances they face (Bhama et al., 2019). The situation might be different for a new firm that does not have retained earnings from which to draw. As such, the owners or managers may be left with no other option but to choose from debt or equity to finance their business operations, which may eventually lead to financial problems. Research on the ability of SME owners and managers to obtain the knowledge discovery strategies for early recognition of financial problems is limited, there is therefore a need to conduct a study in this area.

Recent studies around the subject have focused on the general problems that SMEs face that lead to their failure (Chawinga & Chipeta, 2017; Eniola & Entebang, 2017; Oduro & Nyarku, 2018). In this study, I focused on how SME owners and

managers in a major urban area of Nigeria may obtain the knowledge discovery strategies for recognizing the onset of financial problems early while managing their businesses. By having the knowledge for recognizing financial problems early, SME owners and managers may be able to promptly address these problems before they become unmanageable or difficult to address. The lack of knowledge discovery strategies by SME owners and managers for recognizing the onset of financial problems may be responsible for the continuous failure of SMEs.

Literature Review

The objective of this literature review was to examine the existing literature related to SME financial problems. In this section, I reviewed literature in the following areas: SME financial management practices, SME capital structure decisions, business and financial risk management in SMEs, and SME global growth challenges with perspectives from different regions and markets.

Financial Management in Small and Medium Enterprises

As the world of business becomes more prone to disruption, SME owners and managers in the 21st century are operating in a volatile and complex environment (Eniola & Entebang, 2017). Therefore, they need a good understanding of the competitive environment in which they operate. To remain competitive, SME owners and managers also need an understanding of how to manage their financial resources to keep them away from financial distress (Eniola & Entebang, 2017). Researchers have established that there is a direct relationship between knowing how to start and operate a business and

having the right set of skills to ensure the sustainability of the business over the long term (Botta, 2019; Freel & Robson, 2017; Leitch & Volery, 2017).

One of the ways to remain in business and remain profitable may be how SME owners and managers administer their firms' finances in the short term to the long term while managing their businesses. Eniola and Entebang (2017) posited that the modern day complexity that SME owners and managers face requires them to obtain sufficient education in the areas of financial control and financial management. This position agrees with Lindh and Thorgren (2016) who submitted that SME owners and managers who are financially knowledgeable are better able to manage their firms' financial affairs than those who lack the basic financial management skills. Finance savvy SME owners and managers may be better able to exercise stronger oversight around different aspects of their businesses, especially in relation to efficient management of their finances.

Lindh and Thorgren (2016) further argued that successful SMEs are likely to be owned or managed by entrepreneurs who have a good understanding of financial management principles. An understanding of the various financial tools available to SME owners and managers for administering their firms' finances may help in addressing the common financial problems that SME owners and managers fall into while running their businesses. Add examples, synthesis, and summary to fully develop the paragra.

Győri et al. (2019) employed multiple approaches to assess the financial culture of a firm. They considered the way the management handles financial problems, the level of knowledge of those directly managing the firm's finances, and the way the firm's managers embrace the use of modern day tools and processes for financial management

as being central to a firm's financial wherewithal. Gyóri et al. (2019) found that the level of financial education of SME owners and managers plays an important role in enhancing the probability of success in the firm's financial management practices. Being educated in financial matters can be a good source of competitive advantage for an SME owner or manager; one that other SME owners and managers who lack such knowledge may not have.

The need for financial literacy on the part of SME owners and managers cannot be over emphasized. The high rate of failure of SMEs may not be unconnected with the lack of adequate financial literacy among SME owners and managers (Funken et al., 2018). Wall and Bellamy (2019) described financial management as an area that requires hands on involvement by SME owners and managers as they make decisions around a wide range of activities that their firms engage in daily. They found that to a large extent, financial related decisions account for most of the decisions taken by SME owners and managers daily. Some of the decisions are basic such as keeping and monitoring the list of creditors and payment due dates, monitoring debtors and payment due dates, and maintaining minimum cash balance level while other decisions such as dealing and negotiating with third party suppliers and fraud prevention may not be as straight forward (Chakraborty, 2019). A lack of knowledge on the part of SME owners and managers about their firms' financial management processes may limit the opportunities available to their firms to take better control of their financial management processes. The competitive landscape in the 21st century has shifted in many ways. A good working knowledge of financial data analysis and interpretation is important for SME owners and

managers in order to be able to recognize any potential financial problems early and to address them promptly.

There is a convergence of opinion in the literature, that SME owners and managers who lack financial management ability may put their firms in a position where they find it difficult to compete in their industry (Ajayi, 2016; Edoho, 2016; Eniola & Entebang, 2017; Lindh & Thorgren, 2016). The extent to which an early recognition of financial problems by SME owners and managers might lead to a reduction in the high rate of failure of SMEs within 5 years of their establishment is an area that has received little attention in the literature.

The ability of SME owners and managers to have a systematic and structured approach to managing their firms' finances is important for recognizing problem areas that may threaten the wellbeing of their businesses (Lindh & Thorgren, 2016; Oduro & Nyarku, 2018). For instance, the SME owner or manager needs to understand how to recognize what constitutes an asset for the business and what constitutes a liability to the business. The complexities surrounding the handling of these aspects may need more than the application of groupthink or guess work on the part of the SME owners and managers about how to manage their businesses successfully.

The relentless competitive pressure of operating a business in the 21st century makes it mandatory for SME owners and managers to upscale their knowledge base and maintain a continuous learning attitude on the dynamics of their businesses in order to remain viable. SME owners and managers take many important financial decisions as

they manage their businesses daily, they need to have sufficient financial management skills to keep their firms' finances in good position.

Financial management in SMEs is an important aspect of overall business management (Wall & Bellamy, 2019). The responsibility of financial management does not solely rest with corporate financial managers, albeit they are primarily responsible for managing the financial affairs of a firm. The senior managers and owners of the firm are equally expected to have an up-to-date knowledge of their firms' financial management processes (Leitch & Volery, 2017). The management of working capital albeit short term, is an integral part of the long term financial management process. Filho et al. (2017) submitted that the financial management process comprises short term and long term components.

Long term financial management components relate to strategic investment or financing decisions that will have long-term effects on an organization. Aspects such as fixed asset acquisition, capital investments, expansion, divestment, and so forth are long-term in nature. Short-term horizon requires decisions about the day-to-day management of a firm's working capital items such as payables, receivables, inventory management, cash management, supplier management, short-term expenses, and so forth (Filho et al., 2017). Eniola and Entebang (2017) argued that owners and managers of SMEs must understand the need to monitor the vagaries to which their businesses may be exposed and ensure they keep a close watch over the management of their businesses in the short and the long term. There is a growing call for the need for financial literacy among owners and managers of SMEs to prevent their firms from falling into financial problems.

Short Term Financial Management

Studies about short-term financial management in SMEs abound in the literature (Louw et al., 2019; Panda et al., 2020; Wasiuzzaman, 2015). Panda et al. (2019) described short-term financial management as the way firm owners and managers maintain their firms' operations by carefully achieving a balance between the recurring revenue and expenditure cycle over a short period of operation, usually from one day to one year. Components of short-term financing sources include account payables, account receivables, inventory of raw materials, work in progress, and finished goods, as well as cash (Chauhan, 2018).

Bhatia and Srivastava (2016) observed that an important aspect of short-term financial management is understanding the lived experiences of SME owners and managers as they manage their businesses daily. An important part of their daily lived experiences may help them uncover how well they are doing in the day-to-day financial management aspect of their businesses. In the short term, owners and managers of SMEs take many decisions that may affect one or more parts of the firm in no small way, especially if there is no clearly defined underlying management philosophy (Louw et al., 2019).

In the spirited effort to keep business operations at an optimal level, owners and managers of SMEs may become unintentionally negligent in keeping a close watch over the pattern of their financial performance (Botoc & Anton, 2017; Wasiuzzaman, 2015). The failure of SME owners and managers to pay close attention to the important aspect of their firm's financial management practices in the short term has been identified by

researchers as being one of the leading causes of business failure (Chauhan, 2020; Paul & Mitra, 2018). Previous researchers have not considered the aspect of the ability of SME owners and managers to obtain the knowledge discovery strategies for recognizing the onset of these problems and address them appropriately.

Lindh and Thorgren (2019) argued that the cognitive process through which SME owners and managers run their businesses are like “risky and uncertain but critical events” (p.526) that must be recognized promptly and that the managers must cultivate a learning attitude devoid of inertia. SME owners and managers must not just be proactive at embracing learning and paying attention to the little details around their financial and overall firm management practices; they must be “systematic, intentional, and disciplined” (Lindh & Thorgren, 2016, p.525).

Researchers have established a direct relationship between efficient short-term financial management and profitability in SMEs (Panda et al., 2020; Paul & Mitra, 2018; Singh & Chauhan, 2020). This indicates that owners and managers of successful SMEs can maintain financial discipline and preserve their revenues. There is little evidence that these researchers considered elucidating financial discipline or linking the success of these SMEs to the likelihood that their owners and managers might have obtained the knowledge discovery strategies for timely recognition of the onset of financial problems that could have caused their businesses to fail. A further investigation of the literature on financial management especially working capital management, and the associated components will be necessary for this study.

Long Term Financial Management

Long-term financial management relates to the overall management strategy for ensuring organizational financial wellbeing in the long term, usually beyond one year (Chauhan & Singh, 2019). The need for SME owners and managers to embrace strategic management approaches for managing their firms' finances has been emphasized in the literature (Chauhan & Singh, 2019; Karadag, 2015; Tokgoz, 2019). Small and medium enterprise owners and managers whose businesses fail due to financial problems might have operated with a short-term disposition. Short-termism makes SME owners and managers fixate on maintaining operational efficiency daily while they find it difficult to concurrently maintain a holistic and strategic outlook in the management of their financial matters (Raza-Bilal et al., 2017). Such managers may be managing their firms at suboptimal levels as they might have failed to explore the various options that they could have used to establish a long-term financial management roadmap for their organizations (Karadag, 2015; Matthias et al., 2019). Organizational ambidexterity is a key aspect of reinforcing organizational dynamic capabilities. The ability to exploit current possibilities and simultaneously explore future possibilities has been examined in the literature as being necessary for building long term sustainable competitive advantage (Tokgoz, 2017)

Long-term financial management practices usually emanate from short-term financial management practices. This shows that short-term and long-term financial management practices are not mutually exclusive. As noted by Cowling et al. (2018), the ability of SME owners and managers to implement and sustain sound management of their short-term financial affairs will determine how well their firms emerge in the long

term. The high risk and highly competitive environment that 21st-century businesses operate in have accentuated the need for owners and managers of SMEs to situate their firms in a position of strength when their financial affairs are under consideration (Udell, 2020). Furthermore, Jerman (2017) made a strong case for the need by SME owners and managers to implement sound financial management principles such as the budgeting process, the process of allocating costs to different aspects of the business, as well as the management, control, and performance evaluation systems. With proper implementation and consistent monitoring as Jerman (2017) submits, these qualities can confer a long-term sustainable competitive advantage on a firm.

Successful SME owners and managers make many decisions daily. Financial decisions comprise arguably the most frequently occurring decision they make every day. SME owners and managers can exploit their options in the current state and explore future strategic business opportunities that they can take advantage of without ignoring the risks (Tokgoz, 2017). This organizational ambidexterity is perhaps one of the main attributes that successful SME owners and managers possess that the managers of failed ones may lack (Tokgoz, 2017).

Long-term financial management decisions for SMEs center around financing, investment, and payout decisions (Brealey et al., 2018; Chauhan, 2019; Karadag, 2015). This involves how the managers decide to secure and structure the financial capital needed for their business (Tokgoz, 2017). The long-term view will also make SME owners and managers consider how they approach investment opportunities before deciding to commit to such opportunities (Raza-Bilal et al., 2017). Finally, as observed

by Karadag (2015), the long-term strategic view will consider how owners and managers of SMEs may be rewarded from the earnings generated by their business activities.

Theory of Working Capital Management

The subject of working capital management has been given much attention in the literature (Mielcarz et al., 2018; Nastiti et al., 2019). Working capital management in firms is concerned with achieving an optimum level of working capital and it is the difference between current assets and current liabilities (Prasad et al., 2019). Working capital items include account payables (creditors), account receivables (debtors), inventory (stock) of raw materials or finished goods, as well as cash (Haron & Nomran, 2016). The aim is to ensure the firm can meet its maturing short term debt obligations to its creditors (Bhatia & Srivastava, 2016), ensure an efficient debt collection mechanism from its debtors (Louw et al., 2016), manage the primary value chain production process of converting stock of raw materials to finished goods (Spyridon & Alejandro, 2016), as well as ensure the firm managers keep the level of cash appropriate for each cycle to keep its operations running seamlessly (Kasiran et al., 2016). Achieving a balanced mix of the optimal level of these items is a major challenge that corporate and SME managers are always trying to overcome (Paul & Mitra, 2018; Singh & Chauhan, 2020).

Bhatia and Srivastava (2016) established a strong case for the need by corporate managers and SME managers to be diligent at understanding and monitoring their working capital cycles and not be completely occupied by the daily responsibility of managing their operations. Furthermore, Bhatia and Srivastava (2016) advised corporate and SME managers to think more about how they might generate value for their

businesses and maximize return to their shareholders by creating real economic value for their businesses. Starting and managing a business and maintaining sound working capital management practices require a good level of knowledge about value creation strategies from owners and managers of SMEs (Nastiti et al., 2019). Louw et al. (2019) further noted that a high level of financial knowledge and ability to create value might be limited in firms that are new entrants to their industry and these new firms may face greater risk in their effort to achieve balance across the main aspects of their working capital management process because of a lack of experience. Tuffour et al. (2020) noted that in times of economic crises, when many firms become financially distressed, small and medium enterprise owners and managers that are new in their industry or incumbent players that lack the knowledge discovery strategies for prompt recognition of the onset of when their firms start to drift into financial problems are likely to fail.

Haron and Nomran (2016) advised firms that efficient working capital management should not be a practice for only the time of economic crises. Whether the times are good or bad, it must be a firm-wide and continuous operational practice. The global financial crisis of 2008 and the vulnerability of firms around the management of working capital, especially for SMEs lend credence to the need for SME owners and managers to maintain optimal level of working capital (Keasey et al., 2015; Nastiti et al., 2019). The benefits of optimal working capital management go beyond ensuring that short-term financial management objectives are met. However, achieving the long-term financial management goals is equally pivotal for sustaining a business (Bhatia & Srivastava, 2016).

Mielcarz et al. (2018) noted that the complexities surrounding working capital management and the impact on long-term sustainability would differ from one industry to another. Factors such as the type and nature of the business, the business sector, the business risk profile, and the financial risk profile of an organization are likely to correlate closely with the level of investment in working capital (Mielcarz et al., 2018). For instance, large retailers that make large purchases from producers do not usually pay for their purchases on delivery. Instead, they take several weeks before fulfilling their payment obligations, exposing the suppliers to possible cashflow problems as they manage several trade receivables. If a producer or supplier of such goods or services has exposures to many such large buyers, the negative implications on their operations may be significant (Hakim & Terje, 2016).

The importance of working capital as it relates to the daily operations of any business is well reported in the literature (Brealey et al., 2018; Panda et al., 2020; Paul & Mitra, 2018). This research is justified because the ability of SME owners and managers to obtain the knowledge discovery strategies for recognizing the onset of financial problems has been sparingly researched. Furthermore, the multiple and complex risk exposures occasioned by the poor management of working capital items especially trade receivables, trade payables, and inventory have not received sufficient attention in the literature.

Management of Trade Receivables

The management of trade receivables is arguably the most important aspect of working capital management that SME owners and managers need to pay close attention

to (Botoc & Anton, 2017; Haron & Nomran, 2016; Prasad et al., 2019). Trade receivables are the goods that a business has sold but has yet to receive payment for or services that a firm has rendered to one customer or more but for which the firm has yet to receive payment (Louw et al., 2019; Nastiti et al., 2019). This business practice imposes some risk and costs on the firm, although it also affords the benefits of higher sales revenue for the firm when and if the payments are eventually received. SME owners and managers need to be mindful of how they avail sales or services on such credit terms because the practice may lead to financial problems for their firms.

The liquidity and by implication, the profitability of SMEs is largely dependent on how well the owners and managers can put in place hands-on and deliberate management of their trade receivables (Attom, 2016; Baker et al., 2019). By not having an efficient collection system or strategy for their trade receivables, SME owners and managers may incur significant costs and unnecessary liability. There is the potential risk that the debtors may renege on fulfilling their payment obligations as and at when due and if this trend is not checked, financial problems might have crept in without the firm recognizing it (Botta, 2019; Cowling et al., 2020; Mohanty & Mehrotra, 2018).

While SME owners and managers may be availing trade credits to their customers, they need to have the discipline to manage their multiple debtors such that a balance is struck between availing the credit and having an effective collection system in place (Mielcarz et al., 2018). The inability to recognize or willfully ignore the signs of potential financial problems due to the poor management of trade receivables might have been responsible for the failure of many SMEs. The benefits of timely collection of trade

receivables have been highlighted in the literature (Afrifa, 2016; Hien et al., 2017; Paul & Mitra, 2018). The negative effect of a lack of knowledge discovery strategies for recognizing the onset of financial or liquidity problems by SME owners and managers in managing their trade receivables has not been sufficiently explored in the literature.

Paul and Mitra (2018) also analyzed the negative effects of poor trade receivables management on the profitability of SMEs. They affirmed that a firm that offers services on credit terms or sells goods for which it has yet to be paid must do so without compromising the need to maintain a good level of liquidity for the business at all times. SME owners and managers that fail to understand this will impose costs on their businesses by their actions and poor judgments (Mielcarz et al., 2018). Furthermore, Keasey et al. (2015) and Mohanty & Mehrotra (2018) observed that the financial cost of going after delinquent debtors and the opportunity cost of management time spent in going after these debtors might be better used to manage and grow the business. They argued that the artificial restriction imposed on the firms evidenced by their inability to use the unpaid debts for other businesses has serious implications for SMEs' owners and managers.

The responsibility of ensuring a balance between offering credit sales or service and the importance of engaging debtors that will have the discipline to pay their debt as and at when due lies in part with the SME owners and managers (Paul & Mitra, 2018). There must be in place a process through which SME owners and managers may ascertain the credibility of customers as regards their creditworthiness and their willingness to pay debts on time before exposing the firm to such customers (Asfawu,

2019; Karadagh, 2018). Researchers have identified several factors to consider in assessing the terms of availing credit services to customers (Hien et al., 2017; Kasiran et al., 2016; Woei-Chyuan et al., 2019). These include the implementation of a credit policy, the profile of the customer, the counterparty risk profile, the implication of significant exposure to a single customer, the capacity and willingness of the customer to pay on time, the number of customers to which credit may be extended, and the management of the multiple relationships among trade receivables, trade payables, cash, and inventory (Chauhan, 2020; Nastiti et al., 2019; Spyridon & Alejandro, 2016).

SME owners and managers must also be aware of the various methods available to them through which they may be able to encourage customers to pay up their invoices promptly. Early payment discounts and building strong company-customer relationships are appropriate efforts toward prompt receivables collection and minimizing the risk to SME owners and managers when managing their businesses (Panda et al., 2020; Wasiuzzaman, 2015).

Management of Trade Payables

Trade payables provide large organizations and SME owners and managers the opportunity to procure raw materials, goods and services for their businesses and defer payment to a future date based on agreement with the seller or supplier (Hakim & Terje, 2016). Like how SME owners and managers may offer their buyers the opportunity to buy goods or services now and pay later through trade receivables, trade payables provide an equal opportunity for SME owners and managers to purchase goods or services from their suppliers without having to pay for them immediately (Chauhan, 2020; Keasey et

al., 2015). Hien et al. (2017) affirmed the many benefits and costs associated with the use of trade payables by SME owners and managers while managing their businesses.

While trade payables provide some relief for SME owners and managers in terms of deferred payment, there may be costs imposed on the firm in the aspects of loss of discount opportunity or not being treated as fairly as buyers who pay instantly upon purchase (Baker et al., 2019). A firm that relies on trade payables may equally be accorded lesser priority of allocation when the demand for goods and services outweighs the supply (Attom, 2016). While this fact holds, the nature of many industries may be such that using trade payables is inevitable (Attom, 2016). This is so because it is easier to pay this way, and secondly, the buyer or user of the goods or service would have received the goods or services and any identified problems would have been resolved before payment is made for the goods or services (Kasiran et al., 2016).

Enow and Kamala (2016) cautioned against the propensity for small and medium owners and managers to become undisciplined in the way they manage the interplay between their payables and receivables such that a careful balance is maintained, and the business is not deprived of the necessary liquidity and the cash flow generating capacity does not wane. Baker et al. (2019) reaffirmed the need for adequate financial knowledge on the part of managers and owners of SMEs to maintain an optimum management strategy regarding the working capital items.

Hien and Chee (2017) established the need for SME owners and managers to be disciplined in collecting their trade receivables and a much better discipline with respect to fulfilling their trade payable obligations in ways that will not hurt their suppliers.

Delaying payment to suppliers may indicate financial problems, especially when considering SMEs (Bhatia & Srivastava, 2016). The above point corroborates the argument by Woei-Chyuan et al. (2019) that the two items are not mutually exclusive. Instead, the SME owners and managers must monitor the management in a way that does not compromise their firms' financial objectives and does not jeopardize their relationships with their suppliers. The literature has not explored how this disciplined effort may help managers of SMEs to recognize when there is an onset of problems, and they may be able to use this knowledge discovery strategy to mitigate any potential financial problems that a lack of early problem recognition ability may lead them into while managing their businesses.

Management of Inventories

Inventory management is the process by which firm managers exercise monitoring and control over the stock of goods that they hold to meet customers' day-to-day demands (Attom, 2016). The process also involves matching production with pre-ordered goods in the case of repeat purchases and established customers (Tokola et al., 2015). Like the sound management skills that corporate and SME managers and owners must possess concerning their trade payables and trade receivables, inventory management is equally important (Attom, 2016; Chalotra & Andotra, 2015). Researchers have studied the concept of inventory management. The evidence is mixed depending on several factors and the degree to which these factors affect an industry or a specific firm (Awheda et al., 2016; Karadagh, 2018; Katehakis et al., 2016). A firm may experience inventory overload or under capacity depending on the interactions between the forces of

demand and supply in its industry even if it has deployed efficient technology to manage inventory (Jones & Graham, 2018; Mathu & Tlare, 2017).

Cowling et al. (2020) submitted that optimizing working capital items may become increasingly challenging from industry to industry, especially in the face of a pandemic like Covid-19. The complexity and uncertainty within which firms operate in the 21st century have posed a challenge to how firms manage and control their inventory to optimally manage their supply chain functions. The art of managing working capital optimally is deeply rooted in financial literacy and sound underlying management philosophy on the part of corporate managers and owners and managers of SMEs (Panda et al. 2020). When all the associated costs are added up, the overall cost of financing inventory should be of interest. Mohan and Chitale (2016) reaffirmed that the high cost of holding inventory is a major contributor to the financial problems that many SME owners and managers face in their businesses without recognizing it.

Karadag (2018) noted that it is important that SME owners and managers demonstrate an understanding of the benefit of optimizing their inventory management process to prevent possible financial problems. An efficient inventory management system and continuous recognition of the benefits and costs of maintaining varying inventory levels are important metrics that SME owners and managers must be diligent at observing (Tokola et al., 2020). Top among these factors is the amount of cash that is tied up in inventory (Nastiti et al., 2019). This constitutes an opportunity cost to the firm as money locked up in inventory is not available for use for other firm expenses. This is particularly true if the inventory stands the risk of obsolescence or is difficult to convert

the inventory to cash quickly. However, a note of caution is that the managers should not run-down inventory while using firms' money in other areas.

Small and medium owners and managers that are deliberate at monitoring the performance of their inventory control system understand the benefits of freeing up cash rather than tying cash to inventory of raw materials or finished goods that may be susceptible to demand fluctuations (Katehakis et al., 2016). Owners and managers of SMEs that wish to experience higher profitability should not lack the discipline needed to be hands-on in the monitoring their inventory control system. Enow et al. (2016) agreed that this may derive from the owners' ability to recognize and control the potential opportunity costs of holding up cash resources in varying levels of inventory. This must be balanced against the benefit of freeing up the cash needed to pursue new businesses or meet other obligations.

Management of Cash

SMEs owners and managers need cash for various purposes when managing their businesses (Enow et al. 2016). They need cash to pay wages, general overheads, and other obligations that fall due. The cash liquidity question is one that SME owners and managers must continuously answer for sustainability reasons. The management of a firm's cash flow is as important as the management of the source of the cash flow (Baker et al., 2019). For SMEs in particular, the sources of cash might be largely limited to their business revenues. SME owners and managers are responsible for ensuring that they can use their revenues to meet their maturing obligations as and when due as they pursue profitability.

Profitability is an accounting number, as such may be susceptible to manipulation by managers who oversee keeping the records and preparing the profit figures (Botoc & Anton, 2017). SME owners and managers need to recognize that having a certain source of cash flow is more important than profit declaration (Kasiran et al., 2016). A firm may be reporting profit, but it has no sustainable source of cash flow either in the current time or in the form of future cash flow expectations that can guarantee its sustainability. The firm must have a prudent cash flow management system in place and balance this with adequate cash reserve that may be needed for transactional, precautionary, or speculative purposes (Botoc & Anton, 2017; Mohanty & Mehrotra, 2018). When a firm borrows to finance its operations or capital expenditure, the firm has repayment obligations in the form of interests and principal to the lenders which must be met as they fall due.

However, future cash flows resulting from revenue generated from the business activities are not always certain. This may therefore make it necessary for firms to hold on to cash beyond transactional or speculative reasons, but also for precautionary purposes (Paul & Mitra, 2018). If a major debtor fails to meet their payment obligation as and when due, this might cause some operational problems in the firm. At such times, the firm may use the saved precautionary cash as a replacement to fill the gap created by the defaulting debtor.

Researchers have also noted that businesses may hold cash for speculative reasons (Haron & Nomran, 2016; Louw et al., 2019; Mohan & Chitale, 2016). The underlying rationale here is that if an opportunity appears that the firm may be able to take advantage of, going the borrowing or equity route might come with some bureaucratic processes

that could cause the firm to miss out on such opportunities. A firm with a good practice of retaining cash for speculative reasons may be well placed to exploit such opportunities using this strategy. Botta (2019) has attributed some of the opportunistic acquisitions in the hotel and hospitality industry to the speculative positioning of some competitors. This position is supported by Penco and Profumo (2019). They noted that some ambitious bidders could use their speculative financial strength to acquire their targets for a fraction of the true market price of the targets.

The practice of speculative holding of cash will vary from industry to industry and the nature of the competitive environment (Arora, 2019). In fast-changing and turbulent industries where innovation is persistent and disruption may happen at any time, firms in such volatile industries may have no choice but to be speculative with their cash (Penco & Profumo, 2019). In the case of monopolies that enjoy some degree of government protection and earn above-normal profits, speculative cash holding may not be a common feature. For monopolies like public utilities that have guaranteed cash flow generating capabilities, obtaining cash to take advantage of opportunities may not be an issue; hence they may not necessarily behave speculatively due to the imperfect nature of their industry (Das & Goel, 2019). For SME owners and managers whose businesses mostly operate under a perfectly competitive environment, it will be necessary for them to be deliberate in their cash management processes and speculative behavior may not be far-fetched. While SME owners and managers may not have steady cash flow generating capacity, they must be deliberate at ensuring they always put themselves in the optimal financial position (Gangali, 2019). This is particularly true during times of high business

activity so that they are not compromised when they experience a downturn in their business or when the economy experiences negative growth.

Researchers have questioned the rationale behind holding large cash balances when the opportunity cost is factored in (Aslam et al., 2020; Ganguli, 2019; Taimeh et al., 2020). They argue that cash on hand during periods of high inflation might lead to a zero-sum scenario, especially if the business can borrow easily or it has assets that can be easily converted to cash. Other researchers have also criticized the cash balance model for being at the discretion of the corporate finance managers in determining the upper or lower level limits and when to sell or buy marketable securities (Arora, 2019; Das & Goel, 2019). These practices raise corporate governance and agency questions (Aslam et al., 2019; Penco & Profumo, 2019). SME owners and managers must be prompt at recognizing the peculiarities of their businesses and understand the behavior of their cash positions in line with their operating cycles, so they do not enter financial distress when their firm or industry experiences a downturn.

Capital Structure Decision in Small and Medium Enterprises

The subject of capital structure as an important aspect of financial management in SMEs has received significant attention in the literature (Burgstaller & Wagner, 2015; D'Amato, 2020; Neves et al., 2020; Serrasqueiro et al., 2016). Based on the seminal work of Myers and Majluf (1984), a firm's capital structure refers to the proportions of debt and equity that the owners and managers of a firm use to finance their business operations and long-term growth strategy (Burgstaller & Wagner, 2015; Myers & Majluf, 1984). The decision about how SME owners and managers use debt or equity capital to

finance their businesses may have some far-reaching implications for their continuous wellbeing and long-term sustainability (Serrasqueiro, 2016). An important part of financial knowledge that researchers have advocated is the capital structure decision. Like large corporations, SME owners and managers need to understand the benefits and costs of the various ways they can assemble a mix of financing for their businesses so that they can maximize the benefits for their organizations (Botta, 2019; Huang et al., 2020; Trinh et al., 2017).

As a result of their size and structure, large corporations have been researched extensively. Much data is available regarding the general factors that large corporations take into consideration in determining their optimal capital structure (Serrasqueiro et al., 2016). There are also industry benchmarks as provided by analysts that guide large corporations in terms of the pros and cons of different capital structure profiles (Trinh et al., 2017). On the other hand, SMEs have some limitations when it comes to available information or generic benchmarks to be considered in the capital structure decision (Burgstaller & Wagner, 2015).

Capital suppliers are aware of the possibility of the counterparty renegeing on their obligation. As also noted by D'Amato (2020), SME owners and managers experience much constraint and scrutiny when it comes to accessing capital by the debt or equity route. D'Amato (2020) posited that this is a result of the perceived lack of trust in the SME owners and managers to have the capacity to meet their obligations to capital suppliers. SMEs' high risk of failure has also been identified as another important reason why capital suppliers may be reluctant to support SME owners and managers in their

quest for growth. When they do, they impose several conditions on small business owners and managers (Belas et al., 2018).

SME owners and managers must understand what capital structure means and what the optimal capital structure should be for their businesses. Botta (2019) discussed the need by SME owners and managers to consider factors such as the cost of borrowing, cash flow generating capacity, any business cyclicalities, the ability to service debt obligations, and any shareholder interests or wishes and any exposure to foreign exchange risks. These and many more factors have the potential to bring a business into financial distress, and as Neves et al. (2020) submitted, periods of uncertainty usually show how tenacious a business model is when the core foundations are shaken by external events. A focus on the implications of a wrong capital structure decision that ignores trade-offs and how this might indicate the onset of financial problems that lead to the failure of SMEs has not received enough attention in the literature.

Researchers have shown that notwithstanding the capital structure maintained by a firm, some element of risk is present especially in new SMEs (Belas et al., 2018; Botta, 2019; Serrasqueiro, 2016). The several financial decisions that SME owners and managers make daily amid uncertainty and competition may make it more difficult for them to take optimal financial decisions to maximize the returns on their investments (Trinh et al., 2017). Therefore, it is necessary for SME owners and managers to determine how much of personal investment, retained earnings, debt, or equity capital they wish to use to finance their business operations. Furthermore, the right mix of these financing sources, should SME owners and managers decide to use more than one

financing source, and the preference of one source of capital over the other must be understood (Ahmad & Etudaiye-Muhtar, 2017; Naranjo et al., 2020). This understanding may assist business owners and managers in recognizing financial problems early and acting early, thus helping to reduce the rate of failure of SMEs.

The Pecking Order Theory

One of the theories in the literature that researchers have used to explain the capital structure decision in large corporations and SMEs is the pecking order theory (Frank et al., 2020; Naranjo et al., 2020; Serrasqueiro, 2015). The pecking order theory states that under conditions of asymmetric information and the presence of market frictions, firm managers will prefer to use internal finance or retained earnings to finance their business operations in the first instance (Brealey et al., 2018). When internal finance is not enough to fund their operations, then the next source of capital they will consider is debt (Brealey et al., 2018). Debt offers some tax benefits and debt does not carry the risk of company owners losing control (Michalski, 2015). Issuing new equity is the least preferred in the firms' pecking order of financing preferences because of the risk of dilutive effect of new equity issue on existing shareholders and the firm power balance ratio and structure (Frank et al., 2020).

Retained Earnings

The preference for internal financing through retained earnings is obvious. Retained earnings are the firm's own money saved up from past business activities or additional shareholders' funds that are available freely for the firm to pursue future growth opportunities and expansion (Agyei et al., 2020). Bhama et al. (2019) argued that

the costs of issuing debt or equity and the actual returns paid to debt and equity holders alike are significant for SMEs. These costs, they further submitted, have caused many SMEs to slide into financial distress unintentionally. The literature has not explored how to obtain the knowledge discovery strategies for recognizing the onset of these unintended decisions that may lead SMEs into financial problems. Retained earnings do not impose any new transaction costs on a firm, as seen in the case of debt and new equity issues (Bhama et al.,2019).

Debt Capital and the Cost of Debt

Despite the strong evidence supporting the use of retained earnings, SME owners and managers who choose to finance their business operations purely by retained earnings may experience some growth limitations (Naranjo et al., 2020). Researchers have discussed the benefits and costs of using only retained earnings and the implications for SME owners and managers not exploring either the debt or equity route in the firm finance pecking order (Belas et al., 2018; Matthias et al., 2019; Udell, 2020). While risk-averseness is a good attribute, SME owners and managers need to recognize when being risk-averse may mean being growth-averse. As Cowling et al. (2018) noted, growth beyond retained earnings may be painful as well as risky.

Debt imposes discipline on owners and managers of SMEs because of the interest and principal obligations they must meet. (Pandey & Sahu, 2019). Debt, however, provides an avenue for the firm to grow through external financing, which may help the firm pivot into new products, services, or markets. Debt obligations such as the cost of debt and any restrictive covenants must be carefully considered by SME owners and

managers and balanced against the potential return on the investment to which borrowed funds may be put before injecting debt into their firms' capital structure (Kitagawa & Shuto, 2019). Failing to factor in the possible consequences of borrowing or the inability to service the loan as required may lead SMEs into financial problems.

Notwithstanding the stringent requirements by lenders, the debt route provides arguably a much better way for SME owners and managers to achieve the much-needed expansion, growth, and long-term sustainability of their businesses (Charron-Chénier & Seamster, 2018; Goujard & Guerin, 2018). Debt comes with the benefit of tax shield, which the borrower would otherwise not have enjoyed under financing by retained earnings or pure equity (Brealey et al., 2018). The debt route also removes the risk of dilutive effect upon a firm's shareholding structure which results when the equity route is followed (Cowling et al., 2018). The benefits highlighted above contrast with the position of Modigliani and Miller (1958) who promoted the theory of irrelevancy of capital structure in organizations under perfect market assumptions. When the perfect market assumptions made by Modigliani and Miller (1958) are removed, the presence of market frictions shows that a firm's capital structure is indeed relevant in evaluating the benefits and costs of different forms of financing. However, despite the attractiveness of borrowing, Nunes and Serrasqueiro (2017) warned that the reality of borrowing requires the borrower to fulfill interest and principal obligations as and when due. These responsibilities must be understood well in advance before a firm acquires debt.

When managers and owners of SMEs take up a loan for their business, they expose the firm to an additional layer of risk known as financial risk or leverage risk in

addition to the regular business line risk (Keasey et al., 2015). Beyond the cost of debt or the required return to lenders, the borrower may also incur initial costs before obtaining debt, known as the issue cost of debt (Kitagawa & Shuto, 2019). These issue costs of debt may include management fee, loan fee, search fee, insurance, statutory government fees, taxes and many more (Pandey & Sahu, 2019). Many borrowers underestimate the importance of issue costs. Therefore, SME owners and managers need to pay close attention to these costs and the additional layers of risk that borrowing usually comes with. They need to recognize the possible onset of any resulting problems arising from these risks that may bring them into financial problems. They must also continuously reassess their funding preferences and ensure they can make rational business justification for using and mixing the various financing sources in different proportions under different financing circumstances.

Equity Capital and the Cost of Equity

Equity capital is the direct or indirect personal investment of the owners or an enterprise into the business which constitutes the foundational capital structure of any business (Brealey et al., 2018). For SMEs, equity capital represents a cheap and conservative way to raise financing for a business (Botta, 2019; Rahman & Rajib, 2018). The suppliers of equity known as the shareholders or stockholders, be they ordinary or preferred, do not have a contract with the firm that requires them to pay them a certain sum as return on their invested capital over any period (Britzelmaier, 2020). Thus, these ordinary shareholders do not receive a fixed return. Still, they are residual claimants, which means they occupy a position of unsecured claim over the assets or the firm in the

likelihood of becoming financially distressed, bankrupt, or outrightly liquidated out of business (Frank et al., 2020). The order of settlement has senior secured lenders in the front, followed by other lenders, then preferred shareholders, before ordinary shareholders receive any residual assets of the firm (Ahmad & Etudaiye-Muhtar, 2017).

The cost of debt capital is relatively straightforward to determine (Mishra & O'Brien, 2019). Debt suppliers rely on analysts' information about market interest rates and sector or firm-specific circumstances to determine the average expected risk-adjusted cost of debt. This is the average return that debtholders can expect to earn on their capital, which is legally binding on the borrower once agreed in the contract (Kirby, 2019). The way to estimate the return to equity capital suppliers is more complicated. The cost of equity for publicly quoted companies can be determined by empirically established methods, mainly the capital asset pricing model or the dividend growth model (Mishra & O'Brien, 2019). These two methods require the subjective estimation of the present value of potential future dividends that the stockholders may receive. It may also be based on the interaction between the investment risk and return using the capital asset pricing model (Brealey et al., 2018).

The caveat for SME owners and managers is to be mindful of what could be the downside of excessive dependence on equity capital for financing their business operations (Larocque et al., 2018). Taseva (2020) corroborated that when SME owners and managers bid to raise cheap finance rely so much on issuing new shares too frequently, the dilutive effect may creep in. This dilution may require them to relinquish part of their controlling power over the business because of the new stockholding

structure and altered decision-making power balance ratio. Researchers are unanimous that investors who put their funds in a firm will expect the return on their capital that is commensurate with the risk they have taken and the opportunity cost of the alternative sources forgone, where they could have invested their capital for similar or superior returns (Mokhova & Zinecker, 2019; Rahman & Rajib, 2018; Taseva, 2020; Udell, 2020). In conclusion, SME owners and managers need to understand how to obtain financial knowledge for recognizing the onset of any problems that one or more financing sources may impose on their firm despite the attraction offered. The classic trade-off theory proposed by Myers (1984) provides some insight into the importance of working towards a compromise in using the various financing sources.

The Trade-Off Theory

The benefits to SME owners and managers of exploring growth through other financing sources apart from retained earnings may be significant (Ahmad & Etudaiye-Muhtar, 2017). While the pecking order theory does not specify what the optimal capital structure should be, the trade-off theory advises that a balance must be struck by SME owners and managers in the use of the various forms of financing in consideration of the near to long term implication for their businesses (Agyei et al., 2020; Brealey et al., 2018). The trade-off theory originally developed by Myers (1984) proposes that firms should consider the benefits and costs of using varying proportions of debt and equity as means of financing their business operations. Myers (1984) argues that consideration must be given to market frictions such as taxation, information, floatation, and financial distress costs when firm managers consider financing options available to them.

The trade-off theory revalidates why many businesses strive to mix the debt and equity financing sources in balanced ratios, so their businesses do not become compromised due to excessive exposure to one financing source. The trade-off theory provides an avenue for organizations to weigh the tax shield benefits of borrowing against the costs of financial distress or in extreme circumstances, bankruptcy (Bhama et al., 2020). When the tax shield benefit of borrowing has been maximized, then the trade-off point has been reached. Adding more debt to the firm's capital structure after the trade-off point has been maximized may lead the firm in the direction of bankruptcy (Agyei et al., 2020).

Business and Financial Risk Management in Small and Medium Enterprises

There is evidence in the literature on how important it is for SME owners and managers to understand business and financial risk management in the context of their business operations (Moudud-Ul-Huq et al., 2020; Nizaeva & Coskun, 2019; Xue et al., 2020). Business risk is almost immediately and automatically imposed on a business as soon as the owners enter that line of business. Financial risks come into play when a firm acquires debt privately or publicly (Cowling et al., 2020). The ability to recognize and manage the business and financial risks must be foremost in the scheme of priorities by SME owners and managers.

Pejic et al. (2019) pointed out that implementing a sound risk management system in support of the business process and business intelligence systems may help reduce SMEs' rate of failure. Chen et al. (2018) argued that it is a moral responsibility for SME owners and managers to own the business and financial risk management process of their

firms. They must also be aware of and know how to utilize the various risk mitigation tools and techniques available at their disposal for managing their business and financial risks (Chen et al., 2018; Williams et al., 2020).

Implementing a robust risk management system by SME owners and managers is not an optional endeavor but one that must form part of their day-to-day assurance and control processes (Moudud-UI-Huq et al., 2020). The issues of short-term and long-term financial management discussed earlier have a bearing on how SME owners and managers understand, monitor, and manage their exposures and vulnerabilities to business and financial risks (Brealey et al., 2018). As D'Amato (2020) explained, a holistic and hands-on approach to risk management by SME owners and managers is non-negotiable. The monitoring of threats posed to business operations by the multi-dimensional risks that small and medium enterprise owners and managers face daily cannot be treated as a support function but as a core function within their value chains (Cowling et al., 2017; Mathu & Tlare, 2017).

Business Risk Management

While managing their businesses, SME owners and managers are exposed to business risks at the base level (Botta, 2019). Business risks emanate from regular business operations and are common to all firms that do business within a particular industry or sector (Exposito & Sanchis-Llopis, 2018). Thus, firms that operate in each line of business are naturally exposed to the business line risks that are inherent and affect all firms in the sector. SME owners and managers cannot wish business risks away because their firms' profitability or otherwise may depend largely on how well they can

recognize and manage the business risks (Grimsdottir & Edvardsson, 2018; Oduro & Nyarku, 2018).

Business risks are present in different aspects of the operations of SMEs operating in different industries. Islam et al. (2020) identified competitive business environment, supply chain inefficiency, stringent borrowing conditions, external diseconomies of scale, working capital requirement, and future cash flow uncertainty as some of the common business risks that stifle the growth of SMEs in the footwear industry. Adeleke et al. (2018) highlighted the negative effect of the business risks imposed on construction industry projects due to incomplete information, poor planning, scope creep, cost overrun, time constraints, and lack of political will from project sponsors to name a few. Chen et al. (2018) reported the problem of buyer default risk, especially with high-risk buyers in the tourism and hospitality industry. Nishida and Yang (2020) critiqued the increasing cost of retail space, tax regimes, competitive threats, and the logistical complexity of franchising agreements that are inherent business risks in retail supermarket chains.

Managing these business risks presents a daunting endeavor, one which SME owners and managers must be able and willing to confront head-on. Small and medium enterprise owners and managers who demonstrate an innovative understanding of the wide-ranging business line risks may be prompt at recognizing these risks and employing appropriate mitigants to protect their firms from becoming financially distressed (Williams et al., 2020).

Financial Risk Management

Financial risk represents an added layer of risk over a firm's business risk, which results when the owners and managers of a firm take on borrowing for their business (Chen et al., 2018). The debt route provides many opportunities for SME owners and managers to grow their businesses faster instead of growing organically through retained earnings which might make it more difficult to achieve their growth objectives (Cowling et al., 2018; Udell, 2020). Borrowing may also come with some interest tax shield benefits and other reliefs or waivers (Serrasqueiro et al., 2016; Trinh et al., 2017). Despite the many benefits that borrowing, or gearing may confer on a firm, Islam et al. (2020) cautioned that the mechanism for managing the risk associated with borrowing must be well understood by SME owners and managers, noting that the risk of borrowing must be understood with intent.

Researchers have written about the negative effect of financial distress on SMEs (Eniola & Entebang, 2017; Mohanty & Mehrotra, 2018; Pejic et al., 2019). Brealey et al. (2018) thus examined several financial risk reduction strategies that corporate and SME owners and managers alike must be aware of and utilize to protect their businesses from failure. Brealey et al. (2018) found that around 85% of the world's 500 largest corporations use one or more hedging tools such as insurance, trade credit, leasing, and other more advanced derivative products such as options, forward, futures, and swaps for financial risk reduction. While some SMEs may not be large enough to use all these derivative products, the managers and owners must be deliberate at monitoring their business operations against the added costs imposed due to borrowing (Keasey et al.,

2015). Botta (2019) highlighted the negative effects that debt could have, particularly on the ability of SME owners and managers to manage their businesses profitably and stressed the need for sound financial knowledge on the part of the owners and managers of SMEs.

Keasey et al. (2015) observed that monitoring financial risks such as the size of debt and the discipline to fulfill loan interest and principal obligations are some ways to prevent financial distress, which may ultimately lead to bankruptcy if not checked. They recommended that SME owners and managers may wish to use fixed assets to secure short-term debts to reduce the probability of financial distress and make the creditors more comfortable with lending to SMEs. This is logical given that creditors are particularly wary of lending to SMEs because of the problem of information asymmetry and their perceived high-risk profile (Matthias et al., 2019). Furthermore, evaluating the credit capacity of SMEs usually poses a challenge to investors and lenders alike (Nizaeva & Coskun, 2019). The cost of monitoring SMEs when credit is extended to them is usually high, but this may not be so different from what obtains with large corporations where credible information might be obtained (Raza Bilal et al., 2017). Some SME owners and managers tend to use more short-term credit facilities. They can build a history of creditworthiness as they journey through their industry life cycle stages and eventually transform in structure and size (Mohanty & Mehrotra, 2018).

There are risks that apply to SMEs that may be industry-specific because of peculiar financing requirements in different industries (Motta, 2017). While some industries are generally known to have a high-risk profile, some other industries may

have low levels of risk. The disposition of lenders and other capital suppliers usually follows this line of thinking. It informs their level of exposure to each industry based on analysts' estimation of the perceived operational, business, credit, and financial risks (Botta, 2019). SMEs in hospitality, food retail, pharmaceuticals, supermarkets, and other fast-moving consumer goods sectors are generally perceived to be less risky. They can generate regular cash flows, hence servicing their debt obligations is usually not seen as a concern by creditors (Motta, 2017). These firms also tend to maintain a relatively settled capital structure, as affirmed by the pecking order and trade-off theories (Botta, 2019). By contrast, SMEs in information technology, biotechnology, chemicals, and oil prospecting are generally perceived to be high risk by lenders. As such, the gearing level may have to be kept at acceptable levels to manage their financial risk effectively (Brealey et al., 2018).

The management of the financial risks that borrowing imposes on SME owners and managers in their growing years requires that they obtain the knowledge discovery strategies for recognizing the onset of financial problems that may cause their businesses to fail (Nizaeva & Coskun, 2019; Xue et al., 2020). These knowledge discovery strategies have not been given due attention in the literature.

Global Challenges of Small and Medium Enterprises

The important role that SMEs play in the socio-economic life of every nation has been discussed extensively in the literature (Colclough et al., 2019; Ingley et al., 2016; Leitch & Volery, 2017). With over 95% of all global businesses classified as SMEs, providing more than 60% of employment in the private sector, most large corporations

worldwide started as small businesses (Quartey et al., 2017). The past 30 years have seen significant challenges come the way of SMEs as they attempt to manage their operations and transition from small businesses to large corporations (Lundmark et al., 2019). As Freel and Robson (2016) submitted, the once smooth, sequential, and incremental journey of organizational life cycle stages that SMEs used to know is being replaced with hyper-competition, innovation, and disruption that set the new direction for SMEs globally and require different survival tactics to remain in business.

On a global scale, SME owners and managers continue to experience many challenges as they continue to manage their businesses and create jobs for a vast majority of the population in every country (Colclough et al., 2019). As I consider the challenges facing SMEs from different parts of the world, the literature is unanimous that globalization and the rapid advances in technology in the past 30 years have combined to alter the business landscape for SMEs into the far future (Goujard & Guerin, 2018; Naradda et al., 2020; Su et al., 2020). The global economic volatility, political uncertainty, operational complexity, and now the ravaging Covid-19 pandemic happening worldwide are testing the limits of the already-stretched SME owners and managers and their businesses (Cowling et al., 2020; Su et al., 2020). Naradda et al. (2020) identified some of the common growth challenges that SMEs in different countries face: fast-changing technology, competitive forces, slow global economic growth, illiquidity of SMEs, high cost of raising finance, managerial incompetence, poor marketing, and multiple tax regimes.

In Africa, inadequate financing, incompetence, paucity of experienced SME managers, and punitive tax regimes have been identified as factors militating against SMEs' growth (Quartey et al., 2017). The African sub-region is also perceived as having SMEs with a higher risk profile than SMEs from other parts of the world. This is coupled with the fact that globally, SMEs are generally looked on as risky entities especially by traditional financial institutions (Quartey et al., 2017). Despite their challenges, commercial banks in the continent have provided some commendable support to enable these SMEs to grow and expand. Many of them indeed have, through these supporting frameworks, experienced significant success. Through the central banks in many African countries, governments have different incentives to stimulate SME growth and development, leading to the creation of new jobs and preservation of existing ones (Oduro & Nyarku, 2018).

Roberts and Muralidharan (2020) investigated the internationalization strategy of Canadian SMEs establishing their presence in Asia. They identified some challenges that these SMEs face including the need to understand differences in cultural norms, the unique competitive dynamics that differ from what obtains back home in Canada, and demographic factors. These unique attributes will necessitate the deployment of location-specific strategies to address the different set of circumstances present in the host country. This may put further pressure on the business because they do not have the capability of multinational corporations to replicate their proprietary know-how as they expand to international jurisdictions. Lim et al. (2020) examined the potential impact of the Covid-19 pandemic on high-performing Canadian SMEs. They considered the

downside as the inability of the small business owners and managers to pay their staff and manage business profitably. The upside is the Canadian government's many relief schemes meant to help small businesses to keep their operations, so the country does not experience a wave of bankruptcies in the SMEs sector. These and many more schemes to protect small businesses in North America lend credence that SMEs may not be able to survive for any reasonable period should their business model experience a disruptive event like Covid-19 (Botta, 2019).

The situation of SMEs from Asia is like the North American continental experience as researchers agreed that SMEs are just able to hold on a few weeks should a major event occur that negatively affects their smooth business operations in an impromptu manner such as Covid-19 (Kanojia et al., 2020; Roberts & Muralidharan, 2020; World Bank, 2020). In Europe, researchers argued for the need to curb the rate of failure of young SMEs which is also common across the European Union (Botta, 2018; Gyori et al., 2019; Lundmark et al., 2019; Wang, 2016). Gyori et al. (2019) advocated innovative behaviors on the part of SME owners and managers and the adaptation of their business models to the market. Nizaeva and Coskun (2019) explored firm-specific and country-specific advantages to remove financial obstacles that prevent most SMEs from growing. Colclough et al. (2019) advised SMEs in Europe to embrace ambidexterity. They can be ambidextrous by utilizing their entrepreneurial capability and not just the market size and the ease of accessing the market. The skills and know-how of the SME owners and managers can lead to improved performance of their businesses (Colclough et al., 2019; MacLean et al., 2015).

Gap in the Literature

The body of literature on SME financial problems is extensive. Despite the rich repository of work available on why SMEs become financially distressed or fail outrightly a few years after establishment, a gap is identifiable in this literature review about the focus on the financial problems that have already manifested. Researchers have provided many reasons not just why SMEs fail but the actions or inactions on the part of SME owners and managers that lead to the failure of their businesses within 5 years of the establishment have not been sufficiently researched. Little attention has been paid to the possible knowledge discovery strategies that SME owners and managers can use for recognizing the early onset of financial problems when managing their businesses. My aim in this study was to explore how successful owners and managers in a major urban area of Nigeria were able to use these knowledge discovery strategies for early financial problem recognition to sustain their businesses beyond 5 years.

Summary and Conclusions

The subject of SME and financial problems resonated throughout this literature review chapter. The major themes I investigated in this chapter are the conceptual framework for entrepreneurial finance (Clement & Silvernagel, 2019). I then reviewed the literature on financial management in SMEs, focusing on the short-term and long-term. I also reviewed the literature on the theory of working capital management and capital structure decisions and their implications for SME owners and managers. In the last two themes, I focused on business and financial risk management and finally, I reviewed the literature on the global challenges that SME owners and managers face as

they manage their businesses. I drew some comparisons across different regions of the world.

In Chapter 3, I discussed the research method that underpinned my final study. Because I intended to explore the knowledge discovery strategies that SME owners and managers may use to recognize the onset of financial problems, I followed the qualitative research tradition. I discussed the research design rationale, the participant selection logic, the method of data collection, the procedure that I used to recruit research participants, the data collection and analysis that followed, and ethical issues that I was mindful of.

Chapter 3: Research Method

The purpose of this qualitative multiple case study research design was to explore how owners and managers of SMEs in a major urban area of Nigeria might obtain the knowledge discovery strategies for recognizing the onset of financial problems at inception when managing their SMEs. The units of analysis were owners and managers of SMEs in a major urban area of Nigeria who have managed their businesses successfully for more than 5 years after establishment. I collected qualitative data mainly through semi structured interviews with twenty SME owners and managers. To achieve triangulation, I collected additional data from peer-reviewed and current journals, as well as seminal papers to affirm the trustworthiness of the phenomenon I was researching (see Patton, 2015; Rittenhofer, 2015).

The major sections that I covered in this research method chapter include the research design and underpinning rationale, the role of the researcher in the research process, and the methodology for participant selection. I also discussed the instrumentation, the procedure for collecting data and the data analysis. Finally, I discussed the main issues of trustworthiness as it relates to credibility, transferability, dependability, confirmability, and the research ethical procedures.

Research Design and Rationale

The central research question for this qualitative exploratory multiple case study research design was: How can owners and managers of SMEs in a major urban area of Nigeria, obtain the knowledge discovery strategies for recognizing the onset of financial problems when managing SMEs? My goal was to understand, explore, and interpret the

strategies that successful SME owners and managers in a major urban area of Nigeria use for recognizing the early onset of financial problems as they manage their businesses. Because my intention was to understand, explore, and interpret the behavior of a group of people, the central research method that I used to guide this study was the qualitative research method.

Ravitch and Carl (2019) recommended the use of qualitative research method when the researcher seeks to understand individuals, groups, and phenomena to put their experience in context and to understand how the people derive meaning from their lived experiences. As further observed by Bell et al. (2018), when the subject matter of the research are people as seen in social science research, they can relate to their environment in a meaningful way to describe their lived experiences. This departs from the subject matter in natural sciences where the objects cannot relate with their environment. The interpretation of the social world through the eyes of the people involved is more valuable than through the eyes of objects because objects lack the ability to interact with the social world (Bell et al., 2018). To provide a distinction between theory and concept, Corbin and Strauss (2014) advised researchers who fail to establish clarity in the differences to tread with caution. They argued that if the researcher wishes to do a description, then the description must not be bereft of details to accord the process the right level of quality and rigor.

The research tradition that I used to situate this qualitative research study was the case study tradition and the research design was an exploratory multiple case study design. Ravitch and Carl (2019) described case study research as involving either a single

case or multiple cases that represent real life situations which are specific to a predefined setting and audience. In a case study, the researcher may collect in-depth data in several ways including via interviews, documents, direct observation, surveys and so forth through an intensive engagement with the natural setting (Ravitch & Carl, 2019).

According to Bell et al. (2019), the case study approach is widely employed in business and management research and may involve a deep focus on a single case which is location-specific for instance in the regular place of business (Stake, 2015). It is also time specific whereby the duration of research is well defined (Stake, 2015; Yin, 2017).

The case study tradition may also be a multiple case study which may necessitate the extension of the research endeavor beyond a period because it involves several iterative steps of reiteration, and refinement of disparate data from multiple sources to arrive at a final research output (Ravitch & Carl, 2019). With a multiple case study, the researcher can compare the different cases under consideration (Bell et al., 2018) to reach an informed conclusion. I employed a qualitative exploratory multiple case study design for this research because the phenomenon I sought to investigate was best served by the exploratory case study design. I considered the *what* questions about the knowledge discovery strategies that SME owners and managers whose firms are in diverse sectors use for recognizing the onset of financial problems when managing their businesses.

I chose the qualitative research method for this study, and I chose an exploratory multiple case study design to accompany the method. Researchers have validated the appropriateness of qualitative exploratory multiple case study research design when the researcher is seeking to answer the *why* and *how* questions in a research study (Bell et al.,

2018; Patton, 2015; Yin, 2017). My goal in this study was to conduct an in-depth exploration of the strategies that SME owners and managers use for recognizing the onset of financial problems when managing their businesses. Because I intended to collect descriptive information from owners and managers of several SMEs operating across diverse sectors, a multiple case study design was more suitable for drawing comparisons from sector to sector (see Bell et al., 2018). This helped me to see what was unique to each sector, what was common across all the sectors, and what was present in some sectors and absent in other sectors. I then compared the findings from each company across the different sectors in such a way that a single case study focusing on one firm, or one sector might not have afforded (Bell et al., 2018; Stake, 2015).

I considered some other qualitative research approaches for this study including phenomenology, grounded theory, action research, and narrative research. Phenomenology attempts to establish clarity about the day-to-day human experiences where the focus is on explaining the phenomenon that the researcher is studying (Patton, 2015). These experiences may include feelings, hurts, sickness, loneliness, or a routine (Patton, 2015). This approach would not have served the purpose of my inquiry which was more exploratory rather than explanatory in nature (see Nassaji, 2020). Grounded theory focuses on data collection for validation or falsification of a predefined hypothesis to develop a new theory thereafter (Patton, 2015). Because my focus was not on the generation of theory that is derived from causality, I did not employ the grounded theory qualitative approach. While the narrative approach has also been applied in the field of organizational studies (Patton, 2015), a narrative inquiry assembles organizational events

and tells them as stories for the scholarly community to critique. The purpose of my study was not to narrate organizational stories, but I sought to ask *what* question about the knowledge discovery strategies that SME owners and managers use for recognizing the onset of financial problems when managing their businesses.

I also considered the other main research methods, mainly quantitative as well as the mixed methods research. Quantitative and mixed methods research focus on establishing causal relationships among variables by experiments, surveys, and collection of random data which are then interpreted to generate statistical inferences and conclusions (Bell et al., 2018; Collingridge & Gantt, 2019). Because my focus was not on the manipulation of dependent and independent variables as done in the quantitative and mixed methods experimental designs, these research methods were not in alignment with the goals of this study and were therefore not suitable.

Role of the Researcher

In the qualitative exploratory multiple case study research design, the researcher plays a central role in the research process because they are the primary instrument for observing the research endeavor (Ravitch & Carl, 2019). Therefore, there is the need for the researcher to act as a diligent and impartial observer of the research process as it unfolds. My role as the observer-in-chief of this study meant that I ensured the study was systematic, robust, and adequately documented by following the correct predefined protocols while I carefully watched out for the possibility of new emergent themes (see Nassaji, 2020). As the central figure in the research, I took responsibility for the proper coordination of the entire process from the beginning to the end. I adopted a project

management approach to carry out the data collection and data analysis phases bearing in mind the triple constraint of managing the project time commitment, the cost, and the need to ensure the quality of the final output. I took responsibility for collecting, collating, sorting, transcribing, and coding the interview data (see Hesse et al., 2019). The ability to coordinate the research study in a seamless manner as one activity ended and another started, drew on the strategic leadership, project planning, project management, and strategy implementation skills of the researcher (Drisko, 2020; Saldana, 2020).

The existence of personal and professional relationships between the researcher and the participants may have implications for the overall research quality. Ravitch and Carl (2019) identified positionality and location as the two main components that provide an insight into the overarching role of the researcher in a research study. With respect to positionality, the researcher may hold several positional relationships with the research participants which may be personal or professional in nature (Glenna et al., 2019; Ravitch & Carl, 2019). Social location or social identity describes the researcher's social attributes or biases such as gender, culture, social class, ethnicity, sexual orientation, and religion as well as how these attributes may interact with or influence the predefined purpose of the research study and thus the outcome (Ravitch & Carl, 2019). Researcher biases resulting from the diverse social identities as identified above if left unchecked may prejudice the need for rigor which is essential in conducting ethical and high-quality qualitative research (Collingridge & Gantt, 2019). While designing the interview questions, I was conscious of the potential influences of anchoring and confirmation bias, and I avoided questions that might be suggestive of leading participants toward giving

responses that are not genuine. I was deliberate at acknowledging the possibility of any biases that may also influence the interpretation of my coded data and I made a conscious effort to uphold the outcome that my objective data analysis presented irrespective of any previously held views (Nassaji, 2020).

My role as the researcher was also to ensure that any personal or professional relationships between myself and any of the research participants in any of the firms that I recruited participants from was nonexistent (see Hesse et al., 2019). The participants that I recruited for my study had no past or present relationship whatsoever with me. I ensured that if I come across any such relationship that might compromise the integrity of my study while the research lasted or that might jeopardize the final output of this completed study, I would immediately inform my dissertation committee and exclude such. I had no cause to inform my dissertation committee of such a development.

Ethical issues are common in qualitative research (Morse, 2015). Because of the interpretive nature of qualitative research, the understanding, explanation, and representation of the experiences of research participants may be fraught with a high level of subjectivity (Ravitch & Carl, 2019). This brought to the fore the subject of ethical considerations in the research study. Because qualitative research involves some level of relational engagement with the research participants, special attention must be paid to any trace of bias that may show up in the language of framing questions, the power balance structure, the tendency for confirmation bias, and the overarching strategy for driving the research engagement period (Ravitch & Carl, 2019). I placed important emphasis on strict adherence to the ethical requirements of Walden University's

Institutional Review Board regarding how to frame different aspects of my study especially in the areas of data collection, analysis, and interpretation. Ethical violations may include forcing or coercing research participants who may be the researcher's subordinates to consent to take part in the research, posing judgmental or distressing questions to research participants, framing questions in a language that puts pressure on research participants to disclose information that is irrelevant to the research expectations, offering inducement by financial or nonfinancial means, and providing vague information in the consent form or interview questions (Glenna et al., 2019; Morse, 2015; Patton, 2015). I was conscious at watching out and avoiding these and other possible ethical issues that I might encounter during this study.

Methodology

In this section, I discussed the overarching systematic methodology that I employed in the research study as well as the rationale for the methodology. Gioia (2021) argued that the use of methodological approach in qualitative case study research helps to address the challenges of lack of distinctiveness and scientific rigor that have been the main criticisms of qualitative case study research. The key subsections that I covered in this methodology section are the participant selection logic, the research instrumentation, the procedures for recruitment of research participants, the procedures for participation as research participants, and the plans for collecting and analyzing data.

Participant Selection Logic

Selecting the research site and participants in the qualitative exploratory multiple case study research design is an important aspect of the entire research process. The

participant selection logic goes a long way in helping the researcher establish clarity about who is qualified as a research participant. It ensures that the boundaries of inclusion are respected before, during, and after the research project (Javadian et al., 2020). The researcher must also ensure that the appropriate sampling strategy selected is consistent with the expected research participant sample size. Appropriate qualitative sampling techniques help to strengthen the rigor of a study (Gill, 2020). Furthermore, Gill (2020) identified four common qualitative research sampling strategies which include volunteer sampling, purposeful (purposive) sampling, snowball, and theoretical sampling. The researcher must identify the merits and demerits of each sampling strategy and apply the most appropriate one depending on the boundaries set for the number and selection criteria of research participants.

For this study, the population from which I selected research participants was among the residents of a major urban area of Nigeria who met the criteria for inclusion. Because of the phenomenon I was researching, the research problem, the research question, and the research purpose required that the participants be purposefully selected because they occupy specific senior positions in their organizations and are knowledgeable about the study (see Ravitch & Carl, 2019). The most appropriate sampling strategy that I therefore used was purposeful (purposive) sampling. The multiple case studies I conducted with small and medium owners and managers across diverse sectors allowed me to obtain a variety of responses that a multiple case study affords (see Gill, 2020; Javadian et al., 2020). The participants selected were owners or

managers of SMEs whose businesses operate in a major urban area of Nigeria, and they have operated their businesses for more than 5 years since inception.

I selected a total of 20 SME owners or managers across five different business sectors, namely information technology, microfinance institutions, professional services, quick-service restaurants, and retail supermarkets. The sample size of 20 SME owners and managers provided sufficient information about the population I was researching because the research participants have a high level of knowledge about their businesses and they were best placed to answer my research questions (see Gill, 2020; Nassaji, 2020). The use of purposeful sampling allowed me to identify the owners and managers of SMEs. These were the senior persons in each of the SMEs and I directed my communications at them. I then proceeded to establish contact with them mainly by email invitation to them detailing information about my research study and inviting them to participate voluntarily in the research if they wish to. I established contact with more than 20 potential research participants so that if some declined participation, I was not short of the planned sample size of 20. I understood that before I reached the sample size of 20, I might reach saturation or redundancy such that no new information or themes are emerging because each additional new participant gives the same responses as previous participants.

Instrumentation

This qualitative exploratory multiple case study research design was exploratory in nature. As such, I sought to understand the knowledge discovery strategies that SME owners and managers in a major urban area of Nigeria who have operated their

businesses successfully for over 5 years use for recognizing the onset of financial problems when managing their businesses. The main instrument that I used to collect primary data for this study was a set of researcher-developed semi structured interview questions with the selected research participants who met the inclusion criteria as described in the previous section. As the researcher who was conducting the research alone, I was the other main instrument that collected data for my study. I prepared the interview questions and followed Walden University's approved protocol for collecting data before I started communicating with the participants (see Allen, 2017; Patton, 2015). The university approved online data collection via Zoom rather than the planned face-to-face contact with the research participants due to Covid-19 concerns. I prepared the interview questions and agreed meeting times with the research participants at their discretion in their respective habitual places of business or other places where they experienced minimal distraction.

Once the interview session commenced, with the permission of each interviewee, I put on my audio voice recording device for recording the participants' responses. I ensured that the recorder had an uninterrupted source of power supply, and I arranged a backup recorder should the main one malfunction while an interview was in progress. I also had my observation sheet for taking field notes and noting any follow-on questions that may arise from the pre-prepared semi structured questions in my interview guide. I used the interview protocol (Appendix A) to guide my study and it provided me with a logical sequence. It allowed each interview session the right decorum as I advanced the questions with each participant.

I also consulted secondary data sources by obtaining more peer-reviewed scholarly journals and articles that strengthened the validity of this study and enhanced the reputation of my research output. I also collected relevant secondary data from the website of the CBN on SMEs. The CBN was a good source of secondary data on SME financing in Nigeria. I collected additional secondary data from the SMEDAN, the government agency that regulates the activities of SMEs operating in Nigeria. Upon completing the data collection phase, I proceeded with the transcription of the recordings myself. I watched the zoom video recordings of all the interviews, and I extracted and transformed much of the recorded voice data to text which formed the basis of the results I communicated in Chapter 4. text. I did not have to engage the services of any transcriptionist, but I was the only one with access to the interview data. I ensured that I did not compromise the anonymity of the participants' details at any time before, during, and after the data collection phase.

Walden university directed that because of the Covid-19 pandemic, I should collect data via remote means in place of face-to-face interviews. I adopted email by sending an individual email to all the participants. Once a participant gave me a day and time available, I set up the meeting and sent them the zoom meeting invite. I adopted this means to collect data from all the 20 research participants I interviewed. I also considered conducting the interviews for participants who might prefer the phone option, but all participants were fine with the zoom online meeting platform. In all cases, I ensured that the details of the interviews were properly recorded using the right settings

such that I could access the data later for my analysis, for coding of data into themes, and for the dissemination of the research results as I did in Chapter 4.

Content validity explains how representative the data obtained from selected research participants are (Bell et al., 2018). To establish content validity for this study, I sought the opinion of experts in qualitative research methods who also have in-depth knowledge of SME financial management matters. These experts provided their professional advice on the most relevant questions appropriate for the subject of inquiry that helped to generate credible responses to the interview questions. I listened to their feedback, and I used their feedback to rework some of my interview questions and bring in some important questions I had initially left out. These revised questions helped me generate the right data when the participants' responses were collated and analyzed. I did not experience any culture-specific issues from the research participants or the population because the main research instrument, the set of researcher-developed semi-structured interview questions, were generic in nature and the questions focused on general business operations common to all SMEs operating in the country.

Field Test

I conducted a field test before proceeding with the main data collection phase for this qualitative exploratory multiple case study research design. Bell et al. (2018) highlighted the benefits of conducting a field test before administering the self-completion questionnaire or the face-to-face interview with the actual participants. I recruited three SME owners and managers whose businesses operate within the five sectors from which I recruited the main study participants for the field test. These field

test participants were known persons and former professional colleagues that have managed their SMEs successfully for more than 5 years. Their businesses are in the major urban area where I recruited the main participants. I used email and zoom calls to put the interview questions that I developed to them. The field test was like the main study because the participants in the field test had similar profiles with the main study participants and this helped me see areas needing improvement before the main study (Bell et al., 2018). I did not ask these experts to answer the research questions. As such, they did not provide data for my study. Their role was to consider my research questions. They provided me with feedback on how the questions had been asked and advised me if revisions were needed and how I could improve my interview questions before the main data collection phase.

Some of the other reasons for conducting a field test include the benefit of spotting potential problems with a self-completion questionnaire which were distributed by electronic means. As pointed out by Bell et al. (2018), the researcher is not present to explain any grey areas in the questionnaire that might cause issues to arise in some areas of the questions that may jeopardize the research outcome. A field test may provide an opportunity to spot these possible sources of frustration for the researcher of having to receive completed responses only to find out later that a large percentage of them must be condemned. Another reason is that a new researcher like me built confidence to approach the main study through the experience gathered from the field test. Thirdly, the field test participants also helped me identify the type of questions that might generate the same

response from all participants either because they are not comfortable answering such questions or would rather avoid answering those questions (Ravitch & Carl, 2019).

Procedures for Recruitment, Participation, and Data Collection

I followed the recruitment, participation, and data collection procedures as required by the protocol for the qualitative exploratory multiple case study research design. I collected data in person from the selected successful SME owners and senior managers operating in the major urban area of Nigeria. The owners and managers have operated their businesses successfully for at least 5 years, and their businesses are in this major urban area of Nigeria. I assumed that owners and managers of these SMEs occupy senior positions in their firms. They have been working in the firms for long enough to provide high-level responses to questions that concern all aspects of their businesses, especially the management of their firms' finances.

I was the researcher, and I was the one who collected all the data needed for my study. I followed the guidelines of Walden university's Institutional Review Board (IRB) and received the board's approval before I contacted the research participants. My Walden University IRB approval number is 05-26-21-0548709. I used informed consent forms to obtain the voluntary consent of the participants to take part in the study. I asked each participant to carefully read through the informed consent form and once satisfied, they were required to sign the form which provided me with the privilege to recruit them as participants willing to take part in the study voluntarily. Once I secured the participants' consent, I conducted online interviews with each participant as face-to-face interviews were not feasible because of health and safety in view of the ongoing Covid-

19 pandemic. Because the researcher is the main instrument in qualitative research, bias and subjectivity may infiltrate the research data and compromise the fidelity of the research output. I was mindful of these researcher biases, and I used the bracketing technique to prevent such interferences to enhance my study's quality and rigor (Gearing, 2004; Tufford & Newman, 2012).

The data collection events were one interview with each participant who agreed to participate in the interview. Each interview session lasted about 30 to 45 minutes and I had completed interviewing all the participants over 6 weeks of starting the data collection phase. At each interview, I used my interview protocol guide to follow the sequence of questioning to the interviewee. Still, I also asked new follow-on questions in response to participants' responses as was necessary. I had created a file on my computer before the commencement of interviews where the recordings were stored. The recordings allowed me to go back and use the information effectively during the data analysis phase. Besides from the recordings, I also maintained systematic journaling of the events in my field notes for all interviewees.

I understood that it might be difficult to determine the exact number of prospective research participants a priori. Too few participants may cause researcher bias to infiltrate the study (Bell et al., 2018; Benjamin et al., 2017). This was the reason why I contacted as many potential participants as possible. Some responded that they were fine with the face-to-face interview, while most preferred email correspondence. If despite contacting many prospective participants, the recruitment had resulted in too few participants eventually taking part in the interviews, this would have jeopardized the

depth and breadth of the study and by implication, the validity of the results (Collingridge & Gantt, 2019). I had planned that should this problem come to my notice, I would promptly re-establish contacts with the firms and offer those yet to participate an extension of the research period. I built in this possible unforeseen development while allocating timeline to my data collection period and informed my dissertation committee of this possibility. I equally sent the absentee participants reminders through email, and I politely asked them if there are specific reasons why they did not respond to the initial invitation. I also asked them if there was any feedback they wished to provide regarding the questions. Furthermore, I spoke to those participants I had already interviewed to remind some of their colleagues to whom invitations were also extended to respond. I had a very good response rate of 25 persons, out of which I successfully interviewed 22; as such, I did not experience the problem of too few participants.

The way participants might exit the study was clearly explained to them before the actual data collection phase started. In line with Patterson (2012), I ensured that I informed each interviewee before I commenced the interview that they were free to exit the study at any time before, during, or after the interview process. I clearly stated to them that if they felt uncomfortable regarding any question or aspect of the engagement, they were free to stop me and end the interview without any implication on them. For every participant who agreed to participate in the interview, I carried out a detailed debriefing about the study objectives once each interview was completed. According to Patterson (2012), debriefing entails providing additional information to participants upon the conclusion of the interview phase of the study they took part in.

I provided initial information to the participants before the study commenced as I informed them about the purpose of my study. At the end, I also asked each participant to let me know if they thought I had left anything out and if the purpose that I explained to them at the beginning had been achieved. I also thanked them for being kind enough to participate in the study. I thanked them more for their contribution to positive social change by providing information that might help reduce the rate of failure of SMEs in the country, especially due to financial problems. I did not carry out any de-hoaxing or desensitizing because I did not intend to use deception at any point of the study (Patterson, 2012). Unlike in a deception study where deception in the study will be hidden from the participants only for the purpose to be revealed at the end, in my non-deception study, I asked simple, plain, and honest questions that only required participants to respond in all honesty based on their knowledge and experience of managing their SMEs without any form of embellishment or falsehood. Morrison (2012) reiterated how important it is to state explicitly to research participants that if they feel that the interview's contents go against what they initially believed, they can end the interview engagement at any stage without stating their reasons.

The follow up procedures that I used before, during, and after the study period are equally worthy of mention. Persaud (2012) noted that follow-up procedures assist in upscaling the profile of a research endeavor. I ensured that detailed follow-up was done to ensure that the study aim had been met, that the prescribed guidelines by the institutional review board had been adhered to and that no significant drifts had occurred regarding the assumptions made before the commencement of the research that might

cast doubt on the results of the research. I also sent a detailed report back to gatekeepers and other stakeholders about the completion of the study, and I sent thank you messages to various groups or persons who took part in the study for their contributions.

There were instances where I had to send the same message to one or more participants more than once just because some did not respond after a reasonable time of sending them the initial email requesting their consent to take part in my study. I also followed up with phone calls and text messages. Some managers and owners of SMEs were very busy, and I struggled to find a suitable time to have an interview appointment with them. In such cases, I continued to send them soft reminders every week.

In a few cases, I made telephone calls to the designated gatekeepers in the firm who oversee booking interview appointments and ensuring that I had the necessary access to the interviewees as and when due. After the initial interview, I also conducted a few follow up interviews with selected participants to seek further clarity on a few unclear areas. I sent polite emails to the concerned participants and explained the reason(s) for the follow-up interview to them. Finally, I informed the participants about how they could obtain the research results when I complete and publish the final study in line with Walden University's requirements. I sent thank you emails and telephone calls to the participants, the gatekeepers and everyone else who facilitated the data collection phase of my study while it lasted.

Data Analysis Plan

To establish a good analytical relationship between the research question and the data that I collected for my study, I had to conduct the appropriate analytical procedure to

systematically deconstruct the raw data after completing the data collection process. Data analysis procedure involves how researchers take their collected data and use a systematic process to refine, organize, and arrange the data into a series of patterns, categorizations, themes, and subthemes before the research results and findings eventually emerge (Ravitch & Carl, 2019). Without compromising the fidelity of the original data, these findings are expected to provide the answers to the research questions (Ravitch & Carl, 2019).

In this qualitative exploratory multiple case study research design, I sought to explore the phenomenon of early recognition in the context of financial problems that owners and managers of successful SMEs in a major urban area of Nigeria encounter while managing their businesses. I wanted to understand the knowledge discovery strategies that successful SME owners and managers use to recognize the onset of financial problems when managing their businesses. The focus of this qualitative exploratory multiple case study research design was to allow me, the researcher, to explore the phenomenon of interest by engaging with the predefined research participants at the pre-agreed research sites and observing the participants without me becoming involved in any way as a participant (Ravitch & Carl, 2019). The practice enables researchers to draw the appropriate outcomes depending on how well they can articulate their observational, evaluative, and integrative research skills (Patton, 2015).

Researchers have employed and recommended different approaches to qualitative data analysis. While there is no right approach to analyzing data, I needed to employ the data analysis method that could best answer the overarching research question for my

research. Bell et al. (2018) observed that qualitative data analysis frameworks include coding, analytic induction, grounded theory, ethnography, and dialogic engagement. Saldana (2016) identified 33 different coding methods for analyzing data and recommended the descriptive coding method of data analysis as a strategy for qualitative researchers with limited experience. Hashimov (2014) employed the non-linear, non-sequential phases of data reduction, data reorganization, and data representation. Miles et al. (2014) used data condensation, data display, conclusion, and drawing verification. Ravitch and Carl (2019) recommend seven approaches to data analysis – (a) phenomenology, (b) discourse analysis, (c) grounded theory, (d) ethnography, (e) action research, (f) thematic analysis, and (g) narrative analysis.

There is consensus among researchers that irrespective of the approach, the procedure will comprise data organization, data reorganization, data representation, and data reduction as the core phases of qualitative data analysis. Because of my desire to explore a phenomenon of interest in-depth, I employed semi-structured interviews as the data gathering procedure. I used the descriptive coding method to analyze my research data. This procedure was in line with my desire for in-depth exploration of the phenomenon of interest (Bell et al., 2018). I then subjected the data to organization, reorganization, representation, and coding or reduction to generate the research findings and draw conclusions.

I collected the research data from the research participants by establishing generic statements, narrowing them down to specific statements, then commenced coding the data into themes and categories before interpretation. I extracted the interview data from

the recordings that I made during the interviews; I transcribed their responses, and my journaling field notes. I then included secondary data that I collected and extracted the information from this source as well. I then provided meaning to the data through the coding process.

I reduced the data into themes and segments through coding, and I categorized them using a unique identifier and color-coding data that share some attributes. I primarily coded inductively (internally) using the original data and kept the process close to the data (Ravitch & Carl, 2019). I also coded deductively (externally) by drawing data from and triangulating with the secondary sources to enrich my research output (Ravitch & Carl, 2019). I initially performed a manual first-level open coding, then as the work advanced, I used Computer-Assisted Qualitative Data Analysis (CAQDAS) software to complete the advanced aspects of the coding process. I then proceeded to the second level coding to identify specific themes from my research questions. I kept a record of clear and concise definitions of emerging codes as I continued the coding process (Patton, 2015). I also stayed organized and persevered to deal with ambiguities, and I was patient to go through the intensive coding process. Furthermore, I remained ethical, maintained my imaginative and creative capabilities, and was diligent at checking out and understanding a variety of coding vocabulary (Saldana, 2020).

For the final analysis, I used the QSR NVivo 12 software to generate the data results and communicate the results in a format that other researchers could understand and interpret. I used other graphical representation tools such as tables and bar charts to enrich the interpretation of the findings. As I developed, scrutinized, and revised the

themes based on the codes, I was mindful of the temptation for me as the researcher to attempt to influence the data to agree with my “preconceived notions” (Ravitch & Carl, 2019, p.262). Hashimov (2014) noted that if the researcher comes across discrepant data or outliers that do not agree with their biased positions, such data must not be ignored, but further analysis should be performed on them to ensure that the research parameters have been correctly defined. These discrepant data are pointers that call the researcher’s attention to any area they might have glossed over (Hashimov, 2014). I was mindful of any such discrepant data that might emerge, and I was deliberate at further analyzing such suspect data.

Issues of Trustworthiness

Credibility

Credibility or internal validity in qualitative research as one of the four trustworthiness criteria is concerned with how the researcher can establish the quality, rigor, and believability of the research output (Bell et al., 2018). Researchers use this trustworthiness criterion to question the original intent of the research and to determine at the end of their study, if they have measured what they said they would measure at the outset (Nassaji, 2020). The interpretive nature of qualitative research, which is more exploratory than explanatory further complicates the domains of qualitative research. Qualitative researchers strive to persuade their immediate and wider scholarly community to endorse that the works of qualitative researchers satisfy the criteria for validity and reliability (Nassaji, 2020). To establish credibility for my study, I carried out member checking by sharing my results with the research participants to let me know if they

agreed or disagreed with the results. I also used triangulation by collecting data from secondary sources and perspectives which helped me achieve a robust reporting of the subject under investigation. I engaged in structured reflexivity through dialogic engagement, and I sought peer-review opportunities to critique and validate my work (Gioia, 2021).

Transferability

Transferability or external validity describes the possibility that the output of a researcher's study from a population can to a large extent, be transferable and meet the validity and reliability criteria within the context of another external study or population (Morse, 2015). I provided the full details of my study using a thick description (Bell et al., 2018) with an in-depth description of the research activities and processes that I engaged in and explicitly stated the assumptions that guided the study. (Bell et al., 2018; Collingridge & Gantt, 2019). I asked myself questions about how easy it would be for anyone to pick my data and have a sound understanding of the information. While I cannot claim the potential of my study to be generalizable because it is qualitative research with a small sample, the details I have provided may assist readers or other researchers in making a judgment to generalize their findings based on the details received partly from my study (Patton, 2015).

Additionally, I made a conscious effort to establish transferability by widening the variation in the participants' selection in terms of several attributes. These attributes were age range, gender, social group, and so forth. I had to do this to prevent any skewness of my research results because the data collected were not representative or diverse enough.

Dependability

Dependability is the third trustworthiness criterion in qualitative research.

Dependability criteria require that the way a researcher reports a study should be such that if other researchers test the dataset by replicating the study, they should reach the same conclusions as the original researcher. This means that consistency is the rationale upon which the dependability criteria must be anchored (Tomaszewski et al., 2020). To ascertain consistency for my study, I maintained a good record-keeping and audit system in place before, during, and after the study was completed. All documents, manuscripts, letters, field note journals, email correspondences, interview transcripts, and so forth were kept in safe and reachable locations so that future fellow researchers can have access to the anonymized data to examine them for consistency and accuracy and how well the conclusions represent the data that I collected and analyzed (see Bell et al., 2018).

Confirmability

Confirmability is the fourth trustworthiness criterion. Confirmability or ‘good faith’ refers to the extent to which other researchers or audiences may validate or confirm the output of a researcher’s study and the resultant conclusions drawn (Morse, 2015; Nassaji, 2020). Bell et al. (2018) noted that the researcher must show that they have acted proactively to suppress any trace of personal preferences or ideological disparities that may derail the research study and, by implication, the results, and conclusions. This brings the discussion back to the need for sound auditing of the study to establish that this trustworthy criterion has been satisfied. The equivalent of this criteria in quantitative

studies is objectivity, but objectivity may be far-fetched in qualitative research (Ravitch & Carl, 2019). That said, I ensured a comprehensive research quality audit trail by keeping a proper record of all procedures I embarked on during the study period including the data gathering, data analysis, coding in first and subsequent levels, and the emerging themes and results.

Ethical Procedures

Ethical procedures in business and management research comprise details about the benefits and costs of the research endeavor to all parties involved. The costs may be potential harm or hurt that may affect especially the research participants and the benefits that accrue or may be attributable to the various stakeholders involved in a study to one degree or another (Patterson, 2012). However, the preferred consensus remains that only when the benefits outweigh the costs should research be conducted (Bell et al., 2018; Patterson, 2012; Ravitch & Carl, 2019). Research ethical protocols require that participants do not experience undue pressure to be recruited to participate in a research study, but it should be freely and willingly entered (Bell et al., 2018). As I prepared for the data collection phase of this study, upholding ethical considerations remained central to all decisions and actions that I took. I took special precautions to ensure that first and foremost, the identity of any research participant was protected (Gioia, 2021). I used codes to identify participants. No information about any participant was disclosed to any third party that would have enabled any such third party to match a code to a particular participant.

Before the commencement of any engagement, I informed all research participants about the research purpose, told them about the risks, and fully disclosed the protocol I would use to collect data from them. I waited until I received approval from Walden University's Institutional Review Board (IRB) before approaching any participants to collect data. I provided informed consent to all participants, following IRB rules and guidelines. I was open and transparent with all participants, and I let them know clearly that I was not conducting a deceptive study. I provided a full explanation about the overarching aim of the study, the process to be followed in conducting the study, the duration of engagement with them, a clear explanation to them that participation was voluntary and that they were free to withdraw from the study at any time without any repercussions to them. I also assured them that their identity would be protected from any third party before, during, and after the period of engagement with them. I politely asked for their signatures or a simple written response once they confirmed that they had read and understood the contents of the consent form. I provided the consent form to all participants by email. I did not proceed to arrange a data collection or interview session with any of the participants until they had replied to the participants' consent form. We agreed on the date and time to meet virtually for the zoom interview.

Summary

In Chapter 3, I focused on the research method that I have employed for this exploratory qualitative multiple case study research design. I discussed the various sections that were relevant in reinforcing the methodological discourse. I established a justification for selecting the research design, I provided an insight on the role of the

researcher, I discussed the research instrumentation, the pilot study, and I discussed the way I analyzed my research data as well as how I handled the issues of trustworthiness. In line with Yin (2017) and Stake (2015), I determined that an exploratory multiple qualitative case study research design was appropriate based on the research question about the knowledge discovery strategies that SME owners and managers use for recognizing the onset of financial problems when managing their businesses. Because my research was exploratory in nature, I collected primary data through semi-structured interviews with the owners and managers of SMEs in five different sectors whose businesses are in a major urban area of Nigeria, and they have operated their businesses successfully for at least 5 years. The semi-structured interview format allowed me to expand the scope of the questions and ask follow-on questions as were necessary when the interview phase commenced.

In Chapter 4, I communicated the results of the fieldwork and data collection procedure as provided in this chapter. I provided details about the field study, the research setting, the participant demographics, the procedures I employed for data collection and analysis, evidence of trustworthiness, and the research results and findings.

Chapter 4: Results

The purpose of this qualitative exploratory multiple case study research design was to explore how owners and managers of SMEs in a major urban area of Nigeria could obtain the knowledge discovery strategies for recognizing the onset of financial problems at inception. I collected qualitative data primarily through semi structured interviews with 20 SME owners and managers in this major urban area of Nigeria. Furthermore, I collected additional data from peer-reviewed and current journals, as well as seminal papers to confirm the trustworthiness of the phenomenon I was studying (see Bell et al, 2018; Ravitch & Carl, 2019).

The central research question for this qualitative exploratory multiple case study research design was: How can owners and managers of SMEs in a major urban area of Nigeria, obtain the knowledge discovery strategies for recognizing the onset of financial problems at inception when managing their SMEs? I interviewed 20 successful SME owners and managers. I sought permission from the interviewees and allowed them to give me a time most convenient for them to receive my Zoom call. I successfully interviewed all 20 participants, albeit I started noticing evidence of saturation from the 15th participant. I reported this to my committee chair, and they advised that I should continue the interview because new insights might come from the latter interviewees that the previous participants had not highlighted. I found this to be correct as I received some new information from three out of the four final participants, which helped enhance the quality of my collected data.

In this chapter, I presented the results of the semi structured interviews that I conducted with 20 Nigerian SME owners and managers remotely via Zoom video conference technology at different times over a period of 6 weeks. This was followed by the detailed content analysis of the data that I collected. I organized this chapter into sections detailing the pilot study, the research setting, the participant demographics, the data collection procedures, the data analysis procedures, as well as the evidence of trustworthiness of the procedures that I used to arrive at the results. Finally, I communicated the results, provided a summary of the results in Chapter 4, and I established a transition to Chapter 5.

Pilot Study

I conducted a pilot study in the form of a field test. I identified two friends and a family member who operate their businesses in this major urban area of Nigeria from where my original data were eventually collected. I presented my draft interview questions to them and asked for their views on how I had presented the questions. While they all agreed that I had presented most of the questions appropriately, they provided me with their feedbacks in the few areas where they felt I could improve upon the draft questions. The first field test participant advised that I should consider merging two questions that seemed to be asking the same thing. They also advised that I should rephrase one of the questions so as not to give the impression that all businesses have financial problems but instead, I could rephrase to ask how much of a challenge finance had been and how the SME owners or managers have managed their business finances to

keep the businesses alive over the years. These insights provided me with more robust answers from the actual participants when I started the original data collection exercise.

The second field test participant suggested that I rephrase one of the questions or ask a new question that inquired about timelines over which SME owners and managers experience financial problems and to ask if the problems had always been there or they were related to certain events. Furthermore, they suggested that I amend one of my questions about the extent to which impending financial problems may be recognized by good strategies. I rephrased the question accordingly.

The third field test participant advised that I should consider asking participants to identify the three top challenges of operating their SME businesses in this major urban area of Nigeria. They further advised that when the top three challenges are identified, some common themes may emerge in terms of the type of problems that different sectors experience and the reasons may be explored further with a view to proffering probable solutions to the problems. These insights were valuable, and I adapted many parts of my interview questions to accommodate the suggestions by the three field test participants. This pilot study did not lead to any change in the main study as there was no change in the instrumentation or data analysis strategies.

Setting

I conducted the interviews as agreed with all the research participants after they provided me with their preferred time slots which I worked my own timing around. I noticed that most of the participants chose times after they had closed for the day or on weekends. For those that tried to fix a time of their interviews during office or business

hours, I informed them to not be under any kind of pressure or obligation to grant my request for interview especially if it would conflict with their work schedules. Since I had the approval of the Institutional Review Board to collect data virtually, I was able to collect data from all 20 research participants virtually via Zoom online video technology.

The research interview and data collection settings were mostly relaxed atmosphere for all the participants either in their business premises or in their homes. The settings allowed us to have the interviews without much distraction except for a few that were inevitably in transit while I interviewed them. Apart from the common business, operational, financial, regulatory, and other problems that the interview sessions focused on, there were no organizational or personal questions that could have influenced the results.

Demographics

Gender

The participant demographics showed that out of the 20 research participants that I interviewed, nine were female (45%) while 11 were male (55%). This demonstrates a relatively balanced representation of both genders in the study albeit this was not preplanned. The gender balance provided data which helped me in eliminating any concerns about the skewness of data in favor of a particular gender which may cast doubt on the integrity of the research results. The data I gathered from all the participants further indicated that female entrepreneurs are exposed to the same challenges as their male counterparts when managing their SMEs, and gender does not necessarily determine

the ability or inability to employ the strategies for recognizing the onset of financial problems when SME owners and managers are managing their businesses.

Business Ownership and Management

The interview participants were required to be owners or managers of SMEs that are in the major Nigerian urban area who have owned or managed their businesses for at least 5 years. The profiles of the actual research participants that I interviewed revealed that 14 research participants (70%) were owners who also double as the key managers of their businesses. In comparison, six participants (30%) were managers who manage the businesses on behalf of the owners. This shows that SMEs in the major urban area of Nigeria are led mostly by the owner-managers.

Number of Years in Management or Ownership

A total of 13 owners and managers (65%) have between 5 and 10 years of experience as owner-managers or of active management of the SMEs, while seven participants (35%) have between 11 years and 20 years of owning or managing one SME or another. The data indicates that most SME owners and managers that I interviewed and whose businesses are in this major urban area of Nigeria established their SME businesses within the last 10 years.

Industry Sector

The five sectors that I preselected in my proposal to recruit participants from were information technology, microfinance institutions, professional services, quick service restaurants, and retail supermarkets. The distribution of the 20 actual research participants by industry revealed that three were from information technology (15%), five

were from microfinance and financial services (25%), six were from professional services (30%), two were from quick service restaurants (10%), and four were from retail supermarkets (20%). The sector distributions provided a fair representation of the different sectors as earlier proposed and this assisted me in obtaining diverse data with multiple perspectives based on the unique experiences and prevailing circumstances in each business sector.

Source of Start-up Capital

Regarding the source of initial seed capital for their SMEs, six participants (30%) reported that they started with their personal savings. Nine participants (45%) reported that they used a combination of personal savings and loans from family and friends. Two participants (10%) reported that they used loans from family and friends with whom they agreed internally to set the loan repayment terms and conditions. They did not include their own personal funds in these businesses because of the agreement to manage the businesses wholly with debt capital to see what the performance of the businesses when funded entirely with debt would be. As noted by Bell and Bryman (2018), debt imposes discipline on the managers of a business because of the certainty of the interest and principal obligations which is not the case when using equity or personal investments where the obligations can be circumvented at will. These participants stated that they eventually paid back the loans with interests to their friends and families, and they were free to take their businesses forward after having achieved stability and without the need to seek new debt over the past few years.

Finally, three participants (15%) reported that they used a combination of personal investment and equity to raise initial business capital. They avoided the debt route because of the conditions that accompany borrowing from traditional financial institutions in Nigeria. Equity provides a cheap and conservative form of financing startups provided there are enough potential equity investors that believe in the startup (Trinh et al., 2017).

Data Collection

I administered the semi structured interviews to the 20 research participants over a period of 6 weeks. I understood that there were possibilities for the interview questions to be structured, semi structured, or not structured (see Yin, 2017) and I aligned my follow up questions based on the previous responses or the issues the interviewee touches on while the interview was in progress. Furthermore, I compared the actual interviews with the output of my extensive review of the extant literature on SME financial problems. This enabled me to obtain greater clarity about my research endeavor as I engaged with the real business owners and listened to them share their experiences of managing their businesses and the various ways, they experience financial problems based on their circumstances.

I conducted all the interviews and collected all my research data online through Zoom online video meeting technology as approved by my research committee and the Walden Institutional Review Board (IRB). I chose this method of data collection because of Covid-19 and the university provided this as an alternative way to collect data from as many participants as did not want to meet face to face and to answer questions from a

researcher. Most of the SME owners and managers that I interviewed were either in their business premises or in their homes because of the new work from home practice which was also occasioned by the advent of Covid-19. I was the primary instrument, and I used my laptop which had sufficient data and very good internet connectivity to conduct all interviews. On the average, I interviewed about three participants each week based on the appointment I was able to get with them. Each interview lasted between 30 to 45 minutes.

I conducted all the 20 interviews by myself with the participants over video Zoom call. I had my pen and notepad by my side in addition to my computer so I could take quick notes and listen to their responses. I also got a spare laptop computer as back up in case my original laptop had any issue while the interview was in progress. Zoom technology allows for the recording of meetings either on the host computer machine being used for the meeting and there is also the option to record the meeting in the cloud by the authorized host computer. Prior to actual interview sessions, I sent a detailed email to each prospective participant requesting their interest to take part in my research study. I received positive responses from 22 persons.

When the interview started, I sought the consent of each participant to start the recording and I started the recording to cloud after they gave me their consent. I reiterated the reason why I needed to record the interview and all the 20 participants gave their consent for me to record the interviews when I made the requests to them. I opted to record the interviews to the cloud because the Zoom cloud recordings are normally available for download for unlimited number of times over a few weeks before the recordings are deleted. I downloaded each recording and saved them on a folder which I

named and passworded with a unique code known only to me. I then created two additional copies of the folder and stored one on a protected cloud storage space while I saved the third folder on a hard disk drive which is kept in a safe place. There was no variation in the data collection process from the plan I presented in Chapter 3. My data collection plan went as proposed in my approved proposal and I did not encounter any unusual circumstances all through the data collection period.

Data Analysis

I developed 16 questions for the semi-structured interview which I conducted with the research participants over 6 weeks. I focused the first four questions around the sector and age of the business and the managerial experience of the SME owner or manager. In the next five questions, I sought to have an insight into the experience of the research participants of operating their SMEs in Nigeria in general and specifically in the major urban area where my data were collected from. In the last seven questions, I addressed the financial problems that SME owners and managers experience and the strategies these SME owners and managers use to recognize the onset of these financial problems when managing their businesses.

I administered all the questions to all participants. While the interviews were happening, I started to take a mental picture of what the coded data would look like the potential categorization criteria. The possible themes that might emerge as more and more participants took part in the interviews and responded to the questions. Once I completed the interview stage, I started the data analysis by first watching each of the 20 interview recordings from the research participants not less than two times. As I watched,

I made notes, I paused the videos to interpret some statements they made, I played some parts many times to understand the exact idea the interviewees were trying to explain. After an exhaustive watching and listening to the recordings, I then started the final transcription of the recorded interviews into text. Thereafter, I proceeded to conduct the manual thematic analysis of the transcribed data. I developed codes from the results systematically. Then I allocated the codes under different subcategories based on the consolidated meanings that the codes convey (Saldana, 2020). As I obtained the categories and subcategories, the themes and subthemes started emerging, and I used thematic analysis to accomplish this. I also employed NVivo 12 qualitative analysis software to support and validate my thematic analysis.

Codes

The specific codes that I obtained from my data analysis include “finance, infrastructure, manpower, taxes, regulation, power, governance, competition, bottlenecks, security, workforce, risk, forex, materials, logistics, income, operations, borrowing costs, and purchasing power.”

Categories

Based on the codes that I identified above, I was able to allocate the codes into the following major categories for ease of interpretation and ensure that I keep focusing on the purpose of the qualitative exploratory multiple case study research design. The categories are- raising finance, skilled manpower, poor infrastructure, punitive taxes, excessive regulation, poor power supply, competitive threats, corporate governance, security concerns, foreign exchange, raw materials, and poor risk management.

Themes

From the outcomes of the codes and categories I already established, I used thematic analysis to develop the themes that emerged based on responses from the 20 research participants. I identified 12 major themes from the online video interview with owners and managers of SMEs in this major urban area of Nigeria and the strategies they use to recognize the onset of financial problems when managing their businesses. I developed these 12 themes based on my coding and categorization of the collected interview data. I present the main themes that emerged in Figure 1.

I provide below a summary of the 12 themes that emerged from the responses given to the multiple questions posed to all the 20 research participants. I provided the full details of the themes later in the results section of this chapter.

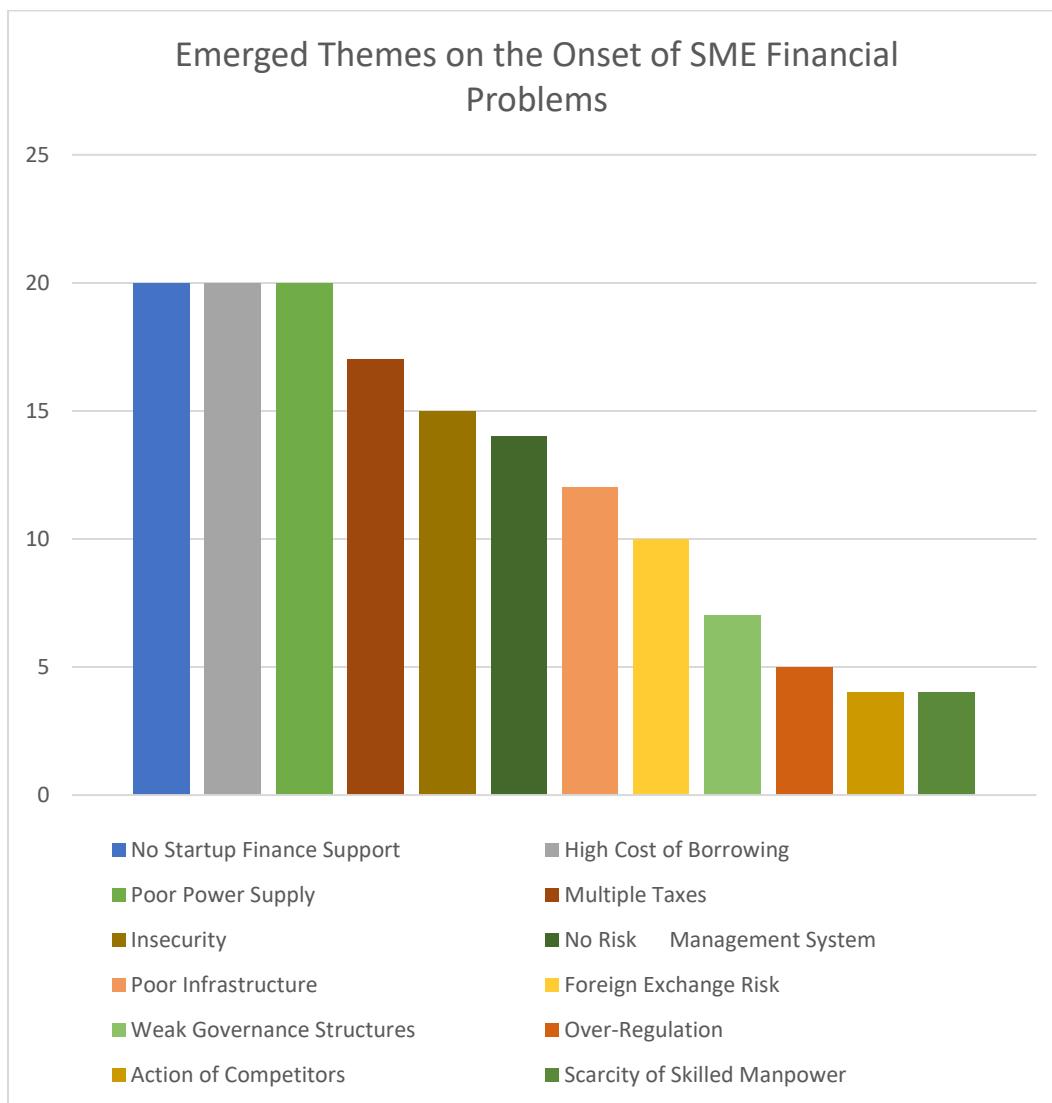
Theme 1: Difficulty in Raising Startup Finance

All the 20 participants expressed their frustration in raising finance to start up their businesses either as owners or as managers who understand the frustrations experienced by the owners in the quest to bring their entrepreneurial ideas to life. This problem is a recurring decimal in the Nigerian entrepreneurial sector, and it is a major source of SME demise within 5 years of starting operations. A few of the responses in participants' own words include "Nigeria is arguably the toughest country to get financing for starting up a business," "Even if your business proposition is so great, it may just remain a dream on paper as the banks will not even give you audience let alone ask you questions about your business idea."

“I will not advise any new or aspiring start-up business owner to take a loan from a Nigerian bank; otherwise, they will be working for the banks as the cost of borrowing is way too high.” Reports from SMEDAN and NBS equally confirm these problems.

Figure 1

Emerged Themes on the Onset of SME Financial Problems



Theme 2: High Cost of Borrowing for Expansion

This problem is closely related to the first above. The theme emerged from an overwhelming reference by all participants to the lack of support for SMEs already in business and wanting to expand or believe they have a risk-free opportunity. They need the support of financial institutions to take advantage of such opportunities. Participant 4 lamented, “This is a business that everyone knows generates good turnover daily, we have grown organically to date, and when we approached our bank recently, we were disappointed at the stringent conditions they set for us if we wanted to borrow to fund our expansion plans. Even if we meet all the conditions precedent, the interest rate alone meant that we would never be able to break even in the business. Painfully, we have yet to make headway in this regard”.

Theme 3: Poor Power Supply

The poor state of electricity and overall power supply in Nigeria has been a pain point for SMEs in Nigeria and this major urban area. The high cost of generating power due to the constant issue of power outages means that some businesses continue to struggle under the weight of spending on alternative sources of power, much of the funds they could retain and reinvest in their businesses for growth and profitability. The participants noted that this is a much bigger problem whose solution options have defied all sense of reason. Comments from some of the participants include, “If the government can just solve the electricity problem, our business can manage all other problems.” Another participant noted, “If the electricity situation remains the same, this business will find it difficult to survive for another 5 years”. One other participant stated, “The

government should stop promising us a seven-point agenda or 10-point strategy. What we need is one point agenda, and that is to have electricity supply for 24 hours a day in Nigeria. I don't think this is rocket science".

Theme 4: Multiple Taxation by Government

The issue of multiple taxations limits the latitude that SMEs must operate their businesses. The structure of the Nigerian government at federal, state and local levels creates problems for SME owners and managers as they must pay different taxes for different things to the three layers of government- federal, state, and local government. The haphazard manner these government agencies bring up random requests for taxes, levies, and different payments are "rather unfortunate," as Participant 9 put it. Providing enabling business environment and minimizing punitive taxes on SMEs may go a long way in helping them to be sustainable (Edoho, 2016).

Theme 5: Lack of Adequate Security

The security situation in Nigeria is one of the biggest challenges confronting the entire nation now. In the past 10 years, the security situation in the country has resulted in the demise of many SMEs. The surviving ones are equally struggling under the weight of this problem as they can no longer operate their businesses without worrying about security. 75% of the participants place this issue right at the top of the problems that contribute to crippling many SMEs in Nigeria and plunging them into financial crises.

Theme 6: Poor Financial Risk Management System

SMEs live through risk every day. From the general risk of being in a business line to the day-to-day operational risks, and the financial risk that they must manage

whether they are leveraged in full or in part. The pains expressed by these SME owners and managers attest to the need for greater attention to risk management by these business owners and managers. The management of financial risk which comes on the business risk might determine the longevity or otherwise of an organization irrespective of the size.

Theme 7: Poor Infrastructure

More than half of the participants (60%) thought the lack of adequate infrastructure had adversely affected their businesses. Some businesses will not actualize their potentials if the basic infrastructure to make their business run smoothly is not provided. They argued that some basic infrastructure that should be in place for their businesses are not just there. For instance, Participant 8 lamented,

The basic infrastructure that we need to drive our business has to be provided by the government, but the only one still functioning in the country recently stopped working. We are now at the mercy of a neighboring country for this infrastructure, and this has added extra cost of cross-border logistics to our already stretched cost base, which we might not be able to sustain for much longer.

Theme 8: Foreign Exchange Risk

The continuous decline in the purchasing power parity between the Nigerian Naira and other key currencies is a major source of worry for SME owners and managers. The weak value of the Naira affects practically everyone because Nigeria is an import-dependent country on many fronts. Half of the participants' feedback on this all-important

area of concern was that the policymakers were not ready to address the problem. They opined that for as long as SMEs are not empowered, Nigeria would continue to be import-dependent even for the most basic products that the SMEs could be producing.

Theme 9: Weak Governance Structures

The lack of effective and proper governance structures has been the bane of many SMEs. Many of these SMEs have financial distress because they lack the required governance structures. From hiring the right personnel keeping the records, and ensuring daily operational efficiency within the wider scope of managing the business, successful SME owners and managers consider this a key driver of their success. They advised startup small and medium enterprise owners and managers to ensure the question of governance is answered from day one of their business.

Theme 10: Over-Regulation of Businesses

The level of regulatory oversight by the state agencies over some small businesses leaves the business owners with unpleasant experiences. When regulation begins to prevent small businesses from the latitude to operate their businesses, then several issues may arise which are likely to be at odds with the interest of the small business owners and managers and, by direct implication, impose costs on their businesses. Fifty percent of the participants highlighted serious reservations with the excessive rules, regulations and endless laws that small businesses are subjected to. One of the research participants described this as “anti-business, harsh regulatory regimes doing more evil than good to small businesses.”

Theme 11: Action of Competitors

Most SMEs in this major urban area of Nigeria operate in perfectly competitive markets. These markets are characterized by free entry and free exit. A few of the research participants pointed out that the action of competitors, such as the influx of imitation products in their market space creates a lot of confusion in the already crowded marketplace. Some of the competitors are also engaged in sharp practices that make the entire industry seen as being collectively responsible for the problems created by a few. These actions impose financial costs on other players who usually find it difficult to compete when the markets get overtaken by substandard products and service providers.

Theme 12: Lack of Skilled Manpower

The issue of lack of skilled manpower is one that can affect all businesses in many ways. For small and medium businesses whose product or service offerings might require some technical know-how, finding skilled manpower can be a major challenge that is frustrating. Participant 18 lamented how it has been difficult to attract and retain talent for their business because their industry is highly mobile. With a high labor attrition rate, significant costs of hiring and retraining new talent are imposed on the businesses. These actions have contributed to why many SMEs continue to struggle to survive, except for those that have taken proactive steps to address these problems at the early stages.

Evidence of Trustworthiness

Credibility

I established credibility for this study by conducting member checking, as stated in Chapter 3. To establish the credibility or internal validity of my research, once I completed all the interviews and transcribed the results, I shared my results with the research participants, taking note to ensure that I only shared a particular result with the owner of that result. All the participants confirmed that the results were credible and conveyed the original intent as discussed before the data collection phase. They also confirmed that I had correctly captured everything they said during their interview sessions without importing any subjective points or researcher opinions.

Qualitative researchers risk derailing the original intent and direction of a research endeavor because of the possibility of researcher bias and subjectivity creeping into the data collection phase (Nassaji, 2020). If this is allowed to happen without proper discretion by the researcher, the credibility of the results might be compromised. To further strengthen the trustworthiness criteria, I triangulated the original data that I collected with secondary data from the SMEDAN and data on SME financing from the CBN. I also engaged in dialogic engagement with peers, and I asked for peer review from other researchers to critique my work, and they provided me with their feedback.

Transferability

To implement the transferability or external validity strategies, as I stated in Chapter 3, I provided an in-depth description of the research activities I engaged in and explicitly stated the assumptions that I made within the data collection phase

(Collingridge & Gantt, 2019). I ensured that I included a wide selection of sectors representing the industries where most SME owners and managers in Nigeria and this major urban area of Nigeria operate their businesses. By this action, I established a basis for the transferability of my research findings to other climes at different times. I ensured that there was clarity and simplicity in communicating the data. Future researchers within or outside Nigeria may take my work and rely on my findings as a basis for generalizing their findings (Bell et al., 2018). The global challenges that SME owners and managers in developing countries face have a lot in common when considering the vast data available in the literature (Naradda et al., 2020; Su et al., 2020).

Dependability

The third evidence of trustworthiness in a qualitative research study is dependability, like reliability in quantitative research (Guba, 1981). I ensured dependability by being consistent in administering the questions to the research participants. I did this to ensure the reliability of the data I collected (Hashimov, 2014). After an extensive literature search, I developed the questions and maintained the same protocol across all 20 participants whom I interviewed over time for consistency (Ravitch & Carl, 2019). I followed a similar procedure to record their responses, and I contacted them in similar ways to review the results and receive their feedback. The coding, categorization and theming procedures were also consistent. I equally employed triangulation with additional data sources from the key government agencies that regulate the development of SMEs in Nigeria. This meant that other researchers who may wish to

follow the same protocols I have employed in this study while researching a related subject are expected to arrive at conclusions that are not too different from mine.

Confirmability

I ensured the confirmability of my study by implementing deliberate actions to suppress any researcher-influenced preferences and conflicting ideas that might compromise my study. While objectivity was difficult to prove because of my interaction with the study and the participants, I ensured that my work was free from any form of biases that I held either covertly or overtly (Guba, 1981; Ravitch & Carl, 2019). I was deliberate at carefully observing the means through which any biases might creep into my study. In addition to coding the data and using the NVivo 12 qualitative data analysis software, I sought triangulation from literature and independent peer reviewers to look at my dataset and the reporting strategy and to call my attention to areas where I might have unknowingly interfered with the results. I kept the audit trail of all my workflow most efficiently to facilitate seamless reconciliation.

Results

The purpose of this qualitative exploratory multiple case study research design was to explore how owners and managers of SMEs in a major urban area of Nigeria could obtain the knowledge discovery strategies for recognizing the onset of financial problems at inception when managing their SMEs. I obtained the results presented in this section after conducting interviews with 20 research participants comprising owners and managers of SMEs. The latter's businesses are in the major urban area of Nigeria, from where I collected data for my study. During the study, I sought insights into the strategies

that successful owners and managers of successful SMEs have used to sustain their businesses financially beyond 5 years. Following an extensive review of the literature and the approval of my doctoral study proposal with Walden University Institutional Review Board (IRB) approval number 05-26-21-0548709, I proceeded to the data collection phase of the research study.

My focus in this qualitative exploratory multiple case study research design was specifically on exploring the financial problems that most SMEs in this major urban area of Nigeria experience and how owners and managers of successful SMEs have managed these problems and kept their businesses in operation. I obtained codes, categories, and themes from the responses provided by the participants. I present below details of the 12 major themes that emerged from the interviews with all the participants via Zoom online video conference technology over 6 weeks.

Theme 1: Difficulty in Raising Startup Finance

This was an area that all the 20 participants spoke extensively about. The results showed that the inability of SME owners and managers to obtain low-cost financing to start their businesses especially through the debt route, is a major barrier for them. Fifteen participants (75%) responded that they raised their startup finance through their resources, while the remaining five (25%) used a combination of personal funds and loans from family and friends. The results also confirm that most Nigerian SME owners and managers usually avoid using debt, especially in the early days of their businesses due mainly to the fact that in addition to the obligation to pay back the principal sum of any borrowed sum, the interest rates are not business-friendly (Eniola & Entebang, 2017).

While the concerns raised by the participants regarding how they have been able to sustain their businesses by avoiding loans are well intended, the question of the equity investment route comes into focus. The equity route is a cheap, low-risk, and conservative form of raising finance, especially for SMEs in the startup stage (Serrasqueiro et al., 2016; Trinh et al., 2017), and should naturally be preferred by new and prospective SMEs. Firms do not enter any contractual obligation with the equity holders that requires the former to pay any sum to the latter at any specific time (Belas et al., 2018). The pecking order theory presents the preferred order by which corporate financial managers of large-scale organizations pursue their investment opportunities (Serrasqueiro & Caetano, 2015). SME owners and managers, on the other hand, may find it difficult to follow the retained earnings, then debt, then equity pecking sequence as simple as it is presented. All the 20 participants (100%) acknowledged the appropriateness of the financing pecking order under normal circumstances where things work the way they should. Out of the 20 participants, 18 (90%) were conclusive at expressing doubts about the workability of the equity option and they claimed that they exercised caution with the equity investment route when they established their businesses. The equity investment route comes with some disclosure requirements and the dilution of ownership when investors bring in their funds means most SME startup owners would rather stay with the personal savings route and grow organically until they can afford to accommodate the costs and risks that come with borrowing. As Participant 17 stated,

We have sustained the business for 10 years without a bank loan because the pressure it would have put us under was just unimaginable; what this means is that our growth has been slower than we would love but we have our peace of mind managing our journey organically.

Overall, the difficulty in raising finance to start-up SMEs businesses in this major urban area of Nigeria was identified as one of the major causes of financial problems in most SMEs in Nigeria. This remains an ongoing problem for existing and aspiring SME owners. Successful SMEs have recognized this problem and tried to grow organically and by other means except debt in the early years of their businesses. They began to introduce some borrowing when they had become financially stable enough to service the contractual obligations that borrowing imposes on any business. Participant 17 noted:

We had a brilliant business proposition at the outset, and we went from pillar to post of the Nigerian banking sector looking for someone that would believe in our idea. Our hopes were dashed over and over again, and we took our idea back to my living room and brainstormed day and night for two weeks. In the end, we decided to gather all our life savings and sought the help of a few friends and family members who took big risks with their money. It's been 10 years now and we have come a long way without recourse to any bank loan; but guess what? all the banks are now interested in offering us loans.

Theme 2: High Cost of Borrowing for Expansion

While Nigerian startups usually find themselves in difficult positions when attempting to raise startup capital, the responses from all participants revealed that things

do not get much better after the initial teething problems that they experience in the early stages of their SME businesses. As Participant 11 put it, “Trying to borrow to expand your business should not be so difficult especially when you can show evidence of progress, but it is not so in Nigeria.” All 20 participants (100%) also decried the near zero support of the government whose responsibility it is to provide the enabling environment for SMEs to access the necessary financing to expand their businesses. They argued that incentives provided by the state and federal governments hardly reach the SMEs that genuinely need them, rather the large business owners with political connections still encroach the SME space and take away all the few incentives that government makes available arbitrarily. None of the participants confirmed that they had received any support from the government either by way of tax shields or provision of access to cheap loans albeit the government continues to market these ideas, as Participant 15 noted, “they are nothing but mere political promises.” Participant 5 also commented,

When we wanted to expand in 2014, the kind of collateral the banks were asking us for was impossible to get. If we had such assets to bring forward as collateral, we would not be looking for any loans. Even to access government intervention funds from the CBN requires you to provide collateral, so the entire system is designed to frustrate SMEs if you understand what I am saying.

There are problems associated with trying to scale SMEs in Nigeria especially with the current economic problems which have been exacerbated by the Covid-19 pandemic (Otache, 2020). The economic problems confronting the Nigerian state are

many and SMEs have been negatively affected. The participants observed that these economic challenges ranging from dwindling oil revenues, an import-dependent unproductive economy, continuous decline in the value of the Naira, and nationwide infrastructural deficit have adversely affected the purchasing power of the people. These problems have contributed to further weakening SMEs' ability to approach the banks with confidence as the banks have become even less interested in taking a risk by disbursing loans to SMEs because the repayment sources more than ever before are now difficult to ascertain. In summary, these successful SME owners and managers have employed mainly the organic growth route to manage their businesses especially in the early years of their entrepreneurial endeavors, having recognized the potential financial problems the other financing routes might subject them to. Participant 9 submitted,

We knew when we were ripe enough as a business to take on debt to finance our expansion some 5 years ago. While we have managed to service our debt obligations very well, the percentage of our earnings directed toward meeting our monthly principal and interest obligations can be perplexing many a time.

Acquiring debt to finance an SME in Nigeria is not a decision to be taken lightly because you must count the costs before you get into it.

Theme 3: Inadequate Power Supply

All the participants lamented the sorry state of electricity supply in Nigeria. Virtually every business relies on electricity for one purpose or another. It is unfortunate that Nigeria has struggled with fixing the power supply problem despite billions of dollars appropriated for and spent by successive governments over the past many decades

in this sector. On several occasions while I interviewed different SME owners and managers during the data collection for this study, they experienced a power outage, a common occurrence in Nigeria. It is commendable that these SMEs have managed to keep their businesses from failing despite Nigeria's seemingly unsolvable electricity problem and the significant financial pressure this problem puts small and medium enterprise business owners and managers under.

The demise of many SMEs has been traced to the problem of inadequate power supply, as all the participants submitted. They described in various ways how they must budget specially for alternative power supply means just because the primary source of power, the government grid, is not reliable. The problem is much more challenging for those whose businesses operate in retail supermarkets, quick-service restaurants, microfinance banks, and financial services. These businesses require a constant electricity supply to keep their operations running smoothly. The perennial power problem of Nigeria is a conundrum, as aptly put by Participant 20. Beyond the poor electricity distribution, the generation and transmission aspects are plagued with many interests too complex to decipher. As the participants reported, this electricity problem has made it inevitable for them to carry out parts of their production operations in nearby West African countries that enjoy relatively stable electricity compared to Nigeria. Sadly, such decisions come with some additional costs.

Theme 4: Multiple Taxation by Government

The participants overwhelmingly reported this problem with a total of 17 participants (85%) blaming the government's multiple tax regime as one of the pressure

points of financial challenges for SMEs in Nigeria. The participants who took advantage of previous favorable government policy reported that the good days were over as the window of tax waivers had been shut due to the government's dwindling revenues. They lamented that the multiple taxes, levies, duties and so forth imposed by the federal, state and local governments are partly responsible for preventing many SMEs from pursuing viable business opportunities especially offshore partnerships. Participant 5 credited the success they have accomplished so far to a measure of chance and partly the ability to predict the direction of their industry based on the prevailing and potential macro environment and global trends. They leveraged their ability to travel into the future of their businesses and knowing that government would not be nice forever.

Theme 5: Insecurity

The problem of insecurity in Nigeria appears to have spiraled out of control within the last 10 years. The situation has become so bad that there is arguably any part of the country that is now considered safe and 15 of the participants think it is a serious problem for everyone. The government at the center seems to be in an endless search for a lasting solution to the ugly situation. The Nigerian constitution recognizes that the security and welfare of the people is the primary responsibility of the government. Nonetheless, most of the participants scored the government very poorly in this regard, responding that the government is profiting from the problem.

Participant 1

The security situation has now climbed to another level. I cannot believe that this is the same country I used to live in while growing up in this city. It is doubtful

that businesses can thrive in an atmosphere of fear and general insecurity. Kidnapping today, banditry tomorrow, killings here and there, how do we live in fear daily? The security challenges are not bigger than the government if they want to be sincere. This ugly situation affects our business and most businesses in no small way. The raw materials we used to transport at very cheap rates just a few years ago are not available now. We have had to resort to low quality and more expensive materials to keep our business going, these are not the best times for SMEs in Nigeria.

Participant 14

How can we place monetary value on the untold hardship that our business has suffered due to insecurity? There is no way any business can remain sustainable under this insecure atmosphere. Our country is becoming less and less attractive every day and the government is busy playing politics with our sources of livelihood. The situation is getting worse by the day, and it seems an end is not in sight. The threat posed to businesses and our collective security is real and the earlier everyone realizes the magnitude of that threat, the better. The extra costs we incur on enhanced security are hurting our business badly. If we do not provide these assurances and a sense of security to our customers, they will no longer come to our business premises. We were proactive at recognizing the potentially dangerous dimensions the problems might degenerate into when we started witnessing pockets of the problems some years ago. We invested ahead of the pack, and we went on to enter a long-term contract with a security outfit that

overhauled our entire security apparatus. What we are witnessing now is a confirmation of our fears back then. I don't know how and when Nigeria became like this.

Theme 6: Weak Financial Risk Management System

The continuous attempt by SME owners and managers to strive to be better and acquire continuous knowledge. The creation of bogus titles gets into the heads of SME owners and managers and excess employment of unnecessary staff. Participant 5 humorously said

The entire team of our microfinance bank was 5 when we started because we had to manage the financial risk. We employed young and brilliant people. We partnered a business masterclass firm that started ahead of us. We leveraged the services of a trainer who provided services for us pro bono on many projects. We joined the association and rode on the back of older players in the microfinance space, and we had access to a lot of free or low-cost training for our employees. We were very lean, and we achieved break-even in just 10 months which is an impressive feat for our crowded sector. Fixation on projected revenue is a sure way into illusion and fantasy. No business survives based on optimistic projections. The cost is the king to master in addition to revenue management. If we are not increasing revenue, then we have no reason to be increasing or cost. The two metrics must balance. Tomorrow's money should be spent tomorrow and not spending tomorrow's money before tomorrow comes. There is no rule book to navigating financial problems, but SME owners and managers must learn

to adapt and learn fast. Financial problems arise when the business starts venturing into external areas that they may lack knowledge about. The long-term view must be taken always. For instance, beyond competitive pricing, competitive timing must also be understood. We started Saturday banking because we were daring larger competitors that we had to outwork. We were the only bank at some point that opened on Saturdays. We were later credited as the pioneers of Saturday Microfinance Banking. We offered Saturday banking and free vaulting for the market women on Saturdays be they account holders with us or not. We expanded our vault and secured it. We accepted their cash and safe-kept them for free, we ended up converting most of those traders to account holders with us. They had access to their funds in their accounts immediately on Saturday once we accepted their cash and issued them a bank card with their full balance. It's easier to find luck when you are very hard working. We were very down to earth with the people, and we prospected them. I was involved in everything we did. It made it easier for me to hire the right persons when we could afford it. You must be adaptable to changing environments and keep your eyes on the market moves and information flow.

Participant 5 further strongly advised against committing to high-interest loans and ensuring prudent deployment of company funds while monitoring the sales versus cost of sales balance and not mistaking revenue for profit. These are some of the sound financial risk management practices that Participant 5's firm has implemented over the years to keep their business afloat. Participant 1 advocated for SME owners to leverage

their assets to fund their new ventures and advised new SMEs against borrowing, if possible, because of the punitive interest rates from Nigerian banks. In their words, “You must lower your costs and look for optimal resource utilization. Investment in other assets can provide a source of sustainable cash flow for the business especially when the cyclical businesses are not doing well.”

Theme 7: Poor Infrastructure

Poor infrastructure adds to the cost of producing your products or delivering services. The quality and state of infrastructure is an important determinant of the ability of SMEs to deliver their desired business objectives. 60% of the respondents berated the government for failing to provide the necessary infrastructure to help SMEs stay in business. From bad roads to poor electricity, ill-maintained public infrastructure, coupled with the poor maintenance budget that government continues to scale down each year, the SME owners and managers are always at the mercy of the system that keeps failing them even as they strive to stay in business. Participant 20 was emphatic that providing certain basic and public infrastructure is that of the government. If the government fails, a huge cost is imposed on everyone unable to use the infrastructure to enable their business and other activities. This poor and dilapidated public infrastructure issue is arguably the bane of SME growth and survival in Nigeria. Participant 3 argued that a lack of maintenance culture has led Nigeria to what her infrastructures look like throughout the country today. In their words,

A country whose leaders cannot simply maintain strategic national assets that our forefathers bequeathed to us in trust is in trouble indeed. Look around you all over

the country today and point me to any public infrastructure that stands intact one year after being constructed or being overhauled with billions of Naira. Can you see that something is fundamentally wrong with us in this country?

Small and medium enterprise owners and managers are at the mercy of government because they rely on public infrastructure to operate their businesses seamlessly. Owners and managers of successful SMEs who took part in this research had a catalogue of experiences to share on how they continue to address the problem of poor infrastructure without allowing it to destroy their businesses.

Participant 19 observed that while the effort of the government to privatize some of the public infrastructures for efficient management and better service delivery is commendable, it was a belated move as it could have been initiated years ago. The privatization processes of some critical public infrastructure like roads, electricity, and telecommunications to name a few have received mixed reactions from Nigerians. The perceived failure of the government's privatization efforts still stems from deeply rooted problems that the legacy government agencies that managed those assets transferred to their subsequent private owners, many of whom have seen firsthand the problems with partnering with the government in Nigeria. The result is that most private investors have opted out of the "complex" arrangements because the government did not allow them the free hand to run those assets as they would love to. SMEs are one of the most affected groups with respect to the infrastructural deficit problems of Nigeria.

Theme 8: Foreign Exchange Risk

More than half of the research participants reported foreign exchange risk as a key determinant of the success or failure of SMEs and most businesses in Nigeria. Nigeria does not appear to have so many sources of income as desired because the government has not demonstrated the political will to pursue other revenue pipelines apart from oil and gas. Participant 6 submitted thus:

The Nigerian economy is highly susceptible to foreign exchange risk. Nigeria earns most of its national revenues from the sale of oil and the price of oil is a major determinant of the prices of most other goods and services. Aside the oil that we export, this country imports virtually everything else. With local manufacturing almost non-existent, the nation's big and small businesses rely on imported raw materials to carry out their businesses. Despite all the hedging strategies we tried to adopt, the rate at which the Naira has been declining against the US dollar in recent years is most unfortunate. This is one problem that even the government has no clue on how to solve because we cannot print US dollars here and if we don't diversify our economy, we will be at the mercy of the inflows we can get from oil sales; unfortunately, the days of free oil windfalls are over because there are so many countries selling oil now, so we have a big problem here.

Participant 12 also observed that:

SMEs are bearing the punishment for the inconsistent policies of the government. Today they say one thing, tomorrow, they say another. When the Forex window

was open for SMEs to access US dollars at official rate to help us finance the importation of our raw ingredients, we complied fully with the requirements by submitting all documentation and meeting all deadlines. The entire process was disrupted, and the funds went to those not deserving of it, leaving poor SME owners and managers stranded. Perhaps the government does not recognize the gravity of this problem. The cost of everything has skyrocketed three-fold over the past twenty-four months and the government does not seem to see this as a looming disaster. It seems like a miracle to me that our business is still standing amid all these problems.

The level of exposure of the entire country to foreign exchange risk is alarming and this portends danger for the survival of SMEs, which are important drivers of the economy. As Participant 7 also noted:

The problem of foreign exchange is well reported by the banks because liquidity is becoming an increasingly unsettling issue with many Nigerian banks in recent months. The forex liquidity squeeze is evident in the difficulty faced by those looking to pay tuition fees, medical fees, or to pay their offshore partners for imported raw materials which is where we as a medium-sized business have found ourselves. Imagine the long wait we must endure purchasing foreign currency in exchange for our Naira. This is a problem that the government has recognized, but it is likely that the government is not bothered or has no clear strategy about addressing these problems.

Theme 9: Weak Governance Structures

The question of governance structures by small and medium enterprise owners and managers was also highlighted by seven research participants as being responsible for the failure of SMEs within the first 5 years of their existence. In their quest for revenue growth and income generation, many SME owners and managers fail to implement the appropriate governance, control, and management structures. Everyone is accountable for their actions and the entire business has a good foundation upon which other structures will be built. In the words of Participant 14:

Whenever we spot a gap in the market, we ask ourselves if there a market in the gap. When we can answer this question, the next question we ask is about the kind of governance structure that we need to put in place to maximize our presence in that business. The wisdom is not to rush to try to grab a gap or an opportunity, but to look carefully before you leap. When revenues dwindle, things begin to slow down, and a collapse might be inevitable. Our strong governance and control systems provide us with a range of options that we can pursue to navigate our way out of the problems. The benefit for SMEs of having a robust governance structure in place cannot be overemphasized.

Participant 11 also noted:

The experience we brought from working in this field for many years helped us establish the right governance structures running almost on auto mode. The urge to make money may lead people to be over-optimistic about the expectation of the outcomes of a business endeavor. However, they begin to cut corners when things

don't go as expected. We make it a point of duty to ensure we never compromise on our standard no matter what. These qualities are enshrined in our governance code.

In the words of Participant 8:

There is no way any firm in our industry will survive without putting proper governance structures in place. Because we deal with a wide range of parties during our business, we must be well organized as a company and our internal governance structures must be such that we are prompt and detailed at dealing with external parties with whom we have established a value system to advance the course of our business. From the primary and support activities of our value chain to the efficiency across these components, if we lack the right governance structures from leadership to operations, we are done for. A lack of proper governance structures is the undoing of many Nigerian SMEs.

Theme 10: Excess Regulation of Businesses

A few of my research participants raised the issue of excessive rules and regulations that negatively affect SMEs. Some of these government regulations have been described as overbearing and unnecessary because they are restrictive and, in many cases, they are repetitive by governments across different levels. Participant 2 gave their position as follows:

Create formal and informal relationships within the regulatory circle. Go back in history and study the trajectory of the industry cycle and how the industry has evolved. For instance, the old community banks were asked to pivot to

microfinance banks. The community banks were exempt from all forms of taxes. Microfinance banks, however, did not enjoy that privilege. SME owners and managers must be proactive and be ahead of the regulator. If you compare Nigeria with a place like Dubai, you will see that the govt of the UAE provides the enabling environment to help SMEs thrive.

Participant 9, however lamented:

When we started out, it was not this bad. There's a continuous and endless proliferation of regulators that harass you daily with bills, levies, tariffs and so forth to pay. One wonders if these different levels of government are aware of the catalogue of challenges that SMEs are facing in this city. With dilapidated infrastructure, bad roads everywhere, expensive rents to pay, lack of electricity and so forth, it is surprising that governments rather than helping SMEs in ameliorating these problems are concerned about imposing various fees, duties, and tariffs on struggling businesses. This city where we operate also comes with some peculiar challenges and the local and state governments know this, yet they continue to penalize SMEs. The level of inflation is abysmal, and government even appears to have no clue as to what to do apart from introducing new levies almost every day.

The government at all levels needs to consider SMEs' plight and review the various ways they are taxing these businesses if they want more of them to continue in business. While regulation is necessary to ensure that businesses are always doing the right thing within the ambit of the law, when regulations become excessive or they are

duplicated by different government agencies all imposing penalties for the same purposes, that becomes a problem for the business owners.

Theme 11: Action of Competitors

Most of the SME owners and managers that I interviewed identified their businesses as operating in perfectly competitive environments where there are many sellers, and many buyers and entry barriers are almost non-existent. Thus, they recognize that they operate alongside many other similar companies that offer products or services like their offerings. The successful SME owners and managers reported that they conduct continuous competitor intelligence so that they are always in the know regarding what their competitors are up to from time to time. Because of the commoditized nature of the businesses that most of these business owners and managers I interviewed are engaged in, it is difficult to avoid the influx of counterfeit products that continuously flood their market space and cause some problems. Sadly, these competitive threats are coming from near and far because of the many possibilities that modern-day industrialization affords. Participant 1 underscored this fact succinctly:

Your competitors are not in your neighborhood. They are in China or US. Most technology startups no longer go to the government, they are funded by foreign investors. Globalization is a giant threat to SMEs. We are in a commoditized business, with no regulation of wages and competitors everywhere, increasing price is difficult. Even though cost is increasing, you cannot increase price randomly else you will not be able to compete. So, we must find ways to reduce costs in areas we can control. It's been tough but we are still here. One key

competitive advantage that we have is that we have significant experience of this business having previously worked for many years in the same field. You can call this causal ambiguity, but whether this can confer a sustainable competitive advantage on us is questionable. That said, the actions of imitators continue to threaten us on all fronts, but we have also not relented at ensuring our customers are aware of the presence of these guys and their actions. While not perfectly inimitable, we continue to research our threshold capabilities and see as many as we can develop into core capabilities for the future.

Competition is an inevitable part of running small and medium-sized enterprises worldwide. Competition can be healthy when all players in the industry understand the resources at their disposal and their ability to use those resources to carry out their routines efficiently or to use the resources to develop new routines based on their learning and experience effects over time. Successful owners and managers of SMEs continue to exhibit the ability to exploit their current operations and explore future opportunities as they strive for excellence in all they do.

Theme 12: Lack of Skilled Manpower

Attracting and retaining skilled talent was another area that a few of the respondents touched upon. The high level of technical competence required in some SME businesses means that the owners and managers must go the extra mile to seek scarce talent in these fields. Some areas of professional services require the employees to have some certifications to demonstrate their know-how and proven ability to do the job. These certifications are like the gold standard of employment in those industries. The

interviewees lamented the brain drain problem as being mainly responsible for their inability to hire the right talents in their fields because the people with the skills and qualifications have left the country. Participant 1 expressed their frustration:

To run an SME like ours successfully, you need many soft and hard skills. You cannot be paying for everything because you need the right talent in-house. We do many things internally and some of our services are based on proprietary know-how that cannot be bought over the counter as such. Knowledge of your business and industry is key to your competitiveness. We have stayed in our area of experience and expertise as our business is a niche. We do not solicit clients; rather, the clients inevitably come to us because of our technical and operational know-how. Our biggest challenge is finding local skilled manpower in our field. It is an expensive adventure to hire international talent in this business.

Entrepreneurial Knowledge

In addition to the key themes above, entrepreneurial education is lacking in many SME owners and managers. Some of these skills cannot be acquired by experience alone, but SME owners and managers can be taught by other experienced senior persons that have significant experience. There are entrepreneurs with access to finance but who lack the basic tenets and have little or no knowledge of entrepreneurial venturing and their businesses failed within a short time. As Participant 12 advised

It is important to seek education about your line of business, and it must be continuous. Losses in succession indicate problems that may result from a lack of knowledge about what to do. When you start renegeing on your obligations to your

customers, there is a problem. You must keep conducting a continuous financial health check of your business just as you go for your medical checks. The business has life, and you must carry out a periodic wellness check. You must have a barometer that measures the business environment, and you must have good knowledge of the events and be prompt at interpreting the issues. The environment is fast changing each day and SME owners and managers must have the required knowledge to continue to navigate their industry space efficiently.

Discrepant Cases/Nonconforming Data

I was deliberately looking out for evidence of discrepant cases in my data analysis. I understood that there might be situations where an occurring phenomenon might be disconfirmed despite the known characteristics of the confirmed occurring phenomenon (Rubin & Rubin, 2012). While this might have introduced some level of complexity into my study, I ensured that I iteratively reconfirmed each assertion to establish that the experiences of my research participants have been captured most accurately.

Summary

The literature review, the data analysis and the results sections have brought to the fore answers to most of the research questions in my study. The responses have shown that small and medium enterprise owners and managers must be deliberate at recognizing the many challenges they face daily while managing their businesses but with a specific focus on those that can lead their businesses into financial problems. The themes from the interviews show that Nigerian SMEs and those in this major urban city where my

research participants are based face several challenges. Globalization has made the competition more intense hence businesses that want to remain alive must recognize the global basis upon which they must compete. Small and medium enterprise owners and managers must equally have the knowledge, skills, resources, and capabilities to compete favorably.

The emerging themes revealed the main drivers of the onset of financial problems that small and medium enterprise owners and managers must be adept at recognizing and disciplined at monitoring and controlling as much as they can. The most concerning problems such as difficulty in raising startup finance, high cost of borrowing, poor power supply, multiple tax regimes by the government at different levels, inadequate security, poor financial management skills, weak governance structures and more that emerged from my research have revealed more details and supported findings from previous studies in the extant literature on SMEs. Furthermore, the problems of infrastructural deficit, foreign exchange risk, excessive regulatory environment, lack of skilled manpower, and the actions of competitors need to be understood as part of the causes of financial problems that small and medium enterprise owners and managers face while managing their businesses.

In the next chapter, I concluded this exploratory multiple case study research by interpreting the findings while highlighting the limitations I experienced during the study. I also provided recommendations for future research within the boundaries of the study. Finally, I described the potential implications of this study for positive social change, and I concluded the study with a “take-home” message.

Chapter 5: Discussion, Conclusions, and Recommendations

The purpose of this qualitative exploratory multiple case study research study was to explore how owners and managers of SMEs in a major urban city of Nigeria can obtain the knowledge discovery strategies for recognizing the onset of financial problems at inception when managing their SMEs. The nature of this study was a qualitative exploratory multiple case study research design. I identified common themes that emerged from interviews with owners and managers of successful SMEs that have been in business in a major urban area of Nigeria for at least 5 years.

I conducted this study to explore the strategies that successful small and medium enterprise owners and managers have used to keep their businesses from failing for more than 5 years after establishment because more than 50% of SMEs in Nigeria fail to live up to 5 years after their establishment (see Eniola & Entebang, 2017; Oduro & Nyarku, 2018). This study was necessary to contribute to the literature on small and medium enterprise finance and how owners and managers of SMEs can obtain the strategies to promptly recognize the onset of financial problems at inception when managing their businesses. This proposed addition to the body of knowledge may help reduce SMEs' rate of failure.

The key findings from this study were provided in the previous chapter. The study results provided me with insight into the most common reasons why SMEs in a major urban city of Nigeria continue to experience financial problems while managing their businesses. These reasons include but are not limited to difficulty in raising startup finance, high cost of borrowing, poor power supply, multiple taxes and levies, insecurity,

and dilapidated infrastructure. Small and medium enterprise owners and managers exert much of their financial resources on addressing these problems and more, with the resultant effect of reduced income. Therefore, many of them do not survive the first 5 years after they are established because of the extra costs to manage their unending challenges. The findings further showed that those SME owners and managers that are deliberate at recognizing these various problems at the early stages and taking steps to address them have fared better at sustaining their businesses despite the challenges.

This chapter discusses the interpretation of the findings that emerged in Chapter 4. Drawing from the previous four chapters, I provide the study limitations, the recommendations, the implications of the results, the gap in the research study, and I conclude at the end of the dissertation.

The overarching research question that I used to underpin this study was “How can owners and managers of SMEs in a major urban area of Nigeria obtain the knowledge discovery strategies for recognizing the onset of financial problems when managing their SMEs?” The research problem that I sought to address in this study was SMEs' high rate of failure in Nigeria. I have taken a detailed look at the extensive literature on the subject and complemented previous findings with my research through data collection and analysis, and I have communicated the study results.

Interpretation of Findings

I conducted this qualitative exploratory multiple case study research to obtain a deeper insight into how successful small and medium enterprise owners and managers in a major urban city of Nigeria have been able to develop strategies for early recognition of

the onset of financial problems when managing their businesses. I collected the primary research data by interviewing 20 small and medium enterprise owners and managers in a major urban city in Nigeria. The study findings revealed that both male and female genders are equally involved in the ownership or management of SMEs in this major urban city of Nigeria. Nine out of the 20 research participants identified as female, while 11 were male. The successful female SME owners and managers demonstrated impressive ability to multitask in several other areas while still managing their SMEs.

The findings also indicated that SME owners and managers who have management experience in excess of 10 years have achieved mastery of their businesses to a great extent. They demonstrated superior ability to recognize the onset of problems that might degenerate into more serious financial problems for them. They are quick to implement strategies for addressing the recognized problems before they get out of control. Based on the responses from all the 20 research participants and how they have managed their businesses successfully for more than 5 years, I found out that these SME owners and managers have developed the ability to promptly recognize potential financial problems at the onset thus they can take preventive steps before the potential financial problems develop.

With respect to how SME owners and managers are generally able to recognize potential sources of financial problems, I deduced that some SME owners and managers are prompt at recognizing potential financial problems. The second category is not so fast, but they are steady at recognizing potential financial problems after some inertia. Finally, some are slow at recognizing potential financial problems early. SME owners

and managers that are slow in recognizing potential financial problems early may find themselves struggling to address the problems when they manifest fully. SME owners and managers that recognize potential financial problems within a reasonable period after the problems have taken room also manage to act and take some decisions to address the problems albeit at some cost. SME owners and managers that are quick to spot problems that may degenerate into financial problems have robust early recognition strategies. They can shield their businesses from being overridden by such financial problems.

Based on the results communicated in Chapter 4, I have provided a summary of the interpretation of findings from my study against the extensive literature review I conducted in Chapter 2. I have also interpreted the findings from the most prominent themes that emerged from the data I collected and analyzed in Chapter 4 of this qualitative exploratory multiple case study research.

Raising Startup Finance

Drawing from the overwhelming responses from all research participants regarding this issue, it was clear that raising finance to start up a small and medium enterprise in Nigeria is a daunting endeavor. All 20 participants shared that they had unpleasant experiences raising initial capital for their businesses. This is consistent with the positions of authors based on the review of literature on this study (e.g., Botta, 2019; Edoho, 2016; Kumar & Rao, 2018). With about 50% of SME startup capital in Nigeria raised through friends and family (World Bank Report, 2020), it was clear that those who raised their startup finance through this route experienced little to no financial problems, having successfully managed their businesses for upward of 5 years. SME owners and

managers who experience financial problems or distress often have relied on other financing sources, especially the debt or equity routes, to finance their startups.

The difficulty in raising SME startup finance through other conventional means such as bank loans or equity investment made these successful SME owners and managers start with their savings and support from friends and family. The upside of these financing sources is that they do not exert as much pressure on the business owners compared to what they might experience with the debt or equity route. Meeting high debt interest and principal obligations and fulfilling the wishes of controlling shareholders who provided much of the startup capital are some of the most common reasons for the financial problems that cause many SMEs to fail within a few years of their establishment. Prospective small and medium enterprise owners need to know the implications of the different options they might consider for raising the capital to start their businesses. In a country where interest rates on loans are in double digits (Edoho, 2016), aspiring SME owners and managers may wish to do much more research around the startup financing option that best fit their peculiar circumstances.

High Cost of Borrowing for Expansion

Navigating through the initial challenges of starting up a small-scale business is one major area of problem for the owners and managers. Scaling up the business after they have started operations is perhaps a much bigger problem for them. The findings from this study are in agreement with the literature on the benefits to SME owners and managers of being able to scale their businesses for growth and expansion (see Brealey et

al., 2018; Eniola, 2014; Oduro & Nyarku, 2018). The authors highlighted the difficulty Nigerian SME owners and managers experience while scaling up their businesses.

Participants in this study provided insight on how they did not put their trust in the banks when they had to expand. Still, they monitored the economic cycles and explored alternative ways to scale their businesses, if need be, as opposed to outright borrowing. The option to use trade credits and supply agreements was a clever move that these SME owners and managers adopted. While they agreed that their speed of growth had been slower than it might be with the availability of funds to scale up, they have been able to manage their financial challenges better as they are adept at recognizing them early and implementing preventive actions accordingly. Based on these findings, the high cost of borrowing to expand SME businesses in this major urban city of Nigeria have caused many SMEs to fail. The capacity to meet the interest and principal obligations with sufficient earnings coverage and the cash flow viability is critical to sustaining any SME with debt obligations to a traditional financial institution in Nigeria.

Poor Power Supply

All the participants reported electricity as one of the major cost drivers of their businesses. The problem of poor power supply in Nigeria is a conundrum that is hard to comprehend (Ajayi, 2016). The government and the private sector players that they have engaged to manage the generation, transmission, and distribution of electricity are contending with dated infrastructure and operational issues among the multiple parties that are involved in the sector. The economic cost of Nigeria's electricity problem is estimated to be more than U.S. \$30 billion on average (World Bank, 2020). The

additional cost incurred by SMEs in this major urban city of Nigeria is significant and it constitutes a major source of financial challenges for many SMEs that have failed. The cost of obtaining alternative electricity sources imposes a major financial burden on the firm. The findings in this study confirm the extensive literature on the perennial problem of electricity in Nigeria and the damage it has done to SMEs (see Anigbogu et al., 2015; Ilegbinosa & Jumbo, 2015; Sherrif & Muffato, 2015).

Insecurity

Insecurity was another recurring theme all through this study. The Nigerian nation has transformed since security challenges started affecting the nation in a dimension never seen before (Otache, 2020). For more than a decade now, the entire security architecture of the Nigerian state has experienced monumental problems that successive governments have struggled to address (Ajayi, 2016). SME owners and managers have suffered much of the consequences of insecurity in most parts of the country. The business environment is full of uncertainty and businesses are operating on edge without knowing when a security breach might happen. In several instances, the sources of raw materials have been compromised because of insecurity and these places are not accessible (Otache, 2020). There is hardly any SME business that is immune from the challenges of insecurity, however, successful SME owners and managers have developed mitigating steps to monitor the environment and take proactive actions before things become uncontrollable. The government's effort in combating insecurity is not without notice, the question of whether their effort is good enough is one that everyone is still asking.

Financial Risk Management System

The ability to manage the diverse risk and exposures of SME owners and managers while managing their businesses is an all-important quality that they must have to achieve success. As SME businesses grow and expand, their risk profiles also expand. Successful SME owners and managers reported that they came into their businesses with a good knowledge of the risks inherent at various stages of their business life cycle stages. They put in place a robust risk management strategy to manage their transition from one level to the next. A hands-on approach to managing the financial, operational, and other firm-wide risks helped most of the study participants navigate the risk management process of their organizations. Small and medium enterprise owners and managers must possess the appropriate skillset in financial management, financial control, operations management, working capital management, and long-term financial management. This aspect is equally important to external stakeholders such as lenders and prospective investors in a business (Bhatia & Srivastava, Cowling et al., 2018; 2016; Karadag, 2018).

When they are crafting their business strategy, SME owners and managers must build in the flexibility that allows for adjustment as and at when necessary (Branicki et al., 2017). For any SME to survive, they must have at least two lines of income generation: one for regular cash flow that can help handle daily expenses and another one that can help them transition to the next level when the need arises. SME owners and managers will become more responsible when they build in the expectation of

uncertainties in their risk management system (Cowling et al., 2020). They are better able to withstand shocks when they prepare well ahead.

The research participants advised that under no circumstance must SME owners and managers allow themselves to slide into the illusion of mistaking cash for income. They must understand that revenue does not equal profit. They must be as lean as possible by employing the number of persons they can pay. SME owners and managers also need to put in place proper financial management and control system that helps them avoid financial failure. They may also need to retain the services of professional SME friendly audit firms as and at when due to help them keep the financial discipline.

Limitations of the Study

I was aware of some limitations to this qualitative exploratory multiple case study throughout my research. The limitations of this study include the scope, geography, sample size, and challenge of generalizability of the research findings. Yin (2017) affirmed these aspects as potential areas where qualitative research output may suffer limitations.

The scope of the study included small and medium enterprise owners and managers whose businesses have existed for 5 years or more in a major urban area and the businesses were selected from only five sectors. This scope was narrow, and it excluded many more SMEs in other sectors whose businesses equally operate in this major urban area of Nigeria. While I recognize that this narrow scope might have prevented me from exploring the potential additional attributes that widening the scope

might have afforded my study, I believe there was need to focus the study on the research criteria that would generate the most accurate output from a small sample size.

The geographical criteria of selecting this major urban city of Nigeria equally limit the study to a small sample size of SMEs operating from this major urban city. A study that would expand the geographical coverage area to the whole of Nigeria might be appropriate and this might generate a more robust dataset. My justification for selecting this major urban city also rested on the fact that this major urban city has a significant concentration of SMEs in Nigeria. This city plays a major role in the Nigerian SME sector, and it is one of the centers of the nation's economic activities (CBN, 2020).

Another limitation for qualitative researchers is the challenge of generalizability of their study findings if similar research is conducted in other climes with different prevailing circumstances (Yin, 2017). As I stated in previous chapters, a qualitative study may be criticized for the way the researcher collects the data which may question the veracity of the data, which may further subject the interpretation to criticism from other researchers and thus cast doubts on the representativeness of the study (see Yin, 2017). The researcher must take responsibility for the data being reported such that discrepancies are transparently reported, and biases are eliminated (Rubin & Rubin, 2012).

Recommendations

I provide recommendations for further research drawing on the strength and limitations of this study. In this qualitative exploratory multiple case study research, I have identified key themes that featured prominently from the data collected over the study period and the detailed review of the literature. In addition, I provide information on the current policies and programs for SMEs by the core Nigerian government agencies that have the responsibility. I also looked at the activities of the US Small Business Administration (SBA).

In the first instance, small and medium enterprise owners and managers must better understand the critical role finance plays in their businesses. The success or failure of any firm be it large, medium or small is largely attributable to its financial health. This understanding for SME owners and managers must begin with an understanding of the implications of the way they choose to raise their startup capital when establishing their SME businesses.

As a result of the peculiar challenges that small and medium enterprise owners and managers in Nigeria face with raising startup finance through conventional means, my first recommendation for further research would be to explore how successful SMEs have been with the use of personal savings to finance startups. They may also extend study to consider the return on investment by financing through family and friends who invest into their business either as equity seed capital or privately arranged loans to be paid back on privately agreed terms. I have through this study has obtained some evidence that this organic means combined with friends and family financing route may

be a good source of kickstarting the dreams of many SME owners and managers who have become success stories today. Further research might be necessary in order to achieve generalizability.

My second recommendation concerns the ability of small and medium enterprise owners and managers to be timely and intentional in their ability to recognize the onset of financial problems when managing their businesses. From my review of extant literature, I observed that this aspect has received little attention in previous publications. One thing that separates successful SME owners and managers from failed ones is their ability to recognize the early onset of potential financial problems and taking action to prevent bigger problems later. The small business owners and managers who lamented that they did everything right but blame competition, the economy, or bad luck on their financial woes were negligent at promptly detecting the little warning signs, especially at the early stages.

The ability to be ambidextrous by SME owners and managers engendered good financial and strategic management qualities that have helped successful small and medium enterprise owners and managers to protect their businesses from significant losses that could have compromised their existence (Tokgoz, 2017). Research on organizational ambidexterity has focused mainly on large organizations and SMEs in Europe and North America. African SMEs appear to have limited knowledge of the benefits of organizational ambidexterity, which might explain why the failure rate of SMEs in Africa remains high. The nature of 21st-century competitive environment is complex, ambiguous, volatile, and uncertain, hence SME owners and managers who want

to succeed in the current ecosystem must possess the strategies for prompt recognition of financial problems at the onset when managing their businesses.

The third recommendation I would make based on the emerged themes from my study is for future researchers to further investigate the need for SME owners and managers to acquire sound financial management knowledge before they embark on their entrepreneurial venturing and even while they have started managing their businesses. Financial savviness is a good quality that all existing or aspiring SME owners or managers need to have in good measure. From inventory management to payables management, receivables to cash flow management, and medium to long-term financial management, the odds are usually not in favor of those business owners or managers who are negligent with their short-term working capital or medium to long term financial management principles. The competent SME owner or manager who exercises proactive, hands-on management of the short-term aspects of their firms' finances can better direct their longer-term financial affairs than those without a clear underlying financial management philosophy.

Finally, SME owners and managers must exercise firmer control over their firms' value chains. The value chain concept represents a bundle of internal attributes about how a firm creates value for its various stakeholders at various points in its chain of activities (Cowling et al., 2017; Mathu & Tlare, 2017; Porter, 2001). A common theme I found in my interactions with the successful SME owners and managers is that they have achieved efficiency across the components of their value chains. The internal architectures of their organizations display seamless linkages among and across the primary and support

activities of their value chains. These internal efficiencies and synergistic effects domiciled in each of these firms are a result of sustained internal efficiency in terms of cost management, cost optimization, operational synergy, financial synergy, and recognition of the core capabilities that their firms need to achieve sustainable competitive advantage amid the hostile business environment in which they operate.

The Central Bank of Nigeria (CBN)

The CBN is the Nigerian government's reserve bank responsible for regulating all aspects of the country's financial system. One of the key sectors that the bank has focused on in development is the SME sector. Through the small and medium enterprise equity investment scheme, the CBN's bankers committee established this initiative to promote SMEs as vehicles for rapid industrialisation, sustainable economic development, poverty alleviation and employment generation (cbn.gov.ng). The scheme required all banks in Nigeria to set aside ten percent of their operating profit for equity investment and promotion of SMEs. This sum is expected to be invested in SMEs as the banking industry's contribution to the Federal Government's efforts to stimulate economic growth, develop local technology, and generate employment. The funding would take the form of equity investment in eligible SMEs or loans at a single-digit interest rate to reduce the burden of interest and other financial charges under normal bank lending. The banks will also provide some financial advisory services to the SMEs.

The Micro, SMEs Development Fund (MSMEDF) is another initiative by the CBN in 2018 to disburse about N6.37 billion under the wholesale funding and grant components of the MSMEDF. This sum was 49.5 percent higher than the N4.26 billion

disbursed in 2017. Several MSMEs benefited from these funding initiatives through a combination of grants and low-interest loans with flexible repayment terms. The effectiveness of these initiatives remains a subject of debate among industry and MSME experts.

Despite these and other initiatives, the challenges remain partly due to the policy inconsistency on the part of the government and the overall administration of these funds by the many gatekeepers and allied parties. There are more complex issues to deal with beyond the surface as the real SME sector in the country does not appear to have benefited meaningfully from these so-called government initiatives. These are more serious issues that policy makers need to look deeper into.

Small and Medium Enterprise Agency of Nigeria (SMEDAN)

SMEDAN is the Nigerian government agency responsible for promoting and developing micro, small and medium scale enterprises (MSMEs; smedan.gov.ng). Established in 2003, the mandate of SMEDAN was to promote the development of this critical sector of the Nigerian economy. While the success or otherwise of SMEDAN in delivering its core purpose of being established is open to debate, the agency believes that it has been able to establish a structured and efficient MSMEs sector that will enhance the sustainable economic development of Nigeria (smedan.gov.ng). The mission of SMEDAN is to facilitate the access of micro, small and medium entrepreneurs and investors to all resources required for their development as it believes that a well-developed MSMEs sector is one of the most effective ways to fight poverty.

In a recent report, the Nigerian National Bureau of Statistics (NBS) estimated that there are over 41,500,000 MSMEs in Nigeria, with micro-enterprises accounting for over 95% of this sum. Small enterprises constituted just around 100,000 or less than 1% of the MSME population (Kale, 2017). The focus of this study is on SMEs, as their percentage of contribution to the growth of the MSME sector is more than 80%. The NBS report agrees that SMEs face more challenging operating conditions in terms of startup capital, access to finance for expansion, infrastructural problems, multiple taxations, insecurity and so forth which are consistent with the findings of this study. The NBS recommends the segregation of policies for SMEs and micro-enterprises because of the different prevailing conditions. The structure of SMEDAN might need some level of overhaul and the implementation of a robust national strategy that targets this critical sector of the Nigerian economy (Onyeje et al., 2020).

Onyeje et al. (2020) investigated the effectiveness of the current national enterprise policy on the sustainability of MSMEs in Nigeria. They established a direct relationship between dimensions of national enterprise policy and the sustainability of MSMEs. Consistent with the findings of this study, Onyeje et al. (2020) argued for a more robust regulatory framework for administering the developmental objectives of MSMEs in Nigeria. They posited that the manifold challenges especially around SME financial problems and their inability to contribute to the Nigerian economy at their potential call for some policy changes with the right frameworks in place. SMEDAN may focus more on capacity building programs for SME owners and managers in Nigeria, while the states should do much more to support this critical sector by introducing SME-

friendly policies and ease of doing business programs consistent with what similar agencies in other climes do for SMEs in their country. An example of this is the U. S. Small Business Administration (SBA).

The US Small Business Administration (SBA)

The SBA is a United States government agency that provides diverse support to entrepreneurs and small-scale businesses across the country. The SBA has been an enabler, researcher, funder, and source of relief for small businesses. Delivering both altruistic and financial objectives, the SBA's scope of work extends to many aspects where small businesses irrespective of their circumstances can receive the necessary support in many ways (sba.gov). From planning to launching, managing and growing your business, the SBA stands as a very organized force to help small businesses navigate all common difficulties they experience as they journey through their life cycle stages. The SBA has its broad functions as (a) provision of access to capital, (b) entrepreneurial development, (c) government contracting, and (d) advocacy.

Since its days of small beginnings with the Small Business Act of July 30, 1953, when the US Congress created the U.S. Small Business Administration, purposely to "aid, counsel, assist and protect, insofar as is possible, the interests of small business concerns." The charter also stipulated that SBA would ensure small businesses a "fair proportion" of government contracts and sales of surplus property (sba.gov).

The SBA has been at the forefront of providing direct business loans and guaranteeing bank loans to small businesses and victims of natural disasters. The SBA is also empowered by the act to secure 23% of government procurement contracts for small

businesses (Gallagher, 2015). Small business owners equally receive managerial and technical support in different aspects. The SBA investment arm also provides venture capital by investing long-term debt and equity investments in high-risk small businesses across the United States.

The Equal Opportunity Loan (EOL) Program introduced by the SBA in 1964 is another way the agency has been addressing the poverty problem across the country. The EOL program relaxed the credit and collateral requirements for applicants living below the poverty line to encourage new businesses that had found it difficult to obtain start-up capital despite having good business propositions. The SBA continues to fulfil the objectives for which it was established, and it has grown in influence, reach, and significance by the ways it has touched the lives of American small businesses (Gallagher, 2015). The disaster relief fund occasioned by the Covid-19 pandemic has provided support to millions of small businesses across the country. It may have helped many to access financial and federal procurement contracts. The SBA has helped women, members of the armed forces, and minority groups through loans, infrastructure support, training, international trade access, commodity export processing support management assistance, and specialized outreach to women, minority groups and victims of natural disaster. The SBA is an excellent model that the Nigerian government may want to study and emulate. There is much to be desired in the administration of SMEDAN. With a more organized structure and the political backing of the federal government, there are so many opportunities that SMEDAN can create for SMEs in Nigeria that may help address many of the problems highlighted in this study. The recent

launch of the second National Policy of MSMEs by SMEDAN is commendable, albeit the successful implementation of this policy is dependent on the right environment and political will on the part of the Nigerian government.

Implications

The results of this qualitative exploratory multiple case study research may potentially make a positive social change impact at individual, family, organizational, societal, policy, and scholarly levels. At the individual level, most individuals in this major urban city where my study was based are employed by SMEs. SMEs are the largest employers of labor in most countries. Over 90% of individuals in employment in Nigeria work for SMEs (Eniola & Entebang, 2017).

The life of practically every individual is touched one way or the other by the economic activities of SMEs. Small and medium enterprise owners and managers occupy an important position in the overall contribution to the nation's GDP output. Employment also provides working individuals with psychological, financial, emotional and economic wellbeing. Nigeria has about 65% of its population aged 25 and below (UN report, 2020), which indicates that it comprises a youthful and strong workforce. When the youths are gainfully employed, there is a reduced likelihood of crime and other societal vices, boosting economic activities and overall national productivity.

The implications for positive impact on the family unit derived from the benefit that each member of every family who is employed by a small and medium enterprise brings to the family. When most or all family members are working and earning income,

they all contribute to the overall family income. The family's collective financial ability and overall wellness are enhanced as opposed to when only one or no member of the family is in employment. The family is the core foundation of society and of a nation. If every family has members employed in work, the entire family and society benefit. For instance, children from families with both parents gainfully employed will not constitute a cost to society and their parents can provide them with the necessities of life without recourse to public funds.

The implications for the organization are even more pronounced. The SMEs that I have studied are the custodians of employment opportunities that individuals and families take advantage of. The continuity of organizations is the most desired position that we all want to be in. When organizations continue to engage in economic activities and succeed, the direct beneficiaries are the individuals who work in those organizations and come from different families. The failure of any SME constitutes a cost to the individual, the family and the wider society at large. When organizations fail, the individuals and families that are negatively impacted will become a burden on society. The collective wellness of the entire society is compromised, and different types of problems may emerge. When organizations succeed, they will, directly and indirectly, contribute to effecting positive social change.

For the scholarly community, the implications of this study for positive social change may be evident in the contribution that this study could make to the body of knowledge in the management discipline. The methodology, the conceptual framework, the theoretical foundations that this study has examined, and the positive benefit to the

theory and practice of management are well reported in the literature and this study.

Management scholars who may wish to investigate this study may find the results of this study useful in furthering their work and enhancing the academic rigor of their research.

Management practitioners may find the output of this research useful as they continue to understand and interpret the broad subject of SME finance. The ability to recognize the onset of financial problems and take preventive steps is needed by SME managers and owners. This study may provide insights for owners and managers of SMEs to continue to seek ways to minimize the failure of SMEs in Nigeria and beyond.

A gap in the literature review by this study is seen in the focus of previous scholars on financial problems that have already been identified and isolated for possible solution options. Research on how the early recognition of these problems might help prevent the failure of SMEs has received little attention in the literature. In this study, I have addressed this gap and made available the results of the extensive data collection project. I communicated the results of the emerging themes and I made appropriate recommendations.

Conclusions

I have conducted this qualitative exploratory multiple case study research by examining the strategies that small and medium enterprise owners and managers in a major urban city of Nigeria use to recognize the onset of financial problems when managing their businesses. Because I set out to explore a concept in detail, I employed the qualitative research methodology for my study. I narrowed the scope of my study to

small and medium enterprise owners and managers whose businesses have operated successfully in a major urban city of Nigeria for at least 5 years after their establishment.

The conceptual framework that I used to underpin this study was the realms of entrepreneurial finance framework by Clement and Silvernagel (2019). The framework allowed me to study diverse aspects of SME financial management practices and their many issues. I used the framework to examine diverse aspects of SME financial management practices especially as they differ from corporate finance practices by large-scale firms. The many challenges that SMEs face to survive relative to the challenges faced by large corporations were well understood. The high rate of failure of SMEs as a result of financial problems that spiraled out of control was of particular interest for me in this study. I collected data for the study by interviewing successful small and medium enterprise owners and managers whose businesses are based and managed in this major urban city of Nigeria. I conducted individual interviews with all 20 participants, and I coded and categorized the results into the 12 themes that emerged and that I used to perform my data analysis. I analyzed the results and drew conclusions leading from those results.

I provided twelve themes that emerged that covered the diverse causes of SME financial problems. I have discussed these themes extensively. The SME owners and managers that I interviewed demonstrated a deep understanding of the ups and downs of their businesses. They provided me with insight into their strategies for recognizing the onset of financial problems as they manage their businesses. Small and medium enterprise owners and managers who have mastery of their businesses are prompt at

recognizing the onset of potential financial problems. They are spontaneous at responding and taking action to correct any latent issues that might lead the firm into more serious financial problems.

The need for SME owners and managers to understand the benefit and cost of startup financing options, the mix of financing to assemble for expansion, the ability to optimize the internal architecture of their organizations, and the benefit of appropriate governance structure in place have provided deep insights that will be useful for aspiring small and medium enterprise owners and managers or those that are currently struggling but need to review their strategy. Furthermore, the important roles that other emerged themes play in helping SME owners and managers to sustain their businesses are well reported. The other challenges include (a) insecurity, (b) lack of infrastructure, (c) multiple taxations by governments, (d) poor power supply, (e) weak risk management system, (f) foreign exchange problem, and (g) excessive regulation of SMEs by governments.

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Appendix A: Semi structured Interview Questionnaire

The questions below in addition to the overarching central research questions represent the questions I intend to put to the field test participants before they are revised and refined for the actual research participants.

Research Question: The central research question for my qualitative exploratory multiple case study research design was:

How can owners and managers of small and medium enterprises in a major urban area of Nigeria obtain the knowledge discovery strategies for recognizing the onset of financial problems at inception when managing their small and medium enterprises?

Interview Questions to Field Test Participants:

Please confirm the sector in which your business operates

How long ago was this business established?

How long have you been managing a SME?

How long have you owned or managed this SME?

How will you describe your experience of operating an SME in Nigeria?

How will you describe your experience of operating this business over the past years?

What are some of the common challenges of operating this SME business in general?

What are some of the challenges of operating this SME business in Nigeria?

What are some of the peculiar challenges of operating this business in this major urban area?

What are the three most challenging problems of operating an SME in this major urban area?

What is the single most challenging problem of operating your SME in this major urban area of Nigeria?

How did you secure the finance to start up this business?

How have you been able to keep the business in operation and succeeded since you established the business?

How much of a challenge has financial problems being in operating your business in this major urban area?

How have you managed these financial problems to keep your business alive to date?

What are the strategies you use for recognizing the onset what might become a major financial problem for your business if not identified early?

Why do you think other SMEs have failed where yours is succeeding?

In what ways do you think the level of financial knowledge of SME owners and managers determine how well they manage the financial problems that their businesses may face from time to time?

Appendix B: The Codebook

The codebook helped me to maintain focus and remain organized as I collated the themes generated from the coded data and placed them under pre-defined categories. A draft example of the codebook that I used for the data analysis part of this qualitative exploratory multiple case study research design is presented below.

Financial Problems:

Onset of Financial Problems: The early stages and signs of financial problems before they become amplified and out of control.

Debt: The money that the SME owners and managers owe to lenders or financiers

Cost of Debt: The interest rate that the SME owners and managers pay to their lenders

Cost of Equity: The return that the SME owners and managers pay to their stockholders.

Accounts Payable: The account of money owed by the SME to suppliers and service providers.

Accounts Receivable: The account of money yet to be collected by the firm for goods sold or services rendered to customers.

Inventory: The stock of physical raw materials that the SME has yet to use or finished goods that the SME has yet to sell.

Operational Expenses: The cost of running the business operations daily.

Financial Ignorance: The inability of the SME owners and managers to demonstrate understanding of basic financial concepts for decision making

Financial Mismanagement: The inability of the SME owners and managers to implement sound financial management practices in place while managing their businesses.

Tax, Levies and Microeconomic Issues

Multiple Taxation: The practice of governmental tax agencies of levying various types of taxes on businesses for some unjustifiable reasons.

Tariffs: Tax payable by businesses and individuals on imported goods or raw materials.

Economy: The wealth of a nation or state from the production of goods and services.

Operational Problems

Weak Internal Control: The inability of SME owners and managers to implement adequate internal control over their firms' financial undertakings.

Operational problems: Problems with the value chain and lack of synergy across the components of primary and support activities.

Appendix C: Request for Permission to Conduct Data Collection

Dear Xyz,

My name is Ayodele Amos Olujide and I am a doctoral candidate from Walden University, USA. I am contacting you to ask if you would be willing to participate in my research study about the financial problems of SMEs in Nigeria. The purpose of my qualitative exploratory multiple case study research design is to explore how owners and managers of SMEs in a major urban area of Nigeria can obtain the knowledge discovery strategies for recognizing the onset of financial problems at inception when managing their SMEs. I am seeking to interview experienced SME owners and managers whose businesses are in your major urban area and who have operated their businesses successfully for over 5 years. I am hopeful that your participation may assist me to collect the right data that will aid me in obtaining deeper insight into my research.

This study is needed because the findings from my research may provide further insight into the reasons for the high rate of failure of SMEs in Nigeria and beyond. This may help to provide the right education for SME owners and managers on how to prevent their businesses from failing just a few years after establishment. By preventing the continuous failure of SMEs, the loss of jobs that accompany the demise of a SMEs may be minimized.

I will crave your indulgence that you please complete an informed consent form that I will send to you in a separate email. The purpose of the form is for you to give me consent permitting me to interview you in person at your business premises or remotely by zoom call or by telephone. I will take not more than 30 to 45 minutes of your time to

complete the entire interview. I will appreciate your response to this email if you would be willing to take part in my study. I will appreciate your response within the next seven days as I have timelines to meet regarding starting and concluding the interviews. You can reach me by mail on the same email address from which I sent you this message. You can also reach me over the phone on my mobile number (+).

Thank you for taking the time to read my message and I look forward to hearing from you soon.

Regards

Ayodele Amos Olujide

Walden University