

# Why a Lending Relationship for Small and Medium Enterprises is indispensable for Economic Development of Baluchistan

Saba Khalid\*<sup>1</sup> & Nadeem Uz Zaman<sup>2</sup>

<sup>1</sup> Sardar Bahadur Khan Women's University, Quetta, Pakistan

<sup>2</sup> Balochistan University of Information and Technology, Engineering and Management Sciences, Quetta, Pakistan

---

**Abstract.** The study is deliberated to know the effects and benefits of lending relationships on Small and Medium Enterprises (SMEs) and Economic Development in Balochistan. The target population in this context is the Small and Medium Enterprises (SMEs) belonging to Balochistan mainly Quetta city. Most of the respondents are the owners or managers of SMEs working in Balochistan. Factor and Regression Analysis are applied to data to search out the major benefits and their major effects on Small and Medium Enterprises (SMEs) and their role in economic development. The analysis finds out that Small and Medium Enterprises (SMEs) are in favor of external financing, but the high-interest rates and collateral-based lending are big obstacles in their way. The literature review and analysis authenticate that Small and Medium Enterprises (SMEs) are playing a very important role in the economic development of Pakistan but there is a need for comprehensive mass awareness in Balochistan to acquaint the people to adopt the latest rules and techniques being practiced all over the world. This study is somehow limited due to peoples unawareness of the research topic, security issues, traditions, and customs of Balochistan.

**Key words:** SMEs, Benefits, Lending Relationships, Economic Development

---

## 1 Introduction

Small and Medium Enterprises (SMEs) are playing an imperative role in building the structure of an economy. But to emerge in the system they must cross a lot of hurdles. The study of [Beck et al. \(2006\)](#) reflects that these types of enterprises have many obstacles in their way to success, but they can flourish if the government supports them for the development of the country's economy.

According to [Qureshi and Herani \(2011\)](#), Small and Medium Enterprises (SMEs) are playing an essential role in Pakistan; these enterprises are very helpful in developing the economy of Pakistan.

---

\*Corresponding author.

Email: k\_zari4488@yahoo.com

## 1.1 Background of Study

Baluchistan represents about 43% of the total geographical area of Pakistan with all the natural resources. If the government puts its resources together for the development of these sectors, get benefit from these resources, the fate of the province can be changed. Let us point out that among these all opportunities the most neglected side is the SMEs or the economy of the province. This stark reality is enough mementos to understand that this province needs attention. It needs a better plan for its economic and social development. This development surely covers the Balochistans geographical and demographic peculiarities (Gazdar et al., 2007).

There are many pieces of research on the factors affecting SMEs on the national and international level. Research mainly focuses on big areas and the areas that are already developed. These studies cannot be applied in Balochistan.

SMEs are mostly working on their capitals. They are not supported by banks in terms of external financing due to their low returns. SMEs are facing many problems in taking loans, especially in terms of capital financing. OECD (2008) reports that SMEs owners that belong to rural environments facing difficulties in their access to finance from financial institutions.

On the other hand, some SMEs also have a different opinion on lending behavior. They think that the banking system or lending system is not beneficial for their business. The main issue is the collateral-based lending and interest that banks charge on their loans. While, if some SMEs by ignoring all these misconceptions, go for capital financing then they are not be supported due to their low returns.

Lean and Tucker (2000) found the contra-effects in their study about lending behavior, Formal lenders are not fully aware of the nature of small businesses and their possible positive outcomes, at the same time enterprises also does not have that much knowledge about financial institutions and their criteria of lending contracts.

This study is mainly focused on lending relationships, research that analyzes the pros and cons of lending relationships to SMEs. The theme is to make people and lending institutions learned about the benefits of this relationship. So that the enterprises that are facing difficulty in their financing needs will be helping by lending institutions.

According to Mazhar et al. (2012) Balochistan is facing many issues and the main issue is its financial matters. To resolve these issues, the government of Pakistan should keep an eye on it to build the institutions, create an improved nationalized strength leading to an energetic fresh society.

## 1.2 Problem Statement

The problem statement Why a Lending Relationship for Small and Medium Enterprises is indispensable for Economic Development of Balochistan, shows the aim of the research and the main perspective behind this research. People of Balochistan are not aware of lending behaviors and the most practiced trend is Small businesses. They face problems in their financing needs. They dont know about the benefits they can seek from lending relationships.

On the other hand, lending institutions also dont pay attention to these small businesses. As Adiningsih (2011); Ibrahim and Verliyantina (2012) said that banks mostly focus on large enterprises due to their high returns and avoid Small Enterprises due to their low returns. Banks mostly set a standard based on which these small enterprises can take loans. The standards set by the banks to take loans are such that they are non-supportive to SMEs and indirectly support big projects. The three main and general points to apply for a loan include: the enterprise

should have 40 to 60% return on investment in most of the venture conditions, the product they are launching should have unique characteristics and ability to capture the market and the enterprise should have strong management lineup to lead the business effectively and efficiently. For startups, these standards are difficult to achieve, that's why most SMEs think of loan seeking as a tough job ([Ambrose, 2012](#)).

### 1.3 Significance

SMEs are contributing to economic development all over the world. They are putting up industrial bases, increasing job opportunities, introducing new ideas and innovations and are very helpful in creating adequate resilience all over the world. These enterprises help develop original abilities, expertise, entrepreneurship and gives quality life. These help improve poverty circumstances being faced in developing countries ([Arbelaez and Milman, 2000](#); [Chachar et al., 2013](#); [Chemin, 2010](#)).

[Upadhye et al. \(2010\)](#) stated that in the private sector of Pakistan the major shareholders are SMEs, these enterprises account for almost 90% of Pakistans private sector whereas the statistics of balakrishnan2011 reveals that about 70% of the countrys labor force is working in 3 Million SMEs out of 3.2 Million total SMEs in Pakistan.

The government of Pakistan after recognizing the fact of SMEs importance has declared that the SMEs sector is one of the main representatives of economic growth in Pakistan ([Qureshi and Herani, 2011](#)). But people in Pakistan especially in Balochistan do not have much knowledge about the new thinking and behaviors that other countries are applying in this sector.

This study can widen their ideas of business by keeping in mind external financing. We believe that by applying new ideas, giving training and education to employees will improve the working of this sector. [Chachar et al. \(2013\)](#) examined that owners education is the most important factor in the growth of any organization of any size. The owners of SMEs should be trained enough with guided lines to flourish their business and innovate it with new and reliable ideas. This study will surely give an idea about the knowledge, management, collection of intellects, financial needs, benefits of lending, benefits of SMEs and their role in economic development.

Banks also have advantages in lending relationships with SMEs. This sector will give much more productivity to the financial sector if handled keenly because finance is the main need and a challenge for the microfinance sector. This study will help in widening the thinking of owners and banks and is a try to build a working relationship between them.

A flourished SME sector in an economy is the bright indicator showing that the economy is rising and developing day by day ([Bruce et al., 2009](#); [Fogel and Zapalska, 2001](#)).

## 2 Literature Review

### 2.1 Small Business

Small Businesses are usually defined with their smaller number of employees and based on production, capital investment and volume, etc. The World Banks definition describes SMEs as enterprises with possessions of approximately \$15 Million, maximum of 300 employees and yearly returns of approximately \$15 Million. Egypts definition of SME is an enterprise with 5-50 human resources, etc. ([Chowdhury et al., 2013](#)). According to the official definition of Pakistan,

there should be a maximum of 50 numbers of employees in a Small and Medium Enterprise (Gibson and Van der Vaart, 2008).

Today Small Businesses are said as the locomotives of economic development. Though flaws in the market system creating hurdles in the development of SMEs once the government realized its responsibility and made a positive interference this system will flourish very rapidly (Beck et al., 2006).

Small businesses mostly face financial crunches as they are mostly dependent upon external finances which are mainly bounded to Private debts, on a common basis whereas a quarter of their financial needs are dependent upon financial institutes (Berger and Udell, 2002). The basic source of external financing for small businesses is bank credits in the form of a loan (Mills and McCarthy, 2014). If SMEs go for lending relationships it will lead to economic development because these enterprises play the role of backbone in an economy.

Small businesses are facing some problems in their way, according to Wiersch et al. (2013) point of view, the business holders think that the issue relates to bankers and their regulators. The regulators make it complicated to get loans at the same time bankers raise their collateral requirements and have less focus on small businesses. Such credit flaws limit the small business growth (Beck et al., 2006) and make it difficult for small businesses to obtain external finance that could be costly too for them (Fazzari et al., 1987; Hubbard, 2001; Stein, 2002).

As these hurdles are making financing costs for small businesses, therefore, to manage their businesses, the business owners with already high borrowings become careful in getting more debt (Williams, 2014).

According to Chowdhury et al. (2013) estimated results about Pakistan, there are 60% SMEs working of all enterprises are contributing 15% to GDP and about 80% to the employment in Pakistan. But people of Balochistan are unaware of knowledge and innovations in SMEs, thus not supporting it as it should be. According to Gazdar et al. (2007), any development in this sector will cover up Balochistans geographical and demographic customs.

*Hypothesis 1: Economic Development through Small and Medium Enterprises leads to progressed earnings and prosperity.*

## 2.2 Financial History

Small and Medium Enterprises or Businesses are foremostly facing two types of issues related to finance and non-finance activities i.e. management issues and financial issues. As Small businesses are short of economic history, so the financial distress in these small businesses is due to the low returns that dont make banking institutions to trust them for capital financing (Adiningsih, 2011; Ibrahim and Verliyantina, 2012).

Therefore, Small businesses are mostly enforced to have beginner's investment standards but in todays challenging businesses these simple principle doesnt work properly and is not able to face the new challenges of the market (Soekarno and Damayanti, 2012). If SMEs are capitally financed, then they will be less affected by financial distress because swings in the economy have a direct effect on enterprises with low returns.

According to Hamdani and Wirawan (2012), small businesses are also legally enforced to apportion a major amount of financial resources due to corruption practices. So, whenever there is a financially hard time, the smaller firms affect more than larger firms as they significantly rely on the banks capital for their development. So, a slight swing in the economy disturbs the whole sector of small businesses (Mills and McCarthy, 2014).

The study of Chowdhury et al. (2013) reflects that in todays new perspective the SMEs and

new productions are dependent on funding that's why Capital is the biggest need. Banks and Governments should consider the needs of these enterprises, facilitate them, and organize the capital for productive intentions.

The financial bodies mostly take SMEs as risky and profitably not feasible enterprises which do not motivate an SME to seek loans (Dora et al., 2013). The survey conducted by Chowdhury et al. (2013) proves that most SMEs are in great favor of capital formation for their financing needs.

*Hypothesis 2: Capital Financing can help Small and Medium Enterprises in financial distress.*

## 2.3 Lending Relationships

Small businesses are mostly relying on lending relationships (Weston and Strahan, 1996). According to Ibrahim and Verliyantina (2012), lending is a highly complicated process if large numbers of transactions have to be managed.

Lending Relationships are particularly credit lending that is beneficial for smaller firms. In this lending the bank mostly attains the necessary information of firm and community related to it and make the decision about credit lending. Petersen and Rajan (1994) says that the required information is gained through requirements of the loan; Cole (1998); Degryse and Van Cayseele (2000); Nakamura et al. (1991) think that information is gathered through deposits and financial products. Suppliers and customers also help in gathering information about the firms over time (Berger and Udell, 2002). According to (Angelini et al., 1998; Berger and Udell, 1998; Ongena and Smith, 2000; Petersen and Rajan, 1994; Scott et al., 1999) the studies on the temporal duration i.e. amount of time in which bank is offering loan, deposit, etc, the relationship of lending influences the value and accessibility of credit. On the other hand, banks also need some sort of negotiating power to have some motivation in lending relationships (Schlierer et al., 2012).

Amel and Mach (2017) said that the provision of capital is not sufficient to encourage small businesses, so lending relationships loosen up credit limitations and thus helps in competitiveness which is the main determinant of strength and value (Petersen and Rajan, 1994). If banks somehow lose their credit limitations, then SMEs will become competitive because competitiveness is the main determinant of strength and value. Sponsored financing is helpful to develop faster, have further investment and appoint more staff (Ylhäinen, 2013).

SMEs are also facing problems in lending due to the high-interest rates of lending institutions. According to Nehman (1973), compliance of rules by rural poor and SMEs asking for loans from recognized lenders is highly influenced by high-interest rates. Finance seekers are negatively affected by high borrowing rates. These high-interest rates are not reasonable for SMEs and poor firms (Besley, 1994; Stiglitz, 1989; Stiglitz and Weiss, 1981). Syed Manzur et al. (2008) also support the above literature that SMEs avoid lending from banks due to their high-interest rates.

*Hypothesis 3: High Interest-based loans are the biggest financial challenge for Small and Medium Enterprises.*

## 2.4 Benefits

According to Berger and Udell (2002):

- A small business owner with a guarantee or pledge of personal collateral endows with strong encouragement to the lender.

- The lending Relationship lowers the cost in small businesses.
- It makes the high availability of credit to firms.
- It has resourceful information, security against credit crunches.
- It helps in protection against unspoken interest rate and credit risk insurance.
- It helps in tax benefits for dividends by replacing interest.

While [Petersen and Rajan \(1994\)](#) said that:

- Availability of financing increases lending relationships.
- Relationships should be valued by quantities not prices.
- More lenders, high prices, less credit availability so rely on fewer lenders.
- Relationships help in lowering the lenders' cost of lending.
- Relationships act as proxies in distress.
- Relationships have a small effect on prices.
- Multiple banks result in higher rates so rely on fewer relationships, it suggests lower rates. [Watanabe et al. \(2005\)](#) suggests that if the small business sector has a secure, close and extensive relationship with formal lenders then this microfinance sector can be able to cover the adverse effects they may have during their financial problems.

*Hypothesis 4: Benefits of Lending Relationships and Economic Development significantly affect the Economics of Small and Medium Enterprises.*

### 3 Methodology

This research study was exploratory. Through this research, I want to explore the relationships of SMEs to banks and their benefits and the outcomes of the developed Microfinance sector on the economic development of Balochistan, Pakistan. The research was carried out to find the working of Small and Medium Enterprises (SMEs) in Balochistan and to know about the lending relationships and their major benefits.

After identification of the problem, the most vital issue was to develop a questionnaire that is addressing all relevant issues of the area. With the consent of the supervisor, it was decided that the sample size should be at least 300 SMEs to get the real trend of results. To get filled in the questionnaire from more than 300 SMEs was a hectic job in the prevailing conditions of our province. We mostly observed that people rely on small businesses owned by them especially by Pashtoons and Balochs. There are people involved in large businesses but mostly they believe that business should be on a medium scale and within family members.

#### 3.1 Variables

SMEs and their economics are taken as dependent variables in this research while different lending benefits and the role in economic development are taken as independent variables.

## 3.2 Scale

In this research questionnaire we used was a seven-point Likert scale of Level of Agreement. We use the Likert scale because according to [Khan and Khalique \(2014\)](#) Likert scale is very helpful in collecting accurate and reliable data, especially if there is an aim of research on SMEs. The questionnaire making task was completed with the help of different articles. This research questionnaire had 11 sections. In social science research questionnaire method for data collection seems to be very suitable as it helps a lot in analyzing the respondents social characteristics, attitudes, behaviors, and beliefs regarding research ([Bulmer, 2004](#)).

## 3.3 Questionnaire Description

Table 3.1: Questionnaire Description

Section	Description
A: Demographic Information	This section is concerned with the demographic information of Respondent and his/her business
B: Economics of SMEs in Balochistan	This section is dealing with the small business' economics and its working
C: Benefits of Lending Relationships to SMEs	This section is concerned with different benefits an SME can enjoy if it goes for a lending relationship
D: Financial Challenges facing SMEs	The major financial challenges mostly SMEs are facing in Balochistan
E: Functional, Educational and Technological Challenges	The major functional, educational, and technological challenges small businesses facing according to respected respondents.
F: Policymaking Challenges	Different challenges faced by Small business in their way to policymaking.
G: Marketing Challenges	The challenges facing SMEs when going for marketing strategies for their business growth.
H: Export Challenges	Different hurdles and problems facing SMEs to expand their business across the boundary.
I: Cultural Challenges	Balochistan culture and its limitations; a challenge for SMEs
J: Strategies employed to counter the Challenges	What are the major strategies to counter all these challenges according to the respondents' point of view
K: Effects on Economic Development	The growth of the microfinance sector and small businesses and their effect on the economic development of Balochistan

Our study is particularly based on the economics of SMEs, their lending relationships, financial challenges and outcome to counter all the hurdles in the way of development of SMEs, it also to analyze the effect of better performance of SMEs on the economic development of Balochistan and Pakistan.

## 3.4 Target Population

The target population for this study is particularly SMEs working in Balochistan. Balochistan is the most neglected area by the government in the context of business and its outcomes.

The people of Balochistan mostly rely on family businesses. The residents of Balochistan have businesses for generations but they are following their family ethics and a family runs the old method of business. It is the need of time to convert these businesses according to the new global rules and make a way to the exposure of new business arena.

We distributed our questionnaire among 300 SMEs to take their views regarding our research area. From which 241 SMEs respond to our questionnaire effectively. There were few SMEs who responded generously, accepted the questionnaire open-heartedly, filled it and returned on due time. Otherwise convincing the concerned personnel that this questionnaire does not deal with their income tax or anything like this, but it is just a market survey to get the trend of SMEs in Balochistan. If we have factual and authentic figures/data, the analysis of this data will represent a true and actual trend of businesses. This data will also be very helpful for researchers to design and predict a future for the area ([Feltovich et al., 2018](#)). During our research, out of 300 targeted SMEs, only 241 responded positively and the same was used for analysis purposes.

### 3.5 Analyses/Software

For the analysis of our research data, we chose IBM SPSS Statistics 22. We subjected responded questionnaires in SPSS data file to analyze the data and its accuracy. SPSS also helped me out in applying different tests to check our hypothesis. We applied factor analysis on the data file to estimate the response and to analyze the major benefits and their outcomes to SMEs in Balochistan. In the rotated component matrix, firstly We have explained that which is explaining which items of the variables. Secondly, we took the average of loading according to factors and then rank them up following the average of loading means as applied by [Syed Manzur et al. \(2008\)](#) in their research. I also applied regression to check either benefit of lending relationships and economic development predicts the economics of SMEs or not.

## 4 Results

### 4.1 Factor Analysis

Factor Analysis is used to lessen the computable and noticeable variables to fewer hidden variables that have common variance in them and are unobservable ([Bartholomew et al., 2011](#)).

[Yong et al. \(2013\)](#) stated that unobservable factors are theoretical constructs to symbolize variables and these unobservable factors are not directly calculated.

### 4.2 Sample Size

The coefficient of correlation varies from sample to sample. The consistency of factor analysis rests on sample size. The sample size, the necessary part of factor analysis relies on many things as said by [Field \(2005\)](#). He examined many ideas and evaluated that in general 300 cases the sample size is a possibly satisfactory size.

### 4.3 Data Screening

The uni-variate outliers monitored this research data. The outliers of this research were altered. There were no missing values in this research data. The satisfied value from data for

Table 3.2: Respondents

	Respondents
<b>Gender</b>	11 females and 230 males
<b>Ethnicity</b>	131 Pathan, 70 Punjabi/Mahajir, 30 Balochs, 9 Hazara and 1 Sindhi.
<b>Education</b>	43 matriculate, 53 intermediates, 79 with a bachelor's degree, 53 MS/M-Phil and only 1 Ph.D.
<b>Organizational Position</b>	85 were CEO while 156 were Managers of SMEs.
<b>Expertise</b>	134 were experts in their jobs; 84 were mediocre while 23 were learners.
<b>Social Status</b>	6 respondents' mark their social status as poor, 167 belongs to the middle class while 68 was rich.
<b>Religion</b>	231 Muslims, 7 Christians and 3 Hindus.
<b>Firm Traded</b>	133 respondents told that their firm was trading from 1-10 years, 66 said 10-20 years, 21 said 20-30 years and 21 SMEs were working in the market for 30 years and above.
<b>Finance Seek</b>	91 SMEs seek 100,000 (1Million finance), 60 SMEs 1-2 Million, 31 seek 3-4 Million and 59 SMEs seek 4 Million and above finance.
<b>Generation</b>	142 SMEs were under the control of family within one generation, 82 SMEs were in the market from two generations while 17 SMEs were working in Balochistan from three generations.
<b>Change of Ownership</b>	In 62 SMEs change of ownership took place during the past 3 years.
<b>Exporting</b>	121 SMEs were exporting their commodities to outside Quetta.
<b>Tried for Finance</b>	Among 241 SMEs, 107 SMEs tried for finance in the last 12 months.
<b>Finance (Other Sources)</b>	100 SMEs eventually go to obtain finance from other sources.

factor analysis is based on 241 final respondents who responded to each variable effectively with a different case.

#### 4.4 Preliminary Analysis

The factorability of 93 cases was analyzed initially. For the factorability of correlation, different well-recognized measures were applied to analyze the data.

#### 4.5 KMO and Bartlett's Test

Factor Analysis produces different and reliable factors if a value close to 1 appears. Here the output of KMO shows a value of 0.784 which means that the factors are good (Appendix-B, Table-B1). Kaiser (1974) after his recommendations tells that value of KMO greater than 0.5 is satisfactory. Hutcheson and Sofroniou (1999) suggest that values of KMO from 0.5 to 0.7 are average, from 0.7 to 0.8 are good, from 0.8 to 0.9 are great, and above 0.9 are outstanding. While Bartlett's test of sphericity is significant ( $2(4278) = 30400.308, p < .05$ ) and therefore factor analysis is applicable.

#### 4.6 Factor Extraction

Table of communalities before and after extraction is showing. Principal component analysis analyzes the initial hypothesis that all variance is common, so before extraction, all communalities are equal to 1. While the second column of extraction shows the common variance. In E-1



BLR_2	0.741									0.815
BLR_3	0.712									0.775
BLR_4	0.772									0.797
BLR_5	0.679									0.795
BLR_6	0.797									0.799
BLR_7	0.804									0.775
BLR_8	0.784									0.797
BLR_9	0.785									0.696
BLR_10	0.759									0.769
BLR_11	0.76									0.804
BLR_12	0.765									0.752
BLR_13	0.856									0.821
BLR_14	0.821									0.763
BLR_15	0.787									0.778
BLR_16	0.824									0.81
BLR_17	0.792									0.727
BLR_18	0.737									0.852
BLR_19	0.819									0.817
BLR_20	0.796									0.673
BLR_21	0.837									0.817
BLR_22	0.817									0.739
BLR_23	0.799									0.77
FC_1						0.693				0.752
FC_2						0.721				0.81
FC_3						0.819				0.809
FC_4						0.827				0.833
FC_5						0.831				0.786
FC_6						0.872				0.847
FC_7						0.856				0.821
FC_8						0.843				0.819
FC_9						0.797				0.805
FC_10						0.78				0.734
FETC_1			0.895							0.862
FETC_2			0.901							0.897
FETC_3			0.875							0.877
FETC_4			0.854							0.782
FETC_5			0.864							0.826
FETC_6			0.868							0.797
FETC_7			0.888							0.854
FETC_8			0.815							0.827
FETC_9			0.87							0.874
FETC_10			0.818							0.769
PC_1				0.81						0.853
PC_2				0.801						0.881
PC_3				0.8						0.795
PC_4				0.807						0.854
PC_5				0.8						0.844
MC_1				0.78						0.784
MC_2				0.708						0.885

MC_3				0.833						0.851
MC_4				0.816						0.841
MC_5				0.785						0.731
EC_1							0.789			0.885
EC_2							0.772			0.857
EC_3							0.827			0.895
EC_4							0.836			0.88
EC_5							0.824			0.837
CC_1								0.773		0.835
CC_2								0.815		0.88
CC_3								0.842		0.826
CC_4								0.836		0.812
CC_5								0.779		0.797
SE_1				0.769						0.808
SE_2				0.831						0.87
SE_3				0.803						0.829
SE_4				0.759						0.818
SE_5				0.768						0.797
SE_6				0.794						0.832
SE_7				0.831						0.756
SE_8				0.823						0.798
SE_9				0.853						0.839
SE_10				0.732						0.767
ED_1							0.738			0.825
ED_2							0.767			0.823
ED_3							0.834			0.916
ED_4							0.788			0.894
ED_5							0.795			0.883

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.<sup>a</sup>

a. Rotation converged in 9 iterations.

After Varimax with Kaiser Normalization Rotation method, this matrix shows which factor explains the variables of which category (Appendix-B, Table-B5), for example, factor 1 has positive correlations with all 23 variables of BLR category and thus explains the whole category.

The matrix given below is explaining the factors applied in this research and the loading means of each item related to this study.

Table 4.4: Factor Rotation of this research variables

	Component			
	1	2	6	8
The business should be externally financed		0.811		
The business should be internally financed		0.733		
The government encourages the growth of SMEs		0.74		
Competition is the biggest obstacle		0.783		
Obtain finance for the needs of working		0.78		
A bank loan is the type of finance you failed to obtain		0.818		
Govt. considers the concerns of SMEs		0.775		
Govt. of Balochistan considers the concerns of SMEs		0.795		

Bank credit is easily understandable	0.711	
Lowers the cost	0.741	
High availability of credit	0.712	
Security against credit crunches	0.772	
Protects against unspoken interest and credit risk insurance	0.679	
Helps in tax benefits	0.797	
Availability of financing increases	0.804	
Relationships should be valued by quantities not by prices	0.784	
Lowers the lenders' cost	0.785	
Proxy in distress	0.759	
Small effect on prices	0.76	
Rely on fewer lenders	0.765	
Responsiveness of banks	0.856	
High-interest rates on SMEs	0.821	
Long-term credits	0.787	
Good projects	0.824	
Large enterprises have more benefits	0.792	
Mutual guarantee/societies/ funds are helpful for SMEs	0.737	
Collateral lenders are encouraged	0.819	
Fewer relationships, lower rates	0.796	
Low returns of SMEs should not be considered	0.837	
Crisis	0.817	
Slight swings in the economy	0.799	
Insufficient capital		0.693
Collateral based lending		0.831
Interest on bank loan		0.872
A cumbersome and lengthy process of lending		0.843
Preference for large scale enterprises		0.797
Enhanced productivity		0.738
Increased employment		0.767
Improved income		0.834
Reduced poverty		0.788
Investment in family health and education		0.795

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.<sup>a</sup>

a. Rotation converged in 9 iterations.

This matrix shows the loading means of each factor calculated with the help of a rotated matrix. (Quader & Abdullah, 2008)

This matrix shows the ranking of factors according to loading Means calculated.

An important and major point that validates this study is its binding constraints. All the binding constraints are explained by 9 major factors. The main point here to focus is that all the values we have got are on our binding constraints.

## 4.9 Regression Analysis

A multiple Regression test was applied to the data to analyze if the benefits of lending relationships (Tot.BLR) and economic development (Tot.ED) predicts the Economics of Small and Medium Enterprises (Tot.E).

Table 4.3: Factors Explaining Variables

<b>Factors</b>	<b>Variables Under Factors</b>
Factor 1: Benefits of Lending Relationships	BLR 1-23
Factor 2: Economics of SMEs	E 1-15
Factor 3: Functional, Educational, Technological Challenges	FETC 1-10
Factor 4: Policymaking and Marketing Challenges	PC 1-5 + MC 1- 5
Factor 5: Strategies Employed	SE 1-10
Factor 6: Financial Challenges	FC 1-10
Factor 7: Export Challenges	EC 1-5
Factor 8: Economic Development	ED 1-5
Factor 9: Cultural Challenges	CC 1-5

Table 4.5: Loading Means of factors

<b>Factors</b>	<b>Loading Mean</b>
1: Benefits of Lending Relationships	0.7806
2: Economics of SMEs	0.7655
3: Functional, Educational, Technological Challenges	0.8648
4: Policymaking and Marketing Challenges	0.794
5: Strategies Employed	0.7963
6: Financial Challenges	0.8039
7: Export Challenges	0.8096
8: Economic Development	0.7844
9: Cultural Challenges	0.809

#### 4.10 Model Summary

Enter method is used in the analysis and it shows that Benefits of lending Relationships (Tot.BLR) and Economic Development (Tot.ED) explains a significant amount of variance of Economics of Small and Medium Enterprises (Tot.E) ( $F(2, 237) = 58.873, p < .05, R^2 = .58, R^2_{Adjusted} = .33$ ).

Table 4.6: The rank of factors according to Loading Means

Ranks according to Mean	Factors
1	Functional, Educational, Technological Challenges
2	Export Challenges
3	Cultural Challenges
4	Financial Challenges
5	Strategies Employed
6	Policymaking and Marketing Challenges
7	Economic Development
8	Benefits of Lending Relationships
9	Economics of SMEs

#### 4.11 Coefficients

The Regression analysis illustrates that both, benefits of lending relationships (Tot.BLR) and economic development (Tot.ED) significantly predicts the value of Economics of Small and Medium Enterprises (Tot.E); (Beta = .22,  $t(239) = 2.45$ ,  $p < .05$ ), (Beta = .322,  $t(239) = 9.741$ ,  $p < .05$ ).

#### 4.12 Collinearity

Collinearity tests are applied to check if the data is meeting the supposition of Collinearity, the results by SPSS suggests that multi-Collinearity was not a problem in this data file (Tot.ED, Tolerance = .95, VIF = 1.054; Tot.BLR, Tolerance = .95, VIF = 1.05).

#### 4.13 P-P Plot of Standardized Residuals

The P-P plot of standardized residuals indicated that data is approximately normally distributed. The points showed were almost completely on the line or we can say that closest to the line.

#### 4.14 Scatterplot of Standardized Predicted Values

The scatterplot of standardized residuals or predicted values illustrates that the data is meeting all the postulations of homogeneity of variance and linearity.

#### 4.15 Independent Errors

The Durbin Watson = 1.74, which showed that the data is meeting the postulations of independent errors.

## 5 Discussion

The basic focus of the study is to analyze the benefits that an SME can have if it goes for a credit lending relationship. We have 241 respondents for our research whose response shows that our factor analysis is performed on reliable factors.

KMO and Bartlett's test shows that values are good and significant. The table of communalities shows that in each section we have a different percentage of common variance. The results show that most people think that the problem in cash flow occurs due to late payment. It disturbs the smooth process of business which indirectly disturbs the economics of SMEs.

The results also suggest that the SMEs in Balochistan are mostly funded by Mutual guarantee associations/societies for their financing needs. We can see from our results that small business owners with a guarantee or pledge of personal collateral endow with strong encouragement to lending institutions, also called Collateral based lending. Qureshi and Herani (2011) recommend that due to these heavy collateral needs of banks and lending institutions; the SMEs do not go for it.

The main financial challenge the SMEs of Balochistan are facing is interest on bank loans. As it is not appropriate in the teachings of Islam, so this is the biggest obstacle in applying for a loan from banks. High-interest rates also result in avoidance by SMEs to lending from banks (Syed Manzur et al., 2008). High-interest rates affect the willingness of small and poor enterprises to seek loans from lending institutions (Nehman, 1973).

Thus, the hypothesis is proved that Interest on the bank loan is one of the biggest financial challenge facing SMEs.

The findings tell us that high credit limitations stop Small firms to deal with lending institutions. This resistance from lending institutions results in financial distress to the firm. Any enterprise that is not surviving financially is not competing in the market. It lowers the value and strength of the firm. So, respondents agreed on the point that credit limitations should be somewhat less strict so that the firms that need finance in any situation can look up for the lending institutions to be competitive.

An easy way to financial resources can play a vital role in the growth of the microfinance sector (Rocha, 2012). The lending process is very lengthy and strict especially in the case of capital financing. The analysis describes that capital financing will cover SMEs and the economy from financial distress. If banks somewhat relax their rules on capital financing and consider Small businesses in this perspective then this will be good for Balochistan and its productivity. The positive correlation shows that bank credits to SMEs help in flourishing the economy of the state.

This result of analysis proves the hypothesis that Capital Financing can help Small and Medium Enterprises in financial distress.

The rotated component matrix explains from its calculations that external financing is much better than internal financing and it is most difficult to obtain bank loans in Balochistan.

According to benefits, the results suggest that lending relationships lead to increases in the availability of finance needed. It also suggests that lending relationships make banks responsive towards SMEs especially if it is a good project and described carefully and deliberately to banks. SMEs with guarantees or pledges are more attractive in the eyes of lending banks; Banks feel secure especially in the situation of any financial distress. The analysis shows that SMEs facing problems in lending behaviors so this behavior should be avoided especially if lenders consider the low returns but not the abilities and prospects of the business.

The regression analysis finds significant results. The regression analysis according to respondents view describes that the economics of small and medium businesses sector will be significantly affected by the benefits that an organization may have in a lending relationship and the economic development. Weston and Strahan (1996) stated that small enterprises are mostly based on lending relationships. So, firms do have benefits in this relationship and these benefits will have a better effect on the economics of the small business sector.

The finding in this section proves the hypothesis that Benefits of lending relationships and Economic Development significantly affect Economics of SMEs.

People of Balochistan mostly deal in Small business on their family level. They think that if Small Business flourishes and they have solutions to their financial problems then it will have a greater outcome especially in terms of income, prosperity, education, and quality of life.

If we analyze the effect of SMEs on the economic development of Balochistan, then respondents highly responded that SMEs of Balochistan playing a vital role in development. These types Of SMEs improved the income of residents of Balochistan. As income is the basis for all the happenings of everyday life. Better the income better the lifestyle. It helps in reducing the poverty in Balochistan. So, SMEs improved the prosperity and quality of life of people in this area. Now people are paying attention to the education and health factors of their families. They invest in education and health to give their families a better and prosperous life.

Thus, the hypothesis is proved that Economic Development through SMEs leads to progressed earnings and prosperity. [Ahmad et al. \(2009\)](#); [Qureshi and Herani \(2011\)](#); [Raziq and Shaikh \(2015\)](#) said that government is not as supportive of SMEs as it should be. This negligence of government suffers SMEs, and the small businesses become less competitive. The government, especially in Balochistan, should take into account the needs of small enterprises to make them more competitive and to promote the small business sector that will surely promote prosperity.

## 5.1 Conclusion

The main purpose of this research is to analyze the benefits an SME can get from lending relationships in the area of Balochistan. People in this area are not aware of these lending behaviors. The objective is to determine the benefits related to lending and analyze that SMEs are playing a vital role in the development of Balochistan. The data collection was not an easy task. The targeted area of this research was different SMEs working in Balochistan area and to know their opinions regarding this research. The questionnaire is designed to get the opinions of people regarding this research. More than 300 questionnaires were distributed, among which 241 respondents responded effectively.

The response from 241 respondents helped greatly in research analysis and to test the hypothesis I created for our research. The whole data was calculated in SPSS by applying different tests to get the results of our research. The factor analysis shows that the factors applied in research are reliable and calculate good results of research. The results show that owners of SMEs want to be financed externally but they face difficulty in lending from banks because of their low returns. Banks thought that capital financing to SMEs is not in favor of the banking system because of their low returns. Due to this behavior banks are not considering the positive side of SMEs. The new firms are facing many problems in their way to loan taking process. Most of these young firms are not able to take the full amount they needed. Sometimes it happens that even a part of their financial needs is considered because lending institutions do not take their needs seriously. So, there is no or very little opportunity for younger firms to seek grants, loans, or capital finance ([Baldock and Whittam, 2008](#)).

According to the study done by [Fraser \(2005\)](#) about 10% of new-comer enterprises facing the biggest challenge in accessing a loan in which 19% entertain with less than the amount they needed, 11% face direct rejection being a new-comer and approximately 8% undergo discouragement form of a loan.

SMEs can play a vital role in the development of the area as it increases productivity, Income of people automatically reducing the poverty and enhancing the people to live a better and educated life. This study will help different SMEs in understanding the benefits they may have in a lending relationship. It will also help banks to be assured that lending to SMEs is beneficial for banks. This research also makes an opinion that SMEs are now important for economic development.

The microfinance sector can lead to the best of development if managed carefully. Small businesses create many opportunities for newcomers and reduce the main problem of Balochistan. The development of SMEs in Provinces will have a direct impact on the economy of Pakistan also especially in the unemployment Microfinance sector results in much more employment chances than the macrofinance sector ([Jamali et al., 2010](#)).

## 5.2 Limitations

- This study is particularly done in Balochistan; this can be applied in the areas where people have the same lifestyle and beliefs. But this is a vast topic and needs much more research and opinions to give it a better direction.
- As this is an exploratory study so it needs much more time to be more authentic and effective for the readers.
- The respondents response was not up to the mark. Most of them think that it is some sort of income tax investigation. We need much more awareness about the research perspectives.
- This was somehow limited study due to peoples response, security issues and some traditions followed in the area. Many regions of this area are not aware of research elements so we cannot collect data from the whole of Balochistan but only from different areas.

## 5.3 Future Directions

Some directions for future researchers are as follows:

- This study is focused on very few benefits; there will be many more new thoughts that should be researched out.
- This research is conducted in areas of Balochistan, as Balochistan is a vast area so there should be a vast and comprehensive study. Many regions that are un-responded in this research may have different opinions.
- The focused point is the benefits of lending relationships, there are other benefits too apart from lending relationships that will be helpful in business processes.
- As this is the first study on Small and Medium Enterprises of Balochistan, so there is much more to research out about the business dealings in Balochistan.

## 5.4 Recommendations

Some recommendations are suggested with the help of previous studies and research to counter the problems that Small and Medium Enterprises are facing:

- Community Driven Development (CDD) is a program to initiate the development process and to manage the decision-making and taking rights, development procedures and resources of different sectors. It manages the rights of each sector and keeps an eye on all the functions in that sector. It will be very helpful in the microfinance sector as suggested by [Dongier et al. \(2003\)](#).
- Small and Medium Manufacturing Industry (SMMI) is a good initiative to remove the financial problems of the Microfinance sector as suggested.. He recommends that SMMI will attract the investors to invest on a small level but have high returns later. This will surely create a good impression of SMEs in the eyes of other sectors plus lending institutions.
- Community Development Financial Institutions (CDFIs) is also a good effort. Its focus is to minimize the difference of capital demanded by small and large firms. Though it is a struggling situation, it will be a successful institution if they follow their rules honestly as recommended by [Raleigh \(2014\)](#).
- [Sapienza \(2002\)](#) recommends that if the dropping effect of small firms by large firms is a cover-up by other financial institutions then there will be a great development of the microfinance sector and small firms will surely make their way into the local market.

- Knowledge Management (KM) is now becoming a mainstream source for an organization in its way to success. In this perspective size and geographical conditions of an organization do not matter, but only the collection of intellects and its management is important (Okunoye and Karsten, 2002). Wong (2005) said that the studies on KM are not considering the SMEs' specific characteristics, the studies mostly rely on large enterprises. But KM should be studied from the perspectives of SMEs as this sector has mainstream in economic development. Frey and Jegen (2001) emphasized the fact that KM is equally important for SMEs to collect their intellects and enhance their abilities in this sector.
- If financing institutions focus on relationships rather high returns of large enterprises then development will surely occur. If lending institutions deal on an equal level with both the microfinance and the macrofinance sector according to their needs then both sectors will play a great role in local market and economic development as recommended by Berger and Udell (2002).

There is a need for these all programs to be established in different areas of whole Pakistan and especially in Balochistan to manage the problems faced by SMEs. These programs will help in the appraisal of the economic development of not only Balochistan but Pakistan as well.

## References

- Adiningsih, S. (2011). Regulasi dalam revitalisasi usaha kecil dan menengah di Indonesia. Dalam [http://journal.uin.ac.id/index.php/inovasi\_kewirausahaan/article/view/2829/2583].
- Ahmad, A., Mazhar, M. I., and Van Voorthuysen, E. (2009). Strengthening smes through rapid prototyping to meet future challenges-why & how? In *Proceedings of the 14th Cambridge International Manufacturing Symposium on Configuring manufacturing value chains-Responding to an uncertain world*. Institute for Manufacturing, University of Cambridge.
- Ambrose, J. (2012). Venture capital (vc): The all important msmes financing strategy under neglect in Kenya. *International journal of business and social science*, 3(21).
- Amel, D. and Mach, T. (2017). The impact of the small business lending fund on community bank lending to small businesses. *Economic Notes: Review of Banking, Finance and Monetary Economics*, 46(2):307–328.
- Angelini, P., Di Salvo, R., and Ferri, G. (1998). Availability and cost of credit for small businesses: customer relationships and credit cooperatives. *Journal of Banking & Finance*, 22(6-8):925–954.
- Arbelaez, H. and Milman, C. (2000). The new business environment of Latin America and the Caribbean. *International Journal of Public Administration*, 23(5-8):553–562.
- Baldock, R. and Whittam, G. (2008). Smes access to finance: Is there still a debt finance gap? *Institute for Small Business & Entrepreneurship*.-Belfast, N. Ireland, pages 1–19.
- Bartholomew, D. J., Knott, M., and Moustaki, I. (2011). *Latent variable models and factor analysis: A unified approach*, volume 904. John Wiley & Sons.
- Beck, T., Demirgüç-Kunt, A., and Levine, R. (2006). Bank supervision and corruption in lending. *Journal of Monetary Economics*, 53(8):2131–2163.
- Berger, A. N. and Udell, G. F. (1998). The economics of small business finance: The roles of private equity and debt markets in the financial growth cycle. *Journal of Banking & Finance*, 22(6-8):613–673.
- Berger, A. N. and Udell, G. F. (2002). Small business credit availability and relationship lending: The importance of bank organisational structure. *The Economic Journal*, 112(477):F32–F53.
- Besley, T. (1994). How do market failures justify interventions in rural credit markets? *The World Bank Research Observer*, 9(1):27–47.
- Bruce, D., Deskins, J. A., Hill, B. C., and Rork, J. C. (2009). (small) business activity and state economic growth: does size matter? *Regional Studies*, 43(2):229–245.

- Bulmer, M. (2004). *Questionnaires*. SAGE Publications Limited.
- Chachar, A. A., De Vita, C. F., Parveen, S., and Chachar, Z. A. (2013). The impact of cultural factors on the growth of small and medium enterprises in hyderabad, sindh. *International Journal of Science and Research*, 2(1):83–86.
- Chemin, M. (2010). Entrepreneurship in pakistan: government policy on smes, environment for entrepreneurship, internationalisation of entrepreneurs and smes. *International journal of business and globalisation*, 5(3):238–247.
- Chowdhury, M. S. A., Azam, M. K. G., and Islam, S. (2013). Problems and prospects of sme financing in bangladesh. *Asian Business Review*, 2(2):109–116.
- Cole, R. A. (1998). The importance of relationships to the availability of credit. *Journal of Banking & Finance*, 22(6-8):959–977.
- Degryse, H. and Van Cayseele, P. (2000). Relationship lending within a bank-based system: Evidence from european small business data. *Journal of financial Intermediation*, 9(1):90–109.
- Dongier, P., Van Domelen, J., Ostrom, E., Ryan, A., Wakeman, W., Bebbington, A., Alkire, S., Esmail, T., and Polski, M. (2003). Community driven development. *World Bank Poverty Reduction Strategy Paper*, (1).
- Dora, M., Kumar, M., Van Goubergen, D., Molnar, A., and Gellynck, X. (2013). Operational performance and critical success factors of lean manufacturing in european food processing smes. *Trends in food science & technology*, 31(2):156–164.
- Fazzari, S., Hubbard, R. G., and Petersen, B. C. (1987). Financing constraints and corporate investment. Technical report, National Bureau of Economic Research.
- Feltovich, P. J., Prietula, M. J., and Ericsson, K. A. (2018). Studies of expertise from psychological perspectives: Historical foundations and recurrent themes.
- Field, A. P. (2005). Is the meta-analysis of correlation coefficients accurate when population correlations vary? *Psychological methods*, 10(4):444.
- Fogel, G. and Zapalska, A. (2001). A comparison of small and medium-size enterprise development in central and eastern europe. *Comparative Economic Studies*, 43(3):35–68.
- Fraser, S. (2005). *Finance for small and medium-sized enterprises: A report on the 2004 UK survey of SME finances*. DTI.
- Frey, B. S. and Jegen, R. (2001). Motivation crowding theory. *Journal of economic surveys*, 15(5):589–611.
- Gazdar, H., Budhani, S. J., Mallah, H. B., and Khan, N. M. I. (2007). Balochistan economic report background paper on social structures and migration. *TA4757-Pak: Balochistan Economic Report, Collective for Social Science Research173-I Block*, 2.
- Gibson, T. and Van der Vaart, H. (2008). Defining smes: A less imperfect way of defining small and medium enterprises in developing countries.
- Hamdani, J. and Wirawan, C. (2012). Open innovation implementation to sustain indonesian smes. *Procedia Economics and Finance*, 4(1):223–233.
- Hubbard, R. G. (2001). Capital-market imperfections, investment, and the monetary transmission mechanism. In *Investing today for the world of tomorrow*, pages 165–194. Springer.
- Hutcheson, G. D. and Sofroniou, N. (1999). *The multivariate social scientist: Introductory statistics using generalized linear models*. Sage.
- Ibrahim, N. and Verliyantina, V. (2012). The model of crowd-sourced microfinancing to support small and micro businesses in indonesia through interactive site.
- Jamali, S. K., Anka, D. L. M., and Khooharo, A. A. (2010). An evaluation of small and medium enterprises development in pakistan. *OIDA International Journal of Sustainable Development*, 2(1):43–50.
- Kaiser, H. F. (1974). An index of factorial simplicity. *Psychometrika*, 39(1):31–36.

- Khan, M. and Khalique, M. (2014). Strategic planning and reality of external environment of organizations in contemporary business environments. *Business Management and Strategy*, 5(2).
- Lean, J. and Tucker, J. (2000). Information asymmetry and small firm finance. In *NATIONAL SMALL FIRMS POLICY AND RESEARCH CONFERENCE*, volume 1, pages 629–648. Leeds; ISBA; 1997.
- Mazhar, M. S., Javaid, U., and Goraya, N. S. (2012). Balochistan (from strategic significance to us involvement). *Journal of Political Studies*, 19(1).
- Mills, K. and McCarthy, B. (2014). The state of small business lending: Credit access during the recovery and how technology may change the game. *Harvard Business School General Management Unit Working Paper*, (15-004).
- Nakamura, L. I. et al. (1991). Commercial bank information: Implications for the structure of banking. Technical report, Federal Reserve Bank of Philadelphia.
- Nehman, G. I. (1973). *Small farmer credit use in a depressed community of Sao Paulo, Brazil*. PhD thesis, The Ohio State University.
- Okunoye, A. and Karsten, H. (2002). Where the global needs the local: variation in enablers in the knowledge management process. *Journal of Global Information Technology Management*, 5(3):12–31.
- Ongena, S. and Smith, D. C. (2000). Bank relationships: a review. *Performance of financial institutions: Efficiency, innovation, regulation*, 221.
- Petersen, M. A. and Rajan, R. G. (1994). The benefits of lending relationships: Evidence from small business data. *The journal of finance*, 49(1):3–37.
- Qureshi, J. and Herani, G. M. (2011). The role of small and medium-size enterprises (smes) in the socio-economic stability of karachi.
- Raleigh, G. G. (2014). Automated device provisioning and activation. US Patent 8,839,388.
- Raziq, A. and Shaikh, A. A. (2015). Exploring recruitment & selection practices in pakistani smes. *International Journal of Basic and Applied Sciences*, 4(1):102.
- Rocha, E. A. G. (2012). The impact of the business environment on the size of the micro, small and medium enterprise sector; preliminary findings from a cross-country comparison. *Procedia Economics and Finance*, 4:335–349.
- Sapienza, P. (2002). The effects of banking mergers on loan contracts. *The Journal of finance*, 57(1):329–367.
- Schlierer, H.-J., Werner, A., Signori, S., Garriga, E., von Weltzien Hoivik, H., Van Rossem, A., and Fassin, Y. (2012). How do european sme owner-managers make sense of stakeholder management?: Insights from a cross-national study. *Journal of Business Ethics*, 109(1):39–51.
- Scott, J. A., Dunkelberg, W. C., et al. (1999). Bank consolidation and small business lending: A small firm perspective. In *Federal Reserve Bank of Chicago Proceedings*, number 760.
- Soekarno, S. and Damayanti, S. M. (2012). Asset allocation based investment strategy to improve profitability and sustainability of the smes. *Procedia Economics and Finance*, 4:177–192.
- Stein, J. C. (2002). Information production and capital allocation: Decentralized versus hierarchical firms. *The journal of finance*, 57(5):1891–1921.
- Stiglitz, J. E. (1989). Financial markets and development. *Oxford Review of Economic Policy*, 5(4):55–68.
- Stiglitz, J. E. and Weiss, A. (1981). Credit rationing in markets with imperfect information. *The American economic review*, 71(3):393–410.
- Syed Manzur, Q. et al. (2008). Constraints to smes: A rotated factor analysis approach.
- Upadhye, N., Deshmukh, S., and Garg, S. (2010). Lean manufacturing in biscuit manufacturing plant: a case. *International Journal of Advanced Operations Management*, 2(1-2):108–139.
- Watanabe, W. et al. (2005). How are loans by their main bank priced? bank effects, information and non-price terms of contract. Technical report.
- Weston, J. and Strahan, P. E. (1996). Small business lending and bank consolidation: Is there cause for concern? *Current issues in Economics and Finance*, 2(3).

- Wiersch, A. M., Shane, S., et al. (2013). Why small business lending isn't what it used to be. *Economic Commentary*, (2013-10).
- Williams, V. (2014). Small business lending in the united states 2013. *Office of Advocacy, US Small Business Administration, Washington, DC, December. oans in M.*
- Wong, K. Y. (2005). Critical success factors for implementing knowledge management in small and medium enterprises. *Industrial management & Data systems*.
- Ylhäinen, I. (2013). Essays on the economics of small business finance. *Jyväskylä studies in business and economics*, (127).
- Yong, A. G., Pearce, S., et al. (2013). A beginners guide to factor analysis: Focusing on exploratory factor analysis. *Tutorials in quantitative methods for psychology*, 9(2):79–94.