DO BOARD CHARACTERISTICS INFLUENCE ACCESS TO FINANCE BY SMALL AND MEDIUM SCALE ENTERPRISES? THE GHANAIAN PERSPECTIVE

[1]ABRAHAM ANSONG, [2]OTUO SEREBOUR AGYEMANG

[1,2]School of Business, University of Cape Coast, Ghana

Abstract- Our paper examines the effects of board characteristics on access to finance among Small and Medium Scale Enterprises (SMEs) in Ghana by controlling for firm specific variables such as firm performance, firm size, owner/manager's age and firm's age. It contributes to our knowledge on how board characteristics facilitate SMEs access to finance. We employed primary data from 423 SMEs within the Accra Metropolis. Standard regression analysis was used to analyze the data. The study highlights that board size and intensity of board activity had positive association with access to finance by SMEs, although intensity of board activity was insignificant. We recommend that owner/managers of SMEs should strive to involve others with the necessary expertise in the governance of their business.

I. INTRODUCTION

The development of Small and medium sized enterprises (SMEs) sector is now globally considered as an important element of economic growth. It contributes to economic development through the creation of jobs, provision of innovation via entrepreneurship and increment in international trade through diversification of economic activities [1, 2]. It has also played key role in industrial restructuring, competitiveness, income generation and poverty alleviation. Overtly, the SME sector is critical for the economic health of both developed and developing economies, globally.

However, the contribution by the SME sector does differ greatly between economies and regions. In the European Union, the SME sector accounts for 99.8% of all enterprises, employs 67% of all workers and contributes to 58% of Gross Value Added (GVA)[1][3]. In Australia, the SME sector contributed 60% to the industrial value added in 2009/2010 [4]. In OECD economies, about 95% of enterprises are SMEs, accounting for some 55% of GDP (Wymenga *et al.*, 2012).

In developing countries, about 90% of all enterprises outside the agricultural sector are SMEs [3]. These enterprises contribute considerably to the growth of these economies. In Morocco, for instance, about 93% of industrial enterprises are SMEs, contributing about 38% of total production, 30% of exports and 33% of investment. In South Africa, about 91% of the formal enterprises are SMEs, accounting for about 52-57% of GDP. In Ghana, SME sector is even more important in the local economy and it is a significant source of employment creation and national revenue through taxation [5-7]. [5] reveal that SMEs contribute about 75% to Ghana's GDP and account for 85% of employment in the manufacturing sector.

The establishment, nurturing and growth of SMEs have become the focus of policymakers, academics, professionals and governments in developing countries, but for these firms to achieve their full potential, access to capital is imperative. SMEs in many developing countries have been greatly limited in accessing the required capital that they need to grow and expand. Particularly, in sub-Saharan Africa, amounts of credit available to the private sector remain very low when compared with the phenomenon in other developing countries [8]. Moreover, this limitation of access to finance by SMEs in sub-Saharan African countries is greater than that of their large firms [6, 9, 10]. Banks and other financial institutions fail to provide SMEs in these countries with capital due to a repertoire of factors including information asymmetries [2, 11]. Banks and other financial institutions have to undertake complex measures to evaluate the activities of SMEs in developing countries since information that could help their operations is limited[12].

The market efficiency theory contends that information asymmetry in capital markets forms the basis of studies on external sources of funding. The seminal findings of [13] highlight that uncertainties arising from agency problems (principal-agent relationship), asymmetric information, adverse credit selection and monitoring, imply that lending institutions struggle to distinguish between good and bad risk. Consequently, financial institutions may rationally choose to adopt credit-rationing measures. However, getting access to finance by firms is connected to how strong a firm's governance structures are; in particular, the unassailability and soundness of the firm's board of directors [14-16]. This implies that SMEs characterized by active and well-functioning boards are more likely to narrow the financing-gap. The resource dependency theorists

[1]The value of their outputs less the value of intermediate consumption and a key element in GDP.

also regard the provision of resources to firms as the main function of boards.

The board of directors is one of the major governance mechanisms to ensuring sound corporate governance [17], [18, 19]. It ensures effective corporate governance through long-term sustained value of the company. There is ample evidence that even with an absence of other corporate governance mechanisms; the board can solitary ensure good governance in corporations. Particularly, in developing countries where most of the corporate disciplinary measures are ineffective to ensuring sound governance, there is evidence that the presence of sound and well-informed board of directors can serve as an effective disciplinary measure to ensure that corporate managers act in the best interest of firms [15, 20].

Whilst a considerable amount of research has focused on the importance, roles and responsibilities of board of directors [21-24], the vast majority of these studies has concentrated on large firms [25-29]. Despite the increasing interest in the study of how the board of directors serves as a governance mechanism to ensuring sound corporate governance in large firms, studies on how the board of directors can influence the governance of SMEs are scant. The operations of large firms differ from that of SMEs and therefore, it limits the generalizability of findings. Thus, this study argues that since effective boards positively contribute significantly to the access of finance of large companies [22]; the creation of well-functioning boards of directors in small and medium-sized firms can narrow the financing-gap between SMEs and financial institutions [30]. Therefore, in this paper, we propose to examine the relationship between the board of directors and access to finance by SMEs in the context of Ghana.

[31] postulated that greater numbers of directors provide the potential to create linkages between the firm and its environment, where financial resources can be accessed. Hence, entrepreneurial firms with greater needs for effective linkages with the external environment should have larger and active boards [31]. [30] postulated that the creation of board of directors is deemed most critical when SMEs are seeking external equity financing.

In a similar vein, [32], opined that it is an error to overemphasize the monitoring role of boards, and that more emphasis should be paid to the skills and other knowledge resources directors can bring to the firm. Similarly, this study intends to contribute towards existing literature by finding the relationship between boards and access to external financing.

II. EMPIRICAL STUDIES ON THE RELATIONSHIP BETWEEN BOARD OF DIRECTORS AND ACCESS TO EXTERNAL FINANCE

Access to funding is necessary for the survival of any enterprise since funds are needed to facilitate access to inputs, increase productivity, employment and profitability [33, 34]. [35] identified three major sources of finance for SMEs, namely; formal sources (mainly from commercial banks), informal sources (the curb or grey market) and internally generated funds (own savings and borrowing from family and friends). This study focuses on how boards' assist SMEs to access funds from formal sources.

From extant literature [35], three main reasons have accounted for market failure in formal lending to SMEs: The first stems from the characteristics and intrinsic weaknesses of SMEs themselves [36, 37]; the second, is a weak legal and regulatory environment [38, 39][40, 41], deficiencies and weaknesses in the banking and financial system [36, 42], and finally, macroeconomic policy [43].

At the micro level, lending institutions perceive SMEs to be more risky because they tend to have a more volatile pattern of financial performance and growth [35]. Also, compared to large firms, SMEs are smaller; operate in an opaque manner and lack resources and collateral which enhances default risk and business insolvency [44, 45][46]. The unwillingness of lenders to grant credit to SMEs is compounded by a lack of credit history and credit rating if these enterprises have not borrowed in the past and/or have only been existence for a short period of time. SMEs may also lack the necessary information and skills to access external finance, including the compilation of a bankable business plan.

While SMEs in general have difficulty in accessing external finance, certain types of these enterprises are particularly disadvantaged. For example, small-sized enterprises such as micro and informal enterprises; start-ups and younger enterprises with a limited or no credit track record; SMEs managed by less experienced entrepreneurs and those with limited collateral [35].

Besides the aforementioned reasons, other researchers have observed that individual corporate governance factors influence the firm's access to external finance by enhancing the investors' confidence [47, 48]. However, empirical studies so far have focused largely on the effects of such governance indices on the nature of capital structure of companies instead of the ease of accessing external financing. For instance, some studies have shown that firms with higher ownership concentration or weak shareholder rights tend to have a higher level of debt finance [49]. Others suggest that the controlling shareholders' fear of diluting the shareholding dominance, along with their close links with (or increased reliance on) banks, causes firms to have risky capital structure by accessing more debts [50].

[51]found that the presence of large investors (such as, family or banks) might have a negative effect on equity financing because of the possibility of expropriation of minority shareholders' rights, which discourages the latter from investing in the capital market. Finally, [48] also established that good governance practices associated with better accounting standards and credible disclosures seem to influence higher equity investment, regardless.

Theoretically, researchers have demonstrated that greater numbers of directors and their activities provide the potential to create linkages between the firm and its environment, where financial resources can be accessed [52]. However, a review of empirical studies reveals the dearth of investigations on how board size and activities impact on the ability of firms to access external financing, especially within the SME sector where attracting investments is most daunting. Hence, to the best of our knowledge our paper seeks to fill such a gap in literature by examining the following hypothesis:
H1: There is a relationship between board size, intensity of board activity and access to external finance by SMEs.

III. RESEARCH METHODOLOGY

This section outlines the methodology used to carry out the study. Specifically, it discusses the study area, research approach, research design, study population, study sample, sampling procedure and the methods of data collection and data analysis. This paper is an aspect of a doctoral investigation on the effects of corporate governance on the financial performance of SMEs in the Accra Metroplolis of Ghana. The capital and largest city of Ghana is Accra, with the population of the city estimated at 3,963,264 as of 2011. Accra is also the capital of the Accra Metropolis. Ghana's first President, Dr. Kwame Nkrumah, declared Accra a city (the first city of Ghana) in 1961 and demarcated Accra into six sub-metropolis namely; AshieduKeteke, OsuKlotey, Ayawaso, Ablekuma, Kpeshie and Okai Koi sub-metropolis.

A correlation research design was used for the study. Correlational design is undertaken by a researcher who is interested in the extent to which two variables or more co-vary, when changes in one variable are reflected in the other[53]. This study design was considered a valid method to examine the effects of board size and intensity of board activity on SMEs' access to external funding, given that, the dependent variable and independent variables could not be manipulated. In addition, data collected for analysis was based on self-reported questionnaire and could not be subjected to definite cause-effects analysis as in the case of experimental studies.

The focus of this study is to determine the effects of board size and intensity of board activity on SMEs' access to external funding in the Accra Metropolis, hence, the target population for the study thus comprised of all SMEs within the Accra Metropolis. The accessible population was defined as all manufacturing and trading SMEs which had registered with the National Board for Small-Scale Industries (NBSSI) and the Association of Ghana Industries (AGI) in the Accra Metropolis as at September, 2013. These registered businesses appear more organised and well-structured and lend themselves to some tenets of corporate governance and easy data collection. The total number of SMEs recorded in the NBSSI's and AGI's registers by location in the Metropolis was 2,083 as shown in Table 1.

Table 1: Distribution of population by sub-metropolis and firm size

Sub-metropolis	Medium-sized	Small-sized	Total Population
Ashiedu Keteke	73	137	210
Osu Klottey	70	127	197
Ayawaso East	23	48	71
Ayawaso Central	15	30	45
Ayawaso West	57	102	159
Ablekuma South	91	152	243
Ablekuma Central	22	59	81
Ablekuma North	85	150	235
Okai Koi North	92	179	271
Okai Koi South	121	232	353
La	78	140	218
Total	727	1356	2083

Source: Survey data, 2014

The population was classified using the 11 sub-metropolis and the size of the firms.In view of the large size of the population, it was necessary to determine a sample size for the study. The reasons advanced for the use of sample surveys instead of census are that when dealing with a large population a complete coverage of the population does not offer any advantage over the sample [54]. Samples can also provide accurate information within a relatively fewer resources (finance, time, and labour) and may be more efficient than the census. The optimum sample size would be used to fulfill the requirements of efficiency, representativeness and reliability since unnecessarily large sample size would bring about data duplicity besides having cost and time implications while a small sample size would not be representative [54].

[55] and [56] consider that a sample size should be determined either by direct calculation using statistical formulas appropriate to the nature of the study or by reference to tables which set out

recommended sample sizes for given populations. Based on the table developed by [56], with an approximate population size of about 750 for medium-sized firms and 1400 for small-sized firms and to ensure a 5 percent margin of error, the sample size should be 556 (i.e. 254 and 302 respectively, See Table 2).

Multi-stage sampling technique was used to select the sample for the study. First, cluster sampling was used to select the sample from each sub-metropolis. This sampling technique was used primarily to ensure that different sub-metropolis of a population were adequately represented in the sample. The division of the population into cluster was based on the exact location of the business as provided by NBSSI and AGI list of SMEs in the study area. A proportion of each cluster was calculated to get the number of respondents for each sub-metropolis.

Table 2: Distribution of the sample by sub-metropolis and firm size

Sub-metropolis	Medium-sized	Small-sized	Total
Ashiedu Keteke	26	31	57
Osu Klottey	24	28	52
Ayawaso East	8	11	19
Ayawaso Central	5	7	12
Ayawaso West	20	23	43
Ablekuma South	32	34	66
Ablekuma Central	8	13	21
Ablekuma North	30	33	63
Okai Koi North	32	39	71
Okai Koi South	42	52	94
La	27	31	58
Total	254	302	556

Source: Survey data, 2014

Next, stratified sampling technique was then used to ensure that firms with different sizes (i.e. small or medium) were adequately represented in the sample to improve the level of accuracy in estimating parameters. Finally, the respondents were then randomly selected by for inclusion into the sample electronically (using graphing calculator). The owners/managers of SMEs were the target respondents. These owners/managers were chosen because they had vital information in relation to the governance and financial performance of these firms.

Both primary data sources were used for the study. The primary data was collected through the use of questionnaire administered to owner/managers of SMEs in the Accra Metropolis. The secondary data were collected from journal articles, books, publications, the internet and official reports from the National Board for Small Scale Industries and the Association of Ghana Industries. The Institute for Development Studies library and the School of Business library were visited for publications such as books, professional and academic journals, and reports. The instrument used for this study was questionnaire administered to owners/managers of SMEs by the researcher and trained research assistants of the University of Cape Coast. The survey method is deemed appropriate when soliciting for factual information from a large group of respondents [57].

Board size was measured by the number of directors and/or advisors of the firm [9, 58] while the intensity of board activity was measured as the number of board meetings held annually [59, 60]. Given that variables used to measure access to external funding were adapted from previous related literature, reliability test was conducted to ensure their internal consistency. This measure reported a Cronbach alpha score of 0.901. Firm size, firm age, the age of the owner manager and firm's financial performance (proxied by profit growth) were controlled for. The data obtained were analyzed using the computer software; Statistical Product and Service Solutions (SPSS 21.0 version). A standard regression analysis was employed to test hypotheses.

IV. FINDINGS AND DISCUSSIONS OF EMPIRICAL RESULTS

This section presents the characteristics of the respondents and firms. It also examines the effects board size and intensity of board activity on access to external finance by SMEs. A total of 423 owners/managers made up of 242 males and 181 females participated in the study. The demographic characteristics of respondents include sex, age, educational level, and owner/manager's years of experience. It was revealed that 57.2 percent and 42.8 percent of the respondents were males and females respectively. Concerning the age distribution of participants, the study indicated that the elderly(above 35 years) constituted the largest proportion, which was 64.1 percent. This was followed by the youth (18-35 years age category) which recorded 35.9 percent.

In terms of educational level, the analysis showed that the 49.6 percent of the participants had tertiary level education. This was followed by 29.6 percent who were senior high school graduates. Also, 18.9 percent of the respondents were junior high school graduates whereas 1.9 percent had never been to school. About 49.6 percent of the owner-managers had between 1 to 10 years of working experience. The total number of respondents was 423.

With regard to the characteristics of the firms, 11.1 percent of the enterprises were into crafts and arts, 19.4 percent in agro-business, 28.1 percent were trading and 41.4 percent were into other kinds of businesses not specified. The majority (67.8 percent) of these businesses have been in existence from 1 to

14 years. Only 2.6 percent have existed for six decades and above. With regard to ownership structure, 62.9 percent of the businesses were sole proprietorship while 16.3 percent were partnerships. Only 17.3 percent of these businesses were incorporated companies. These findings are consistent with several others [61] that have maintained that the configuration of SMEs are different from large firms and might therefore have corporate governance mechanisms departing from the conventional standards of larger firms.

The regression results from Table 3 showed a positive constant term which is consistent with economic theory. The coefficient of the corporate governance variable board size is also significant and positive, meaning that an increase in board size will to an increase in the dependent variable, access to external funding. However, that of intensity of board activity was positive but insignificant.

The R^2 is 0.32 and the adjusted R^2 is 0.31. This means that 32 percent of the variation in the dependent variable, access to external funding, can be explained by the explanatory variables of board size, intensity of board activity, owner/manager's age, financial performance, firm size and age and while the remaining 69 percent can be explained by variables other than the variables used in the model. Although, the value of the adjusted R^2 is low, the F-statistics confirms that there is a true relationship between the dependent variable (access to external finance) and independent variables (board size, intensity of board activity, owner/manager's age, financial performance, firm size and age). In the social sciences, low adjusted R^2 in regression equations are not uncommon, especially for cross-sectional analysis. What is probably most important is to validate the results obtained [62]. The F-statistics is 32.601. This is high and statistically significant at 0.001 level of significance.

The hypothesis sought to establish whether a statistically significant relationship exists between board size, intensity of board activity and access to external financing. With respect to board size, the results showed a t-statistics of 4.327. This confirms that there is a significant positive relationship between board size and access to external funding. Therefore, the hypothesis is accepted at 0.001 level of significance.

[31] concluded that greater numbers of directors provide the potential to access external resources for firms. Contrary arguments that large boards lead to less meaningful discussion, since expressing opinions within a large group is generally time consuming and difficult and frequently results in a lack of cohesiveness on the board were not supported in this study [63]. It is important to state, however, that in this study, the mean board size was only approximately three.

This result underscores the relevance of the networking role of boards in connecting organizations to their external environment in order to access resources [31]. The resource dependency theory hinges the long-term survival and success of a firm on its abilities to link the firm with its external environment and views the provision of resources to firms as the main function of boards [52].

Table 3: Multiple regression analysis results for Board Size, Intensity of Board Activity and Access to External Finance

Variables	Estimated Coefficient	Standard errors	t-values	Sig.
Constant term	-0.005	0.115	-0.043	0.965
Board size	0.218	0.009	4.327	0.000***
Intensity of board activity	0.009	0.009	0.174	0.862
Financial performance	0.415	0.059	10.059	0.000***
Firm's size	0.176	0.001	3.906	0.000***
Owner/manager's age	0.014	0.002	0.301	0.763
Firm's age	0.037	0.002	0.709	0.479
R	0.566			
R^2	0.32			
Adjusted R^2	0.31			
F-statistic	32.601			

Note: a) Predictors: Constant, board size, intensity of board activity, owner/manager's age, financial performance, firm size and age.
b) Dependent Variable: Access to external finance
***--significant at 0.01 level; **--significant at 0.05 level
Source: Survey data, 2014

The control variables (financial performance and firm's size) had a significant positive relationship with access to external finance. It has long been established that larger and financially sound firms tend to have an advantage over smaller and less endowed firms in seeking for external sources of finance because the latter operate in an opaque manner and lack resources and collateral which enhances default risk and business insolvency [44-46].

CONCLUSION AND RECOMMENDATIONS

This study examined the relationship between board size and intensity of board activity on access to external finance. It was found that both corporate governance variables (board size and intensity of board activity) used for the study had positive association with access to external finance, although, that of intensity of board activity was not significant. The findings support the view that boards create linkages between firms and their environment where financial resources can be accessed.

It is recommended that SMEs' owners/managers should learn to move away from always seeking to own and control the affairs of these enterprises and

start involving others with the necessary expertise through partnerships or through the creation of active and sizeable boards. These directors tend to have relational and social capital which can assist firms in accessing external resources.

REFERENCES

[1] Bartlett, W., N. Cuckovic, and M. Xheneti. Institutions, entrepreneurship development and SME policies in South East Europe. in Sixth International Conference on» Enterprise in Transition Proceedings. 2005. Split: University of Split.

[2] Mahmood, S., Corporate governance and business ethics for SMEs in developing countries: Challenges and way forward, in International Society of Business, Economics, and Ethics World Congress. 2008. p. 15-18.

[3] Wymenga, P., et al., EU SMEs in 2012: At the Crossroads. Annual Report on Small and Medium-sized Enterprises in the EU, in 2011/12 , Report for the European Commission. 2012.

[4] Government, A., Key Statistics-Australian Small Business. 2011.

[5] Abor, J. and P. Quartey, Issues in SME development in Ghana and South Africa. International Research Journal of Finance and Economics, 2010. 39(1): p. 218-228.

[6] Kayanula, D., & Quartey, P. (2000). ,, , , The policy environment for promoting small and medium-sized enterprises in Ghana and Malawi, in Finance and Development Research Programme Working Paper Series, 15, IDPM.

[7] Keskin, H., Market orientation, learning orientation, and innovation capabilities in SMEs: An extended model. European Journal of Innovation Management, 2006. 9(4): p. 396-417.

[8] Biekpe, N., Financing small business in Sub-Saharan Africa: Review of some key credit lending models and impact of venture capital. Journal of African Business, 2004. 5(1): p. 29-44.

[9] Abor, J. and N. Biekpe, How do we explain the capital structure of SMEs in sub-Saharan Africa? Evidence from Ghana. Journal of Economic Studies, 2007. 36(1): p. 83-97.

[10] Levy, B., Obstacles to developing indigenous small and medium enterprises: An empirical assessment. The World Bank Economic Review, 1993. 7(1): p. 65-83.

[11] African Development Bank, AfDB Supports Access to Finance for African SMEs with the Official Launch of the African Guarantee Fund 2012.

[12] Agyemang, O.S., Driving Forces of Effective Corporate Governance in Developing Countries: A Ghanaian Experience, in Department of Economics and Management. 2014, Università degli Studi di Ferrara: Ferrara.

[13] Stiglitz, J.E. and A. Weiss, Credit rationing in markets with imperfect information. American Economic Review, 1981. 71(3): p. 393-410.

[14] Bijalwan, J.G. and P. Madan, Corporate Governance Practices, Transparency and Performance of Indian Companies. The IUP Journal of Corporate Governance, 2013. 12(3): p. 45-79.

[15] McGee, R.W., ed. Corporate Governance in Developing Countries. Corporate Governance in Developing Economies: Country Studies of Africa, Asia and Latin America, ed. R.W. McGee. 2009, Springer Science + Business Media LLC: New York.

[16] Rubach, M.J. and T.C. Sebora, Comparative governance: Competitive implications of an emerging convergence. Journal of World Business, 1998. 33(2): p. 167-184.

[17] Johnson, J.L., C.M. Daily, and A.E. Ellstrand, Boards of directors: A review and research agenda. Journal of Management, 1996. 22(3): p. 409-438.

[18] Forbes, D.P. and F.J. Milliken, Cognition and corporate governance: Understanding boards of directors as strategic decision-making groups. Academy of Management Review, 1999. 24(3): p. 489-506.

[19] Hillman, A.J. and T. Dalziel, Boards of directors and firm performance: Integrating agency and resource dependence perspectives. Academy of Management Review, 2003. 28(3): p. 383-396.

[20] Okpara, O.J., Perspectives on Corporate Governance Challenges in a Sub-Saharan African Economy. Journal of Business & Policy Research, 2010. 5(1): p. 110-122.

[21] Mace, M.L., The board of directors in small corporations. 1948, Harvard University.

[22] Payne, G.T., G.S. Benson, and D.L. Finegold, Corporate Boards Attributes, Team Effectiveness and Financial Performance. Journal of Management Studies, 2009. 46(4): p. 704-731.

[23] Coles, J.L., N.D. Daniel, and L. Naveen, Boards: Does one size fit all? Journal of Financial Economics, 2008. 87(2): p. 329-356.

[24] Arguden, Y., Boardroom Secrets: corporate governance for quality of life. 2009, New York: Palgrave MacMillan.

[25] Charkham, J.P., Keeping good company: A study of corporate governance in five countries. 1995, New York: Oxford University Press.

[26] Francis, B., et al., Corporate governance and investment cash flow sensitivity: Evidence from emerging markets. Emerging Market Review, 2013. 15(57-71).

[27] Klapper, L. and I. Love, Corporate governance, investor protection and performance in emerging markets. Journal of Corporate Finance, 2004. 10(5): p. 703–728.

[28] Denis, D. and J. McConnell, International corporate governance. Journal of Financial and Quantitative Analysis, 2003. 38(1): p. 1–36.

[29] Agyemang, O.S. and M. Castellini, Corporate governance in an emergent economy: a case of Ghana. Corporate Governance, 2015. 15(1): p. 52-84.

[30] Mallin, C.A., Corporate governance. 2010, New York: Oxford University Press.

[31] Daily, C.M., et al., Governance and strategic leadership in entrepreneurial firms. Journal of Management, 2002. 28(3): p. 387-412.

[32] Short, H., et al., Corporate governance: From accountability to enterprise. Accounting and Business Research, 1999. 29(1): p. 337-352.

[33] Audretsch, D.B., ed. Small firms and efficiency. Are small firms important? Their role and impact, ed. Z. Acs. 1990, Kluwer Academic Publishers.: Boston.

[34] Beck, T., A. Demirgüç-Kunt, and V. Maksimovic, Financing patterns around the world: Are small firms different? Journal of Financial Economics, 2008. 89(3): p. 467-487.

[35] Harvie, C., D. Narkojo, and S. Oum, Small and medium enterprises' access to finance: Evidence from selected Asian economies, in ERIA discussion Paper. 2013.

[36] Beck, T., et al., The determinants of financing obstacles. Journal of International Money and Finance, 2006. 25: p. 932-952.

[37] Demirguc-Kunt, A. and T. Beck, Small and medium size enterprises: Access to finance as a growth constraint. Journal of Banking and Finance, 2006. 1(1): p. 2931-2943

[38] Beck, T., A. Demirguc-Kunt, and V. Maksimovic, Financing patterns around the world: Are small firms different? 2004, World Bank Mimeo.

[39] Beck, T., A. Demirgüç-Kunt, and V. Maksimovic, Financial and legal constraints to growth: Does firm size matter? The Journal of Finance, 2005. 60(1): p. 137-177.

[40] Cull, R. and L.C. Xu, Institutions, ownership, and finance: The determinants of profit reinvestment among Chinese firms. Journal of Financial Economics, 2005. 77(1): p. 117–146.

[41] Johnson, S., J. McMillan, and C. Woodruff, Property rights and finance. American Economic Review, 2002. 92(5): p. 1335–1356.

[42] Berger, A., et al., Bank concentration and competition: An evolution in the making. Journal of Money, Banking and Credit, 2004. 36(433-453).

[43] OECD, The SME financing gap, theory and evidence. 2006, Paris: OECD.
[44] Berger, A. and G. Udell, The economics of small business finance: The roles of private equity and debt markets in the financial growth cycle. Journal of Banking and Finance, 1998. 22((6-8)): p. 613–673.
[45] Petersen, M.A.R.G. and R.G. Rajan, The benefits of firm-creditor relationship: Evidence from small business data. Journal of Finance, 1994. 49(1): p. 3/37.
[46] Hyytinen, A. and M. Pajarinen, Opacity of young businesses: Evidence from rating disagreements. Journal of Banking and Finance, 2008. 32(7): p. 1234–1241.
[47] Claessens, S. Corporate governance and development: Review of the literatures and outstanding research issues. in Proceedings of the Global Corporate Governance Forum Donors Meeting. 2003. The Hague, The Netherlands.
[48] Gilson, R.J. Transparency, corporate governance and capital markets. in Proceedings of the Latin American Corporate Governance Roundtable. 2000. São Paulo, Brazil.
[49] Alba, P., et al., Thailand's corporate financing and governance structures: Impact on firm's competitiveness, in Thailand's Dynamic Economic Recovery and Competitiveness. 1998: Bangkok.
[50] Du, J. and Y. Dai, Ultimate corporate ownership structures and capital structures: Evidence from East Asian economies. Corporate Governance: An International Journal, 2005. 13(1): p. 60-71.
[51] Shleifer, A. and R.W. Vishny, A survey of corporate governance. Journal of Finance, 1997. 52(2): p. 737-783.
[52] Pfeffer, J. and G.R. Salancik, The external control of organizations: A resource dependence perspective. 1978, New York: Harper and Row.
[53] Creswell, J.W., Research design: Quantitative, qualitative and mixed methods approaches. 2009, Thousand Oaks, CA: Sage.
[54] Kariuki, M.W., K.L. Wanjau, and R.W. Gakure, Relationship between corporate governance and growth of organizations: A survey of companies listed on Nairobi stock exchange, in Kabarak University First International Conference. 2011: Malaysia.
[55] Sarantakos, S., Social Research. 2 ed. 1997, New York: Palgrave.
[56] Krejcie, R.V. and D.W. Morgan, Determining sample size for research activities. Educational and Psychological Measurement, 1970. 30(1): p. 607-610.
[57] D., J.A., Business research projects 3rded ed. 2000, London: Thomson Learning.
[58] Kyereboah-Coleman, A. and M. Amidu, Examine the link between small business governance and performance: A case of small and medium scale enterprises in Ghana. Journal of African Business, 2008. 9(1): p. 121-143.
[59] Arosa, B., T. Iturralde, and A. Maseda (2012) The board structure and performance in SMEs: Evidence from Spain. DOI: http://dx.doi.org/10.1016/j.iedee.2012.12.003.
[60] 60. Kyereboah-Coleman, A., Relationship between corporate governance and firm performance: An African perspective, in Ph.D Thesis. 2007, University of Stellenbosch: South Africa.
[61] Dube, I., D. Dube, and P. Mishra, Corporate governance norm for SMEs. Journal of Public Administration and Governance, 2011. 1(2): p. 2161-7104.
[62] Dougherty, C., Introduction to econometrics. 1992, New York: Oxford University Press.
[63] Lipton, M. and J.W. Lorsch, A modest proposal for improved corporate governance. Business Lawyer, 1992. 48(1): p. 59-77.

★★★