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MOHAMMED ALI KAFAJI
Alfaisal University, Saudi Arabia

ACCESS TO FINANCE CONSTRAINTS IN ADOPTING LATEST TECHNOLOGIES FOR BUSINESS PRODUCTION IN SMALL- AND MEDIUM-SIZED ENTERPRISES (SMES)

Abstract:

The small and medium-sized enterprises (SMEs) play crucial role in supporting the economies of developing countries. However, with globalization and open market trends, SMEs need to compete with new entrants to maintain their market share and growth. The degree of technology adaptation and level of process sophistication help the SMEs to achieve their targeted level of growth through improvement of business effectiveness and efficiency. Access to finance is a critical success factor in such endeavor and supports the SMEs to alleviate growth constraints. This paper presents research data on the degree that access to finance impacts the abilities of SMEs to grow through improvement of process sophistication for enhanced business production. The raw data was gathered from over 400 firms independently using one unified assessment tool over a period of five years. This data is then analyzed using inferential statistics through one-way analysis of variance (ANOVA) to evaluate and compare the average scores associated with the research variables. Furthermore, the post hoc analysis is applied to assess the extent and direction of variation in the scores and moderated across different years. The results showed that the adopted level of process sophistication is positively correlated with the availability of technology with limited role played by access to finance. These relationships are discussed and analyzed in the context of local market growth, sophistication, financial capabilities, and financial facilities. The research aims to assist SME stakeholders and governing bodies in recognizing the impact of changes on macroeconomic scale from SMEs growth and sustainability perspectives.

Keywords:

Small and medium-sized enterprises;
Access to finance;
Process sophistication;
Business technologies.

JEL Classification: A19, F36, L22