

FINANCING DECISIONS OF SMALL AND MEDIUM-SIZED ENTERPRISES

Olutayo K. Osunsan¹, Alinitwe Joshua², Naiga Sylvia^{2,3}, Tindimwebwa Joseline^{3,4}, Namirembe Isabella²,
Muguluma Henry⁴

1Faculty of Business and Management, Cavendish University Uganda

2School of Business Management and IT, Africa Renewal University, Uganda

3School of Postgraduate Studies & Research, Africa Renewal University, Uganda

4School of social sciences and Humanities, Africa Renewal University, Uganda

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Abstract: This study investigates the influence of owner-manager demographic factors on financing decisions in small and medium enterprises (SMEs) in Kampala, Uganda. A sample of 193 SMEs from the trade, service, and manufacturing sectors was surveyed. The study examined the impact of gender, age, marital status, education level, and work experience on SME financing decisions using independent t-tests and one-way ANOVA. Results indicate a statistically significant difference in financing decisions between female and male owner-managers, though the practical significance of this difference is limited. No significant differences were found based on age, marital status, education level, or work experience. These findings suggest that demographic factors may play a limited role in SME financing decisions in the context of Uganda, contrary to some previous studies. The study recommends further investigation into other potential influencing factors such as financial literacy and access to resources. It also calls for targeted support programs and policy initiatives to enhance financial decision-making capabilities across all demographic groups in the SME sector.

Keywords: Financing decisions, SMEs, SME Financing

1.0 INTRODUCTION

Small and Medium Enterprises (SMEs) have become increasingly important in driving economic growth and development in many countries around the world, including Uganda. In Kampala, SMEs constitute a significant portion of the local economy and play a vital role in job creation, innovation, and poverty reduction. However, many SMEs in Kampala face significant challenges, including limited access to finance, inadequate infrastructure, and a lack of skilled labour.

Smaller companies and larger enterprises have various funding approaches, according to Moritz et al. (2016). As stated by Gallo et al. (2004), this disparity is impacted by both economic and noneconomic variables. López-Gracia and Sogorb-Mira (2008), as well as Berger and Udell (1995), demonstrate that small and medium-sized organizations (SMEs) not only behave and act differently than bigger firms, but also use various financing structures. Despite the distinctive financing ways of SMEs emphasized by Gallo et al. (2004), most research on SME finance employs classic capital structure theories as the analytical framework, as observed by Serrasqueiro et al. (2011). One critical aspect that affects the success of SMEs in Kampala is the financing decisions made by owner-managers. The owner-manager is responsible for making financing decisions that impact the growth, profitability, and sustainability of the business. These decisions include managing cash flows, investing in new projects, accessing and managing debt, and making strategic financial plans.

Small and medium-sized enterprises (SMEs) are crucial to the economic growth and development of Uganda, providing employment opportunities and contributing to the country's Gross Domestic Product (GDP). However, many SMEs in Kampala face financial challenges that affect their survival and growth. The financing decisions made by owner-managers of SMEs can have a significant impact on the success or failure of these businesses. Despite this, there is a lack of research on factors that influence the financing decision of owner-managers in SMEs in Kampala, Uganda. This knowledge gap creates challenges for policymakers, financial

institutions, and business development service providers seeking to support the growth and sustainability of SMEs in the region. This knowledge gap hinders the development of effective policies and strategies aimed at improving SMEs' financing decision-making. Therefore, this study aims to explore what influences financing decisions in SMEs in Kampala. Specifically, the study explored to answer the research question: What factors influence the financing decisions of owner-managers of SMEs in Kampala, Uganda with regard to owner-manager demographic factors such as gender, age, marital status, education level and work experience.

2.0 LITERATURE REVIEW

2.1 Financing decisions

Financing decisions are crucial for the success and survival of small and medium-sized enterprises (SMEs). Therefore, understanding the factors that influence these decisions is important. The literature on SME financing decisions highlights several factors that affect how owners and managers make financing decisions. One key factor is the financial literacy of owners and managers. Research has found that owners and managers with higher levels of financial literacy are better equipped to make informed financing decisions (Lusimbo, 2016). Additionally, education level has been found to be positively associated with financial literacy, and owners and managers with higher levels of education are more likely to make better financing decisions (Ardichvili et al., 2003). Another factor that influences financing decisions is access to financial information and resources. Research has found that SMEs with better access to financial information are more likely to make better financing decisions (Hussain, Salia & Karim, 2018). SMEs with better access to financial resources, such as credit and loans, are better able to make strategic financing decisions (Boushnak, et al 2018). Moritz et al (2016) observed that SMEs have several financing types: mixed-financed, state-subsidized, debt-financed, flexible-debt-financed, trade-financed, and internally financed. Nguyen and Canh (2021) stress the impact of individual, firm-level, and institutional factors on SME financing decisions, identifying four types of SMEs based on their use of external finance to include: businesses that don't utilise external finance, businesses that solely utilise informal finance, businesses that utilise formal finance only and businesses that utilise both formal and informal finance.

The external environment, such as economic conditions and government policies, also plays a role in SME financing decision. For example, research has found that economic conditions, such as inflation and exchange rate volatility, can affect SME financing decisions (Boushnak, et al 2018). Government policies, such as tax policies and regulations, can also affect SME financing decisions (Jarczok-Guzy, 2020). The decision-making style of owners and managers also influences financing decisions. Owners and managers who have a more participative decision-making style, where they involve employees in financial decisions, are more likely to make better financing decisions (Khandakar, Huq & Sultana, 2018). Several factors influence how owners and managers make financial and financing decisions, they include financial literacy, access to financial information and resources, the external environment, and decision-making style (Klačmer Čalopa, 2017). Understanding these factors can help SMEs make better financing decisions and improve their chances of success and survival.

2.2 Influencers of Financing decisions in SMEs

2.2.1 Gender and Financing decisions

Gender is an important factor in the context of owner-manager financing decisions in SMEs. Research has highlighted that there are gender differences in financial decisions and that these differences can have significant implications for the success and growth of SMEs. Several studies have found that women owner-managers may face more challenges when it comes to accessing finance and making financing decisions compared to men (Muravyev, Talavera & Schäfer, 2009). An example is the research by Brush, et al (2004) found that women entrepreneurs were less likely to seek external funding and more likely to rely on personal savings and credit card debt to finance their businesses. Other studies (Marlow & Swail, 2014; Rasheed and Siddiqui, 2019) have explored the impact of gender on financing decision in SMEs. Marlow and Swail (2014) found that male and female entrepreneurs had different attitudes towards risk and financing decision. The study found that female entrepreneurs tended to be more risk-averse and focused on cash flow management, while male entrepreneurs were more willing to take risks and focused on growth and investment. Rasheed and Siddiqui (2019) found that women owner-managers in the US were less likely to engage in financial planning and forecasting than their male

counterparts. The authors suggest that this may be due to the fact that women have less confidence in their financial skills and may be less likely to seek out financial advice. These studies provide sufficient insight into the potential influence of gender on various aspects of financing decisions in SMEs, such as access to finance, risk-taking, resource allocation, and financing strategies.

2.2.2 Owner Manager Age and Financing decisions

Several studies have explored the relationship between owner-manager age and financing decisions in small and medium-sized enterprises (SMEs). Research indicates that the age of SME owners plays a significant role in their financing decisions. Serrasqueiro (2012) discovered that age affects the influence of financial deficit on debt variations, the level of debt adjustment, and the relationship between determinants and debt. One study by Kim and Lee (2018) examined the impact of owner-manager age on financial performance and found that younger owner-managers tend to have better financial performance than older ones. They suggest that this may be due to younger owner-managers being more innovative, risk-taking, and adaptive to changes in the market. Serrasqueiro (2016) found that the financing decisions of young, small family-owned firms align with the Pecking Order Theory, while those of older, larger family-owned firms align with the Trade-Off Theory. Ključnikov (2018) also observed that the owner's age significantly impacts the perception of funding risk and the frequency of bank loan rejections. Several studies (Hatak et al., 2015; Aybar-Arias, Casino-Martínez & López-Gracia, 2012) found that older owner-managers tend to be more conservative in their financing decisions and have better financial performance than younger owner-managers. Studies by Levesque & Minniti (2006) and Azoulay, et al (2020) suggest that younger owner-managers are more likely to engage in risky financial strategies, such as aggressive debt financing or equity financing from venture capitalists. Scholars such as Vadnjaj and Glas (2008) further confirm that younger owner-managers are more inclined to adopt aggressive growth strategies and seek external financing sources like bank loans or venture capital. On the contrary, older owner-managers prioritize profitability over growth and tend to rely more on internal funds or debt financing from personal sources (Fairlie & Robb, 2009). Sharma et al., (2003) observed that as owner-managers approach retirement age, their financing decisions are often influenced by succession planning considerations, such as preparing the business for transfer to the next generation or sale to external parties. Older owner-managers, with their extensive experience and accumulated knowledge, tend to make more informed financing decisions (Hatak et al., 2015). The age of the owner-manager often correlates with the SME's life cycle stage, with younger firms needing more external financing and taking more risks, while older firms focus on stability and cash flow management (Huyghebaert & Van de Gucht, 2007). Briozzo and Vigier (2009) adds that the owner-manager's age and prior experience with personal debt are important factors in SME financing choices, reflecting their risk aversion. The literature generally suggests that there is a complex relationship between owner-manager age and financing decisions in SMEs. While younger owner-managers may be more innovative and risk-taking, older owner-managers may have more experience and be more conservative in their financing decisions. The type of industry in which the SME operates may also influence this relationship.

2.2.3 Marital Status and Financing decisions

Research has shown that there may be a difference in financing decisions made by owner-managers of SMEs based on their marital status. Several studies have explored this relationship and have provided some insights into how marital status may affect financing decisions in SMEs. Studies indicate that married owner-managers generally display more risk-averse tendencies in financial decisions compared to their unmarried peers (Hallahan et al., 2004). This cautious approach may stem from heightened financial obligations and the imperative to support their families. Boden and Nucci's (2000) research revealed that married business owners exhibited superior survival rates and financial performance in contrast to their unmarried counterparts. The authors proposed that the assistance and resources offered by a spouse might bolster the business's success. Married business owners might benefit from supplementary financial resources via their spouse's income or assets, potentially impacting their financial choices and investment approaches (Haynes et al., 1999). The marital status of SME owners has been found to influence their financing decisions, with personal attributes and networking ties playing a significant role (Rao, 2018). This is further supported by the influence of owner-manager characteristics on financing sources, including education, gender, and business status (Eniola, 2018). However, the specific impact of marital status on SME financing decisions is not explicitly addressed in these studies. Further research is needed to explore this relationship.

2.2.4 Education Level and Financing decisions

The education level of owner-managers has been identified as an important factor influencing financing decision in small and medium-sized enterprises. A number of studies have investigated the relationship between education level and financing decisions, with mixed findings.

Higher education levels are commonly associated with enhanced financial literacy and knowledge among owner-managers (Lusardi & Mitchell, 2014). This literacy often translates into more informed financial decisions, including effective cash flow management, optimal capital structure choices, and efficient investment strategies (Adomako et al., 2016). Owner-managers with higher educational attainment tend to possess a better understanding of risk and may be more inclined to take calculated risks in their financing decisions (Arenius & Minniti, 2005), often seeking external financing sources like venture capital or bank loans to support growth initiatives (Cassar, 2004). Research also suggests that highly educated owner-managers tend to engage more in financial planning and forecasting activities, leading to better resource allocation and decision-making (Lusardi & Mitchell, 2014). It was also observed in literature that highly educated owner-managers are more prone to professionalize their management practices, implement corporate governance structures, and segregate ownership from management, all of which can impact financing decisions and performance (Martínez-Romero & Rojo-Ramírez, 2016). Education level plays a significant role in SME financing decisions, impacting various factors such as financial administration knowledge, financial performance, future access to finance, and legal form (Wasiuzzaman, 2019). The character and capacity of SMEs, including owner-manager's business acumen and borrowing capacity, are also essential for obtaining loans (Haron, et al 2013). Perhaps most importantly, the education of entrepreneurs can influence their reasons for starting a business and their understanding of lending criteria (Bartoš, et al 2015). These extensive literature points at the fact that education of the owner-manager does improve SMEs' financial literacy and their ability to secure and manage financing in a beneficial way to the business' success.

2.2.5 Business age and Financing decisions

Several studies have investigated the relationship between business age and financing decisions in small and medium-sized enterprises. It is noted by Serrasqueiro and Nunes (2012) the need to acknowledge the importance of various other factors, such as industry characteristics, macroeconomic conditions, and the institutional environment when looking at the relationship between business age and financing decisions in SMEs. Several studies (Cassar, 2004; Huyghebaert & Van de Gucht, 2007) have found that younger firms face greater challenges in accessing external finance compared to older and more established firms. This is often attributed to the higher levels of information asymmetry and perceived risk associated with younger firms by the lenders (Sackey & Amponsah, 2024). Several studies have investigated the relationship between business age and capital structure decisions in SMEs (Serrasqueiro & Nunes, 2012). Harvie, Narjoko and Oum (2013) suggest that younger firms tend to rely more heavily on internal sources of financing, such as personal savings and retained earnings, due to the difficulties they face in accessing external finance. The age of a business can also influence its investment decisions. Some studies suggest that younger firms may have higher growth opportunities and, therefore, may invest more aggressively compared to older firms (Anderson & Eshima, 2013; Kilenthong, Hultman & Hills, 2016; Zhao, et al 2021). It is a general observation in literature that the age of a business can have both positive and negative effects on financing decisions. Older businesses may have more stable cash flows and a longer operating history, which can lead to more conservative financial policies. However, they may also face challenges in accessing external financing due to perceptions of lower growth potential.

3.0 METHODOLOGY

The research targeted 510 SMEs located in Kampala's central business district (CDB), sourced from 346 registered companies. The sample included representatives from three key business sectors: trade, service, and manufacturing. The sample size was determined using Krejcie and Morgan's (1970) table, which provides practical ratios based on the SME population size. According to the table, a sample size of 217 is recommended. However, the study achieved a response rate of 193 respondents; a response rate of 89%, which is still considered acceptable. According to Fowler (2013) who confirmed that high response rate such as this enhances the validity and generalizability of the research findings.

The Content Validity Index (CVI) was calculated and found to be 0.757, meeting Amin's (2005) suggestion that a CVI of at least 0.7 is adequate for establishing the content validity of a questionnaire. Content validity refers to the extent to which the items in an instrument accurately represent the construct being measured (Haynes et al., 1995). A CVI of 0.757 indicates that the questionnaire items adequately covered the relevant aspects of the construct under investigation. Additionally, the reliability of the questionnaire was tested using Cronbach's Alpha, which was found to be 0.791. According to Taber (2018), a Cronbach's Alpha value above 0.7 is generally considered acceptable for establishing the internal consistency and reliability of a research instrument. The value of 0.791 suggests that the questionnaire items were consistent and measured the intended construct reliably.

To analyze the influence of demographic factors such as age, gender, work experience, and education level on financing decisions, an independent t-test and One-Way ANOVA were conducted. The independent t-test is an appropriate statistical method for comparing the means of two independent groups, such as gender (male and female), on a continuous dependent variable like financing decisions (Pallant, 2020). On the other hand, the One-Way ANOVA is suitable for comparing the means of three or more independent groups, such as different age groups, education levels, or work experience categories, on a continuous dependent variable (Pallant, 2020). These statistical tests allow researchers to determine whether there are significant differences in financing decisions based on the demographic factors under investigation. The use of these robust parametric tests ensures a rigorous analysis of the various factors affecting financing decisions within SMEs in the specified sectors, as they account for potential variations in the data and provide reliable insights into the relationships between variables (Pallant, 2020).

4.0 FINDINGS

4.1 Descriptive Statistics

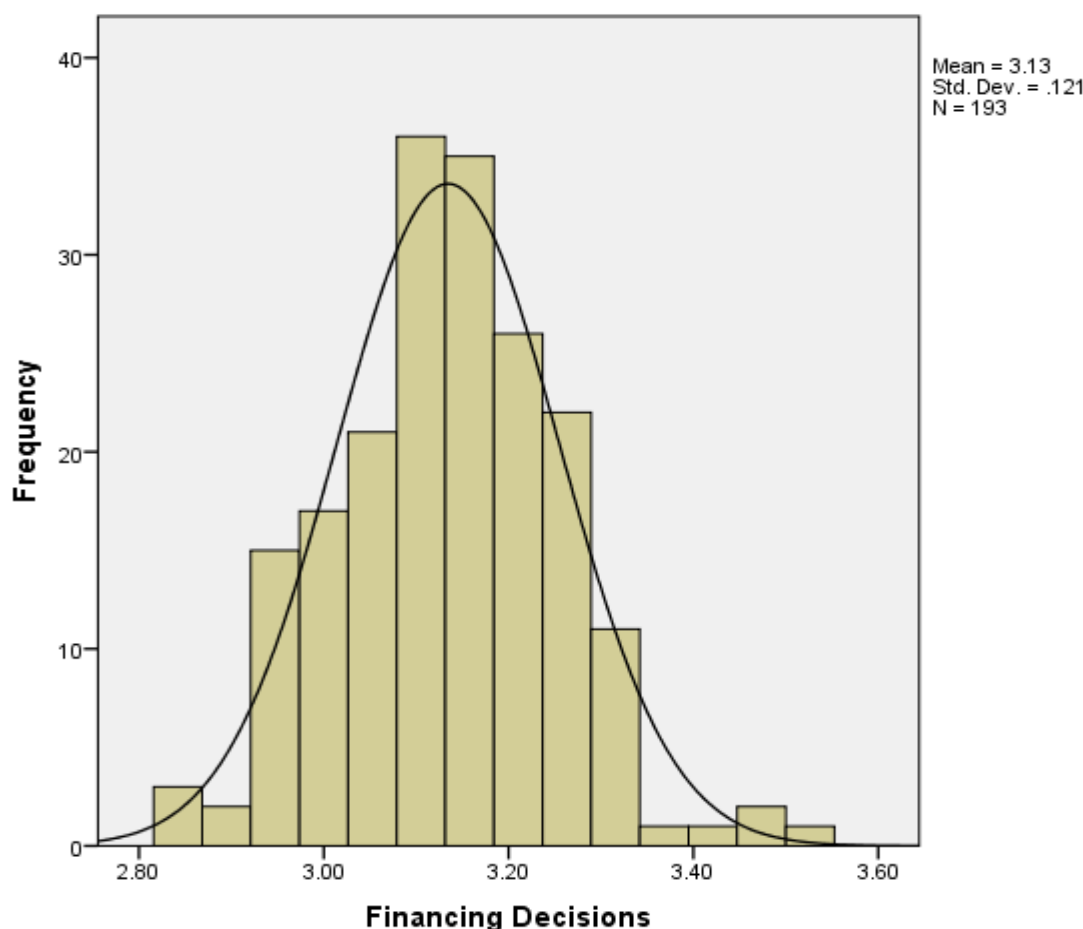


Figure 1: Levels of SME Financing Decision (SFD)

According to figure 1, the mean of 3.13 suggests that the typical value in the sample is around 3.13. The relatively small standard deviation of 0.121 indicates that the data points in the sample are relatively close to the mean. On the basis of the central limit theorem when the sample size is small (less than 30), the normality assumption may not hold, and may need to use alternative methods such as the t-distribution. However, the sample size is large (193, thus more than 30), the normality assumption is generally considered to be valid, so the properties of the normal distribution can be used to make statistical inferences.

4.2 Differences in demographics and SME Financing decisions

4.2.1 Gender and SME financing decisions

Table 1a: Group Statistics

	Gender	N	Mean	Std. Deviation	Std. Error Mean
SFD	FEMALE	89	3.1538	.11586	.01228
	MALE	104	3.1179	.12261	.01202

Table 1b:

		SME Financing decisions	
		Equal variances assumed	Equal variances not assumed
Levene's Test for Equality of Variances t-test for Equality of Means	F	.444	
	Sig.	.506	
	T	2.076	2.085
	Df	191	189.105
	Sig. (2-tailed)	.039	.038
	Mean Difference	.03584	.03584
	Std. Error Difference	.01726	.01719
	95% Confidence Interval of the Difference	Lower	.00179
Upper		.06989	.06974

Table 1 shows the Levene's test for equality of variances checks whether the assumption of equal variances between the two groups is valid. The F-value of .444 with a p-value of .506 indicates that the assumption of equal variances is reasonable. The t-test results show that the t-value for assuming equal variances is 2.076 with a p-value of .039, and the t-value for not assuming equal variances is 2.085 with a p-value of .038. The p-values are less than .05, which means we reject the null hypothesis and conclude that there is a statistically significant difference between the means of the two groups. Based on these results, we can conclude that there is a statistically significant difference in the mean scores of the SME financing decision between females and males ($p = 0.039 < 0.05$). Specifically, females have a higher mean score (3.1538) compared to males (3.1179) on the SME financing decision, suggesting that females might have different business financing decisions compared to males in the studied population. It is important to note that the mean difference (0.03584) is relatively small.

4.2.2 Owner Manager Age and SME financing decisions

Table 2a: Descriptives

N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean	Minimum	Maximum		
				Lower Bound	Upper Bound			
20-29	39	3.1269	.13910	.02227	3.0818	3.1719	2.95	3.47

30-39	56	3.1278	.10896	.01456	3.0986	3.1570	2.84	3.37
40-49	63	3.1270	.11943	.01505	3.0969	3.1571	2.89	3.53
50+	35	3.1669	.11802	.01995	3.1264	3.2075	2.84	3.47
Total	193	3.1344	.12057	.00868	3.1173	3.1516	2.84	3.53

Table 2b: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.045	3	.015	1.035	.378
Within Groups	2.746	189	.015		
Total	2.791	192			

Table 2c: Multiple Comparison

(I) Age-Group	(J) Age-Group	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
20-29	30-39	-.00096	.02514	1.000	-.0661	.0642
	40-49	-.00013	.02456	1.000	-.0638	.0635
	50+	-.04006	.02807	.484	-.1128	.0327
30-39	20-29	.00096	.02514	1.000	-.0642	.0661
	40-49	.00084	.02214	1.000	-.0565	.0582
	50+	-.03910	.02597	.436	-.1064	.0282
40-49	20-29	.00013	.02456	1.000	-.0635	.0638
	30-39	-.00084	.02214	1.000	-.0582	.0565
	50+	-.03993	.02541	.397	-.1058	.0259
50+	20-29	.04006	.02807	.484	-.0327	.1128
	30-39	.03910	.02597	.436	-.0282	.1064
	40-49	.03993	.02541	.397	-.0259	.1058

The table indicates that there is no statistically significant difference in SME Financing decisions (SFD) scores between age groups ($F(3, 189) = 1.035, p = .378$). The multiple comparisons table presents the results of post-hoc Tukey HSD tests, which compare the mean SFD scores between all pairs of age groups. Further confirming none of the comparisons reach statistical significance, indicating that there are no significant differences in SFD scores between any of the age groups. The last table shows the mean SFD scores for each age group and the results of the Tukey HSD tests, indicating which groups have statistically similar mean scores (based on a significance level of .05). Based on the ANOVA results, we can conclude that there are no statistically significant differences in SME financing decisions among the different owner-manager age groups. The overall ANOVA test ($p = 0.378 > 0.05$) and the pairwise comparisons in the Tukey HSD test fail to detect any significant mean differences between the age groups.

4.2.3 Marital Status and SME financing decisions

Table 3a: Descriptives

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Single	71	3.1164	.12484	.01482	3.0868	3.1459	2.84	3.47
Married	119	3.1433	.11767	.01079	3.1219	3.1647	2.89	3.53
Divorced	3	3.2105	.09116	.05263	2.9841	3.4370	3.11	3.26
Total	193	3.1344	.12057	.00868	3.1173	3.1516	2.84	3.53

Table 3b: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.050	2	.025	1.728	.180
Within Groups	2.741	190	.014		
Total	2.791	192			

Table 3c: Multiple Comparison

(I) Marital status	(J) Marital status	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Single	Married	-.02692	.01801	.296	-.0695	.0156
	Divorced	-.09414	.07080	.380	-.2614	.0731
Married	Single	.02692	.01801	.296	-.0156	.0695
	Divorced	-.06723	.07022	.605	-.2331	.0986
Divorced	Single	.09414	.07080	.380	-.0731	.2614
	Married	.06723	.07022	.605	-.0986	.2331

The ANOVA table 3 indicates that there is no significant difference in SFD scores between the three marital status groups, as the F-value (1.728) is not statistically significant ($p = 0.18$). The between-groups sum of squares is also very small, indicating that most of the variation in SFD scores is due to individual differences rather than marital status. To further explore potential differences between the marital status groups, a Tukey HSD post-hoc test was conducted. The results show that there are no significant differences in SFD scores between any two groups. All p -values are above the significance level of 0.05. Based on the ANOVA results, we can conclude that there are no statistically significant differences in SME financing decisions among the different marital status groups. The overall ANOVA test ($p = 0.180 > 0.05$) and the pairwise comparisons in the Tukey HSD test fail to detect any significant mean differences between the marital status groups.

4.2.4 Education Level and SME financing decisions

Table 4a: Descriptives

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean			
					Lower Bound	Upper Bound	Minimum Maximum	
Certificate	12	3.1754	.10120	.02921	3.1111	3.2397	2.95	3.37
Diploma	44	3.1376	.12651	.01907	3.0991	3.1760	2.84	3.47
Bachelor	84	3.1316	.12484	.01362	3.1045	3.1587	2.84	3.53
Masters	53	3.1271	.11374	.01562	3.0958	3.1585	2.89	3.42
Total	193	3.1344	.12057	.00868	3.1173	3.1516	2.84	3.53

Table 4b: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.024	3	.008	.549	.649
Within Groups	2.767	189	.015		
Total	2.791	192			

Table 4c: Multiple Comparison

(I) Level of education	of (J) Level of education	of Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Certificate	Diploma	.03788	.03941	.772	-.0643	.1400
	Bachelor	.04386	.03734	.644	-.0529	.1407
	Masters	.04833	.03868	.596	-.0519	.1486
Diploma	Certificate	-.03788	.03941	.772	-.1400	.0643
	Bachelor	.00598	.02252	.993	-.0524	.0643
	Masters	.01045	.02468	.974	-.0535	.0744
Bachelor	Certificate	-.04386	.03734	.644	-.1407	.0529
	Diploma	-.00598	.02252	.993	-.0643	.0524
	Masters	.00447	.02123	.997	-.0506	.0595
Masters	Certificate	-.04833	.03868	.596	-.1486	.0519
	Diploma	-.01045	.02468	.974	-.0744	.0535
	Bachelor	-.00447	.02123	.997	-.0595	.0506

Table 4 shows that the between-groups variability is small, with an F-value of 0.549 and a non-significant p-value of 0.649. This suggests that there is no significant difference in SFD scores across the different levels of education. The Tukey HSD test shows that there are no significant differences in SFD scores between any of the levels of education. The p-values for all the pairwise comparisons are greater than the alpha level of 0.05. Therefore, we cannot reject the null hypothesis that there is no significant difference in SFD scores across the different levels of education. Based on the ANOVA results, we can conclude that there are no statistically significant differences in SME financing decisions among the different education level groups. The overall ANOVA test ($p = 0.649 > 0.05$) and the pairwise comparisons in the Tukey HSD test fail to detect any significant mean differences between the education level groups.

4.2.5 Work Experience and SME financing decisions

Table 5a: Descriptives

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
Below 1year	20	3.1289	.10313	.02306	3.0807	3.1772	2.95	3.32
1-2 years	65	3.1482	.10926	.01355	3.1211	3.1753	2.95	3.47
3-5 years	80	3.1388	.12652	.01414	3.1107	3.1670	2.89	3.53
5+ years	27	3.0975	.13748	.02646	3.0431	3.1519	2.84	3.42
Total	192	3.1351	.12050	.00870	3.1180	3.1523	2.84	3.53

Table 5b: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.051	3	.017	1.179	.319
Within Groups	2.722	188	.014		
Total	2.773	191			

Table 5c: Multiple Comparison

(I) experience	Working(J) experience	WorkingMean (I-J)	DifferenceStd. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Below 1year	1-2 years	-.01923	.03077	.924	-.0990	.0605
	3-5 years	-.00987	.03008	.988	-.0878	.0681
	5+ years	.03148	.03550	.812	-.0605	.1235
1-2 years	Below 1year	.01923	.03077	.924	-.0605	.0990
	3-5 years	.00936	.02009	.966	-.0427	.0614
	5+ years	.05071	.02755	.258	-.0207	.1221
3-5 years	Below 1year	.00987	.03008	.988	-.0681	.0878
	1-2 years	-.00936	.02009	.966	-.0614	.0427
	5+ years	.04135	.02678	.413	-.0281	.1108
5+ years	Below 1year	-.03148	.03550	.812	-.1235	.0605
	1-2 years	-.05071	.02755	.258	-.1221	.0207
	3-5 years	-.04135	.02678	.413	-.1108	.0281

ANOVA results in table 5 indicate that there is no significant difference in SFD scores between groups ($F(3,188) = 1.179, p = .319$). Multiple comparison tests (Tukey HSD) indicate that there are no significant differences in SFD scores between any of the pairs of groups. The mean difference between SFD scores of individuals with less than 1 year of experience and those with 1-2 years of experience is -0.01923 , which is not significant ($p = .924$). Similarly, the mean differences between SFD scores of individuals with less than 1 year of experience and those with 3-5 years of experience, and those with 5+ years of experience are also not significant ($p = .988$ and $p = .812$ respectively). The same is true for all other pairs of groups. Based on the ANOVA results, we can conclude that there are no statistically significant differences in SME financing decisions among the different work experience groups. The overall ANOVA test ($p = 0.319 > 0.05$) and the pairwise comparisons in the Tukey HSD test fail to detect any significant mean differences between the work experience groups.

5.0 CONCLUSIONS AND RECOMMENDATIONS

This study sought to explore the influence owner-manager demographic factors such as gender, age, marital status, education level and work experience on financing decisions. Owner-manager demographics, including gender, education, age, and ethnicity, significantly influence SME financing decisions (Campanella, 2018). Attitudinal factors such as awareness and risk also play a crucial role in this relationship, with owner-manager characteristics acting as moderating variables (Rasheed, 2019). owner-manager behaviours, such as control aversion and overconfidence, also significantly impact the decision to apply for bank loans (Jude, 2018). In the context of Nigeria which is reflective of many Sub-Saharan African countries, traits such as gender, education, religion, business status, and management experience influence the choice of financing sources for SMEs (Eniola, 2018).

Regarding gender, the results indicate a statistically significant difference in SME financing decisions between female and male owner-managers. This finding aligns with previous studies (e.g., Brush et al., 2004; Marlow & Swail, 2014; Rasheed & Siddiqui, 2019) that suggest differences in risk-taking, financing preferences, and financial planning between female and male entrepreneurs. However, it is important to note that the mean difference observed in this study is relatively small, suggesting that the practical significance of this difference may be limited. Contrary to some previous studies (e.g., Serrasqueiro, 2012; Kim & Lee, 2018; Serrasqueiro, 2016; Ključnikov, 2018), the findings reveal no significant differences in SME financing decisions across different owner-manager age groups. This suggests that age may not be a determining factor in financing decisions within the studied population. The analysis also failed to detect any significant differences in SME financing decisions based on marital status, education level, or work experience. These results contradict some previous findings that suggested potential influences of these factors on financing decisions in SMEs (e.g., Eniola, 2018; Lusardi & Mitchell, 2014; Adomako et al., 2016). The study provides insights into the influence of demographic factors on SME financing decisions, but does not look at the specific types of financing available or chosen by the SMEs.

The findings of this study suggest that gender may play a role in influencing financing decisions, although the practical significance of this difference is relatively small. The analysis, however, did not reveal significant differences in SME financing decisions based on owner-manager age, marital status, education level, or work experience. It is important to note that the influence of demographic factors on financing decisions can be context-specific and may vary across different populations and industries (Lusimbo, 2016). The study focused on a specific set of demographic factors (gender, age, marital status, education level and work experience), and other factors, such as financial literacy, access to resources, and decision-making styles, may also play a significant role in influencing SME financing decisions. On the basis of these findings of this study, the following recommendations can be made:

1. There is a need to conduct further research to explore the underlying reasons behind the observed gender differences in SME financing decisions. This can help in creating targeted interventions or support programs to address potential challenges or biases faced by female entrepreneurs.
2. The need to investigate the influence of other factors, such as financial literacy, access to financial resources, and decision-making styles, on SME financing decisions called for and how these influence the choice of financing. This can provide a more understanding of the factors influencing financing decision-making in SMEs.
3. There is a need to develop educational and training programs to enhance financial literacy and decision-making skills among SME owners and managers, regardless of their demographic characteristics. This can help in improving financing decisions and the overall financial performance of SMEs.
4. Implementation of best practices in financial management and decision-making within SMEs is needed, focusing on factors that have been proven to positively influence financial outcomes, such as participative decision-making and robust financial planning processes as suggested by literature.
5. Lastly, promoting policies and initiatives that support SMEs in accessing financial resources, information, and advisory services, which can contribute to more informed and effective financing decisions.

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