Universiti Utara Malaysia

RELATIONSHIP BETWEEN RESOURCES AND SMALL FIRM GROWTH IN
BANGLADESH: THE MODERATING EFFECTS OF GOVERNMENT AND
PRIVATE ORGANIZATIONS SUPPORT
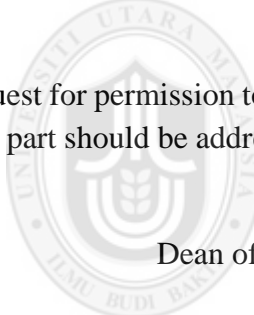
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ABSTRACT

Firm growth has received profound attention due to its significant contributions towards the economy. Nonetheless, growth in the context of small firms is suffering from the absence of any unified theory or model. Based on the theory of Resource Based View (RBV), which argues that firms' resources have direct and indirect effects on firms' performance and growth, the study examined the relationship between resources such as finance, financial literacy of owner-managers, market orientation strategy, managerial capability, and small firm financial and non-financial growth in the context of Bangladesh. The study also considered the moderating role of government and private organizations support. A quantitative research approach was employed and a structured questionnaire was used as the research instrument. A survey design was adopted and the unit of analysis was small firms operating in Bangladesh and the owner-managers of the small firms were the respondents. The study employed non-probabilistic sampling technique, with a sample size of 407 small firms. The Partial Least Squares to Structural Equation Modelling (PLS-SEM) approach was applied for analysing the data. The findings of the study show that finance, financial literacy and market orientation are the strong predictors of small firm financial and non-financial growth in Bangladesh. Managerial capability is shown to have a positive significant relationship only with non-financial growth. The study also indicates that government support is not useful while private organizations play only a minor role in assisting small firm growth in Bangladesh. The novelty of this study is in pioneering the integration of tangible and intangible resources in a single domain with the moderating effect of government and private organizations support in explaining small firm growth. Based on the empirical evidences, practitioners and policy makers should pay more attention to the financial access, literacy development and marketing success of small firms in Bangladesh.

Keywords: Small firm, growth, government, private organizations, resource based view, Bangladesh.

ABSTRAK

Aspek pertumbuhan sesebuah firma telah mendapat perhatian yang mendalam. Ini disebabkan sumbangan besar firma terhadap ekonomi. Walaubagaimanapun tiada satu model atau teori yang diterima dalam konteks pertumbuhan firma kecil. Teori "*Resource Based View*" (RBV) mengetengahkan pandangan bahawa sumber-sumber yang dimiliki oleh firma mempunyai kesan langsung dan tidak langsung kepada prestasi dan pertumbuhan firma melalui penjanaan kelebihan daya saing. Oleh itu, kajian ini dijalankan untuk mengkaji hubungan antara sumber-sumber firma seperti kewangan, kadar kecelikan pemilik-pengurus terhadap kewangan, strategi orientasi pasaran, keupayaan pengurusan, dan pertumbuhan kewangan dan bukan kewangan firma kecil, dalam konteks negara Bangladesh. Selain itu, kajian ini juga mengambil kira peranan sokongan pihak kerajaan dan swasta sebagai moderator. Pendekatan penyelidikan kuantitatif telah diaplikasikan dan soal selidik berstruktur digunakan sebagai instrumen kajian. Satu kajiselidik kajian yang menggunakan pendekatan keratan rentas telah diaplikasi. Firma-firma kecil yang beroperasi di Bangladesh digunakan sebagai unit analisis dan pemilik-pengurus bagi firma kecil merupakan responden. Kajian ini menggunakan teknik persampelan bukan kebarangkalian dalam pengumpulan data, dengan saiz sampel sebanyak 407 buah firma-firma kecil. Pendekatan "*Partial Least Squares to Structural Equation Modeling*" (PLS-SEM) telah diaplikasikan untuk data analisis. Dapatan kajian menunjukkan bahawa kewangan, kadar kecelikan kewangan dan orentasi pasaran merupakan peramal yang kuat terhadap pertumbuhan kewangan dan bukan kewangan firma-firma kecil di Bangladesh. Keupayaan pengurusan didapati mempunyai hubungan positif yang signifikan hanya terhadap pertumbuhan bukan kewangan. Kajian ini juga mendapati bahawa sokongan kerajaan tidak memberikan sebarang impak manakala organisasi swasta hanya memainkan peranan kecil dalam membantu pertumbuhan firma-firma kecil di Bangladesh. Sumbangan kajian ini adalah sebagai peneraju integrasi sumber-sumber ketara dan tidak ketara ke dalam satu domain tunggal. Sokongan organisasi kerajaan dan swasta bertindak sebagai moderator dalam menjelaskan pertumbuhan firma kecil. Berdasarkan bukti-bukti empirikal, pengamal dan pembuat dasar perlu memberi lebih perhatian kepada akses kewangan, pembangunan kadar kecelikan kewangan, dan kejayaan pemasaran firma-firma kecil di Bangladesh.

Kata kunci: Firma kecil, pertumbuhan, kerajaan, organisasi swasta, *resource based view*, Bangladesh.

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ADB	Asian Development Bank
AVE	Average Variance Extracted
BB	Bangladesh Bank
BBS	Bangladesh Bureau of Statistics
BDT	Bangladeshi Taka
BIBM	Bangladesh Institute of Bank Management
BSCIC	Bangladesh Small and Cottage Industries Corporation
BWCCI	Bangladesh Women Chamber of Commerce and Industry
CGS	Credit Guarantee Scheme
CR	Composite Reliability
DFI	Development Financial institute
FCB	Foreign Commercial Bank
FBCCI	The Federation of Bangladesh Chambers of Commerce and Industry
FI	Financial Institution
FY	Financial Year
GDP	Gross Domestic Product
GS	Government Support
HOM	Higher Order Model
HSC	Higher Secondary Certificates
IDA	International Development Association
IFC	International Finance Corporation
IMF	International Monetary Fund
MC	Managerial Capability

MIDAS	Micro Industry Development Assistance and Services
MITI	Ministry of International Trade and Industry
ML	Maximum Likelihood
MO	Market Orientation
NASCIB	National Association of Small and Cottage Industries of Bangladesh
NBFI	Non-bank Financial Institution
NBR	National Board of Revenue
NGO	Non-government organization
OD	Omission Distance
OECD	Organization for Economic Co-operation and Development
OLS	Ordinary Least Squares
PCB	Private Commercial Bank
PLS	Partial Least Square
POS	Private Organizations Support
RBV	Resource Based View
SAARC	South Asian Association of Regional Cooperation
SB	Specialized Bank
SCB	State-owned Commercial Bank
SCI	Small and Cottage Industry
SCITI	Small and Cottage Industry Training Institute
SE	Small Enterprise
SEM	Structural Equation Modelling
SFFG	Small Firm Financial Growth
SFNFG	Small Firm Non-financial Growth
SMCI	Small, Medium and Cottage Industries

SME	Small and Medium Enterprise
SMEF	Small and Medium Enterprise Foundation
SMESPD	SME & Special Programs Department
SPSS	Statistical Package for Social Science
TGF	The Theory of the Growth of the Firm
UN	United Nations
USAID	United States Agency for International Development
USFLEC	United States Financial Literacy and Education Commission
VAT	Value Added Tax
VIF	Variance Inflation Factor
WECCI	Women Entrepreneur Chamber of Commerce and Industry
WEAB	Women Entrepreneur Association of Bangladesh

CHAPTER ONE

INTRODUCTION

1.1   Background of the Study

In perfect economies, most of the market players are private sector enterprises that contribute towards the economy through activities related to trading, manufacturing, agriculture, and services sectors (The Organization for Economic Co-operation and Development [OECD], 2004). In the private sector market, there are many types of enterprises including self-employed businesses, micro enterprises, small and medium enterprises, large businesses, and various multinational companies (OECD, 2004). Among all the market players, small and medium enterprises, by number, dominate the global business segment (Edinburgh Group, 2013).

The common feature of every economy in the world regarding the number of firms according to their sizes is that the number of large enterprises is very few, medium enterprises occupy the second highest position, followed by the greatest number of small and micro enterprises (Tarmidi, 2005; Young, 2015). In Bangladesh, the small firm sector occupies the highest position in terms of number among micro, small, medium, and large firms. According to the Bangladesh Bureau of Statistics [BBS] (2015), 10.66 percent of firms are micro, 88.07 percent are small, 0.73 percent are medium, and 0.54 percent are large firms among the total micro, small, medium, and large firms in Bangladesh. In terms of employment, among the categories, small firms rank the top with 58.25 percent, followed by large (30.59%), medium (6.23%), and

micro (4.93%) (BBS, 2015). Therefore, it is evident that the contribution of small enterprises towards the economy is remarkable over the other business segments.

Small Enterprises (SEs) play a significant role in the developing economy in terms of sustainable growth, employment creation, development of entrepreneurship, and contribution to export earnings (Mamun, Hossain, & Mizan, 2013). They employ indigenous resources including both local skilled and unskilled labours to develop different kinds of products and services to fulfil local needs (Agwu & Emeti, 2014; Mitra & Pingali, 1999). Small enterprises in most of the developing countries are labour intensive and cover the market segments that are left by the larger firms (Maksimov, Wang, & Luo, 2016). SEs are more productive compared to the micro enterprises and large firms, to some extent, by driving employment and competition (Li & Rama, 2015).

Beyond the contribution towards employment, small firms are also significant for the society for building social networks, ensuring the life standard of poor people, export earnings, reducing social unrest, creating new entrepreneurs, satisfying consumers' needs with competitive price, fulfilling the requirements of many large firms, and so on (Mamun et al., 2013). According to Page and Söderbom (2015), small firms undeniably create new jobs, but they can also destroy jobs through higher failure rates. Edinburgh Group (2013) and Schlogl (2004) state that in both developed and developing economies, small firms dominate other forms of businesses in terms of employment creation and by total number of companies whereas their full potential remains untapped.

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Different concepts and theories of firm growth have been developed through the workings of diverse groups of researchers. From the past few decades to date, the growth of a firm has been addressed by the researchers both from the corner of theoretical and empirical perspectives in diverse fields of economics, finance, psychology, management, and others. Their contributions can broadly be described based on two viewpoints. A good number of researchers suggest that the growth of a firm is linear or predictable whereas another group of researchers consider it as opportunistic or unpredictable. This is mainly due to the heterogeneous concept of growth to the different entrepreneurs (Gupta, Guha, and Krishnaswami, 2013).

Since a firm can grow in different ways, the growth of a firm follows a multidimensional pattern and these various forms of growth may have different determinants and effects (Davidsson, Achtenhagen & Naldi, 2010; Delmar, Davidsson, & Gartner, 2003; Zhou & De Wit, 2009). The various approaches of firm growth indicate that the growth of a firm is affected by a set of internal factors as what Penrose (1959) called a bundle of resources and external factors which Penrose termed as opportunities. Therefore, throughout the world, many researchers have tried to identify the causes of small firm growth and their profound works on this issue outline the multidimensional factors which ultimately affect growth. As small firms around the world do not have the same characteristics and their growth is multifaceted (Nichter & Goldmark, 2005), it is quite difficult for researchers to conclude with a certain number of factors. Studies in many countries have focused on some specific factors and no comprehensive research on this issue is available to draw a conclusion.

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Like other developing countries, financing has been identified as a major obstacle for small firm growth in Bangladesh (Akterujjaman, 2010; Chowdhury, Azam, & Islam, 2013) and this sector has very restricted access to finance from the formal institutional sources (Islam, Yousuf, & Rahman, 2014). Besides the financing problem, the small firm sector in Bangladesh faces various multidimensional problems. For example, the lack of suitable technology, skilled manpower, product quality, management efficiency, marketing services, and collaboration are some of the remarkable areas which hinder their normal growth process (Bakht & Basher, 2015). The unavailability of required amount of infrastructure, electricity, natural gas, government support services among others also creates significant difficulties for small firm growth (Islam, 2013).

Based on the concept of the theories of '*The theory of the growth of the firm (TGF)*' and '*Resource Based View (RBV)',* the current study intends to examine how resources affect the growth of small firms operating in Bangladesh. According to the concept of resources, four important resources (finance, financial literacy of owner-manager, market orientation strategy, and the managerial capability) have been used to formulate the proposed research framework in order to examine their impact on the growth of small firms especially in the context of Bangladesh. Besides, government and private organization support is also used as the moderating variable between the relationships of resources and small firm growth.

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1.2 Problem Statement

Importance of Small Firm Growth

Firms are a collection of a certain number of resources that provide the means to successfully take advantage of opportunities and growth (Barney, 1991; Penrose, 1959). Small firms that survive over a long time offer economic stability for owners, employees as well as their families by providing a steady source of income (Bianca, 2016). Further, growth offers the opportunity for financial gain, return on investment and also increased chances for survival (Dobbs and Hamilton, 2007). On the other hand, if the firm cannot sustain its growth or performance, subsequently it ceases the operation (Storey, Keasey, Watson & Wynarczyk, 2016). However, many researchers argue that a small group of enterprises with rapid growth can create more employment and highly contribute towards the economy (Cooney & Malinen, 2004; Mason & Brown, 2013; Wanjiru & George, 2015).

Considering the potential of small firms towards the economic development, researchers of many developed and developing countries have been motivated to work on small firms' growth and its determinants for many years. Still, many researchers are confused why some small firms grow and others do not when they operate their activities in a similar situation (Anderson & Eshima, 2013; DeMartino, Sriramachandramurthy, Miller & Angelis, 2015; Eijdenberg, Paas & Masurel, 2015; Tuck & Hamilton, 1993; Wiklund & Shepherd, 2003). As small firms around the world do not have the same characteristics and their growth is multifaceted (Nichter & Goldmark, 2005), it is quite difficult for researchers to conclude with a certain number

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of factors. Studies in many countries have focused on some specific factors and no comprehensive research on this issue is available to draw a conclusion.

Based on the primary review of past literatures, it is evident that past studies have attempted to study small firm financial and non-financial growth in a variety of contexts, using different sets of variables (Bah & Cooper, 2012; Boermans & Roelfsema, 2016; Brenner & Schminke, 2015; Eijdenberg et al., 2015; Fuller-Love, 2006; Gill & Biger, 2012; Jyothi & Kamalanabhan, 2010; Krasniqi & Mustafa, 2016; Li & Rama, 2015; Obeng, Robson, & Haugh, 2014; Osei-Assibey, 2013; Panda, 2015; Stoian, Rialp, Rialp & Jarvis, 2016; Storey, 1994; Wiklund, Patzelt, & Shepherd, 2009; Yazici, Köseoglu & Okumus, 2016). However, these studies were not without theoretical, methodological, and contextual limitations. These limitations open the gap for researchers to fill.

Problems of Small Firm Growth in Bangladesh

In Bangladesh, the contribution of small and medium enterprises sector to the GDP is 25% (Alo, 2014) which is lower than some other neighbouring countries. For example, 60% in China (Pandey, 2015), 40% in India (Weerakkody, 2015), 37% in Thailand (Rojanasuvan, 2014), 30% in Pakistan (Shahzad, 2014), more than 50% in Sri Lanka (Weerakkody, 2015), and 33.7% in Malaysia ("SMEs on track to contribute to GDP," 2014). Besides, compared to the trading and service sectors, it is possible to create more employment through the development of the manufacturing sector. However, the share of manufacturing units to the total number of non-farm economic units in Bangladesh has decreased from 24.5% in 1986 to 13.2% in 2001/03 and has subsequently declined

to 10.9% in 2013 (Bakht & Basher, 2015). Therefore, the growth of small firm sector including the manufacturing units should be increased.

In consideration of the contribution of small scale industries to the national GDP, Bangladesh could not achieve any remarkable growth. According to the Centre for Policy Dialogue (2013) report, the share of small scale industries in the GDP from 2008 to 2012 remains almost the same at only 5.2%. In this connection, to boost the sector, the scaling up of existing small firms (for example, from micro to small or small to medium) and their growth is highly required. However, it is a great challenge for small enterprises in Bangladesh to scale up over the years and to graduate to the next level from their existing level (Moazzem, 2013). Even if they scaled up or survived, the success and performance in terms of revenue earnings, equipment use, capital-labour ratio, and growth of value added except for labour-productivity are not satisfactory (IMF, 2011).

In Bangladesh, the growth of small and cottage industries in terms of number of units has increased gradually. In the year 2012, 7.18% growth rate was achieved compared to the previous year (Alo, 2014). According to Moazzem (2013), in the last two decades, the growth of small firms in Bangladesh has been more of a horizontal expansion rather than changing in the pyramid like structure. However, increasing the number of small firms does not necessarily mean that the sector is growing; their successes and performances in terms of production, revenue, employment, value addition among others are also important (Connolly, Norman & West, 2012).

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Existing Literature on Small Firm Growth and Literature Gaps

Researchers of both developed and developing countries who work on small firms recognize its contributions towards the economic growth but very limited number of studies has found on the issues of small firm growth. After a rigorous literature review, Dobbs and Hamilton (2007, p. 296) conclude that, "our knowledge base still lacks a body of theory capable of explaining the growth of small businesses. New theoretical perspectives and alternative types of research are advocated in order to further our understanding of the growth process in these businesses". Study of Omar et al. (2014, p. 316) reveals that "although a considerable amount of researches have been conducted on firm growth, a solid single integrative theory or model to explain firm growth has yet to emerge". Again, from the last 50 years, different aspects of firm's growth have been studied but very few studies have focused on the growth of small and medium enterprises in different perspectives (Gupta et al., 2013). Moreover, in consideration of small firms specifically, the literatures on growth issues are limited and inconsistent (Andersson & Tell, 2009; Fadahunsi, 2012). This therefore creates the opportunity (gap) to research on small firm growth.

Although there are many studies on determinants or factors affecting Small and Medium Enterprises (SME) growth, the literature is scant in the consideration of factors or resources that affect small firm growth. These shortcomings may be due to an over-emphasis on growth outcomes as opposed to understanding the antecedents of small firm growth (Eijdenberg et al., 2015). Very few studies are found in different context that considered the resources and the factors that affect specifically the growth of small firm. Storey (1994) in his research provides a framework and includes the entrepreneur, the firm, and the strategy to study small firm growth. Similarly, Blackburn et al. (2013)

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consider business characteristics, owner-manager characteristics, and business strategy. In a recent study, Krasniqi and Mustafa (2016) empirically test a large set of variables including human capital, institutional quality, and managerial capacities as predictors of small firm growth. Many previous studies have focused on owner-managers' traits and commitment to grow (Hansen & Hamilton, 2011; Mazzarol, Reboud, & Soutar, 2009; Delmar & Wiklund, 2008; Richbell, Watts, & Wardle, 2006) as well as their capabilities (Barbero, Casillas, & Feldman, 2011).

Many empirical studies consider the organizational traits of small firm such as size and age of business (Blackburn et al., 2013; Coad & Tamvada, 2012; Davidsson et al., 2005; Gjini, 2014; Hamilton, 2012; Obeng et al., 2014; Seker & Correa, 2010). Davidsson, Delmar, and Wiklund (2006) consider the assets of a firm that facilitate small firm growth. Eijdenberg et al. (2015) and Delmar and Wiklund, (2008) studied owner-manager growth motivation and small firm growth. Some other scholarly evidences reveal entrepreneur orientation (Lechner & Gudmundsson, 2014; Wiklund et al., 2009; Wolff et al., 2015), business strategy (Lechner & Gudmundsson, 2014; St-Jean, Julien, & Audet, 2008), social capital (Stam, Arzlanian & Elfring, 2014), innovation (Audretsch, Coad & Segarra, 2014; Boermans & Roelfsema, 2015), and internationalization (Boermans & Roelfsema, 2015) with small firm growth.

Despite the growing number of studies as mentioned above, the volume of research on small firm growth is dominated by studies concentrated on the institutional determinants of firm growth, rather than the internal factors, for example literacy or managerial capacities (Krasniqi & Mustafa, 2016). Besides, considering the small firm specifically, previous literature also lack the nexus of finance-growth relationship.

Moreover, to the best of researcher knowledge, the integration of tangible and intangible resources into a single frame is almost untouched. These shortcomings open up the gaps in the literature for further study. Nevertheless, some findings are mixed and inconclusive (Mahmood, Mohd Zahari, Yaacob & Mat Zin, 2017). Accordingly, once there are conflicting findings, the same study can be replicated to expand the boundary of knowledge (Li, 2010).

The theory of the growth of the firm (TGF) developed by Penrose (1959) suggests that there is a close relationship among resources and utilizing these firms can ensure their growth. Based on the concept of TGF, the theory of 'Resource Based View (RBV)' also states that the bundle of resources firm has directly and indirectly affects its performance and growth by generating competitive advantages. Many of the previous studies contribute towards the theory of 'Resource Based View (RBV)' from different perspectives and show how the internal and external resources affect the performance or growth of a firm. However, the theory lacks in explaining the resources and growth nexus specifically for small firms. Mac an Bhaird (2010) strongly supports more empirical and theoretical studies in SME research employing the RBV to address the paucity of studies especially in the field of economics and finance literature. Moreover, the integration of tangible and intangible resources into a single domain for small firm growth with the moderating role of government and private organizations support is not highlighted in the theory of RBV.

Importance of Financial Resources as a Growth predictor

The study considers finance as a growth predictor of small firm. The growing number of studies that have examined the finance–growth relationship at the firm level does not

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often address the role of financing on growth in a direct way (Coluzzi, Ferrando, & Martinez-Carrascal, 2015). Whatever the relationship that exists in the literature, the general agreement suggests that small firms all over the world face severe internal and external financial problems (Beck et al., 2005; Malo & Norus, 2009; Rahaman, 2011; Raravi et al., 2013). However, developing countries face more constraints compared to developed countries (Delberg, 2011). There are some evidences in Bangladesh on small and medium enterprises' financing (Alam & Ullah, 2006; Chowdhury, 2007b; Chowdhury & Ahmed, 2011; Haider & Akhter, 2014; Islam et al., 2014; Khan, Nazmul, Hossain, & Rahmatullah, 2012; Uddin & Bose, 2013; Zaman & Islam, 2011). However, these previous researches tend to see 'the glass half empty', emphasizing financing problems and shortcomings, rather than focusing on the impact of finance on small firm growth. Therefore, it is necessary to examine the impact of finance on small firm growth in Bangladesh.

Importance of Financial Literacy as Growth Predictor

Financial literacy is used in the study as the growth predictor of small firm. Although studies on financial literacy and small firm growth are scarce (Lusimbo & Muturi, 2015), many studies have been conducted on financial literacy and the growth of SMEs together in different contexts and have found positive associations between the constructs (Bruhn & Zia, 2011; Dahmen & Rodríguez, 2014; Drexler, Fischer & Schoar 2014; Nyamboga, Nyamweya, Abdi, Njeru & George, 2014; Siekei, Juma & Aquilars, 2013; Wise, 2013) and even find insignificant relationship (Eresia-Eke & Raath, 2013) in the field of small, micro, and medium enterprises. In Bangladesh, Chowdhury (2007a) highlights that the lack of financial knowledge among small entrepreneurs results in limited access to formal credit. In another study, Choudhury (2014) argues

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that the promotion of financial literacy among micro and small business owners in Bangladesh can remove the obstacle of access to finance and ensure a sustainable growth of the sector.

Importance of Market Orientation as Growth Predictor

Market orientation is considered in the study as a growth predictor of small firm. Although market orientation is not a new concept, in consideration of small firm growth the literature on market orientation is very limited (Buli, 2017). Many previous studies have conducted in the area of small and medium enterprises and show the conflicting results (Buli, 2017; Chao & Spillan, 2010; Hussain, Ismail & Shah, 2015; Mokhtar, Yusoff & Ahnad, 2014; Nur, Shehu & Mahmood, 2014; Surachman, Salim, & Djumahir, 2014). Therefore, the conflicting results from the literature demand further study in this area. There are some studies in Bangladesh about small firm market orientation (Abdin, 2015a; Choudhury, 2014; Islam, 2009; Miah, 2006; Moudud-Ul-Huq, Ahammad, & Khan, 2013; Zaman & Islam, 2011). However, the researchers mostly emphasize on the marketing problems, and therefore this study examines its relationship with small firm growth in Bangladesh.

Importance of Managerial Capability as Growth Predictor

The study also includes managerial capability as a growth predictor of small firm. Many researchers argue that owner-managers of small firm lack in proper managerial knowledge and skills which are necessary for their firms' survival (Jayne, 2007; Matlay, Redmond, & Walker, 2008; Walker & Webster, 2006). Some previous studies show that managerial capability of owner-manager is important for the growth of SMEs (Laguna, Wiechetek & Talik, 2012; Nur, Surachman, Salim, & Djumahir, 2014;

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Nurlina, 2014; Roman, Samy & Soliman, 2016) whereas other studies find insignificant relationship (Man & Wafa, 2011; Nur et al., 2014). There are some evidences in Bangladesh that focus on managerial capability of SMEs' owner-manager (Islam, 2009; Roy & Chakraborty, 2014; Zaman & Islam, 2011). However, they mostly emphasize on the lack of managerial capability that creates many other problems. Considering the impact of managerial capabilities on small firm growth is limited internationally and to the knowledge of researcher, it is almost absent in the context of Bangladesh.

Government and Private Organizations Support as Moderators

The findings of the previous studies either specifically on small firms or SMEs using the link between the resources used in the study with small firm growth show conflicting results. Where there are inconclusive findings of previous research, Baron and Kenny (1986) suggest a test of moderation effect. Therefore, this study considers government and private organizations support as the moderating variables to examine if such supports moderate the relationships between resources and small firm financial and non-financial growth in Bangladesh.

In any country either developed or developing, the government plays a pivotal role in developing the SME sector (Handoko, Smith, & Burvill, 2014). Effective government support may help small and medium enterprises to overcome their institutional and other barriers in an uneven playing field (Hansen et al., 2009; Osmonalieva, 2011). Similarly, private organizations also play a pivotal role in the growth or performance of micro and small enterprises (Islam, 2013). Different researchers also recognize that the support of the private sector can be used to improve small firm performance (Massey, 2003; Matlay, Ramsden, & Bennett, 2005). Many previous studies advocate

the intervention of governments and the private sector for adequate financing, technical assistance, and capacity building of SMEs in order to ensure future growth of the sector (Beck & Demirguc-Kunt, 2006; Botha, 2014; Delberg, 2011). Such a notion motivates the researcher of the current study to examine the moderating role of the government and private organizations support.

Methodological Gaps

It is worthy to mention that, other than the area of large firms, most of the studies on business growth are based on small and medium-sized firms together and mostly for developed countries. However, the growth patterns of both the medium and small firms are not the same and the context of both developed and developing countries are not equally representative. Therefore, from the combined result, it is not possible to have a true picture of small firm growth. This is likely due to differences in theoretical and epistemological standpoints and explanations; operationalization; empirical contexts; modeling and analysis approaches; as well as the inherent complexity and heterogeneity (Davidsson et al., 2010).

Previous studies those consider the resources-growth nexus use the resources in an isolated way and do not test with financial and non-financial growth together and even do not consider the moderation effect of government and private organizations support. Therefore, it is important to design an integrated framework with strong methodology for examining small firm growth.

Addressing Gaps

This study considers financial and other resources such as financial literacy of the owner-manager, market orientation strategy, and managerial capability to identify their impact on small firm growth in Bangladesh with the inclusion of government support and private organization support as the moderating variables. To the best of researcher knowledge, there is no such comprehensive research using these two moderating variables on this issue from where the policy makers or the small business owners (new and existing) can take the lesson for their future action. Moreover, in consideration of small firms specifically, the association of such resources with small firm growth in a single model is almost untouched. Therefore, such limitation of literature creates the opportunity for the researcher to investigate and provide basic guidelines to small firm owners or managers, policy makers, and other stakeholders.
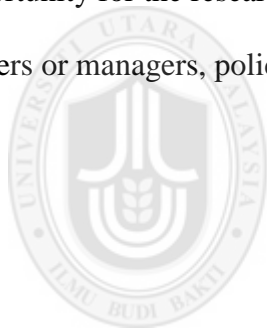
1.3   Research Questions

Based on the background, problem statement and research gap, there are some questions that need to be addressed through this research, especially in the context of Bangladesh, which are as follows:

1. What is the level of resources (finance, financial literacy of the owner-manager, market orientation strategy, and managerial capability), government and private organizations support, and financial and non-financial growth of small firms operating in Bangladesh?

2. Do resources (finance, financial literacy of the owner-manager, market orientation strategy, and managerial capability) influence the financial and non-financial growth of small firms?

3. Does government support moderate the relationships between resources (financial resources, financial literacy of the owner-manager, market orientation strategy, and managerial capability) and financial and non-financial growth of small firms?

4. Do private organizations support moderate the relationships between resources (financial resources, financial literacy of the owner-manager, market orientation strategy and managerial capability) and financial and non-financial growth of small firms?

1.4   Research Objectives

The study intends to explore the impact of different kinds of resources on financial and non-financial growth of small firms operating in Bangladesh. The specific objectives of the research are to:

1. Identify the level of resources (finance, financial literacy of the owner-manager, market orientation strategy, managerial capability), government and private organizations support, and financial and non-financial growth of small firms operating in Bangladesh.

2. Examine the relationships between resources (finance, financial literacy of the owner-manager, market orientation strategy, and managerial capability) and small firms' financial and non-financial growth.

3. Examine whether government support moderate the relationships between resources (financial resources, financial literacy of the owner-manager, market orientation strategy, and managerial capability) and small firms' financial and non-financial growth.

4. Identify whether private organizations support moderate the relationships between resources (financial resources, financial literacy of the owner-manager, market orientation strategy, and managerial capability) and small firms' financial and non-financial growth.

1.5 Significance of the Study

The findings of this study may contribute significantly from both the theoretical and practical perspectives as described in Section 1.5.1 and 1.5.2.

1.5.1 Theoretical Contributions

There is no direct theory related to small firm growth and the factors affecting their growth. In their research, Dobbs and Hamilton (2007) and Omar et al. (2014) reveal that there is no unified theory presently available related to small firm growth and it remains outside of the reach of scholars. As a result, most of the empirical work in this field is inconsistent and fragmented (Andersson & Tell, 2009; Fadahunsi, 2012). The variables that influence the growth process of the sector are very complex, contextual, business specific, and wide-ranging. Although there is no unified theory to be contributed, but the theory of 'Resource Based View (RBV) is more relevant in this context. Many supporters (Barney, 1991; Crook, Ketchen, Combs, & Todd, 2008; Makadok, 2001) of RBV suggest that firms should achieve the resources which help them to find competitive advantages for their performances and growth.

Studies in the field of small enterprises and finance literature employing the RBV are insignificant (Lockett & Thompson, 2001; Runyan, Huddleston & Swinney, 2007; Uchegbulam & Akinyele, 2015) with some exceptions. Westhead, Wright, and Ucbasaran (2001) employ the RBV to capture the internationalisation of SMEs. To show the management practices and the strategy, Kelliher and Reinl (2009) and Rangone (1999) advocate the RBV approach in SMEs. Barney, Wright, and Ketchen

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(2001) and Runyan et al. (2007) suggest that there is significant scope in the field of economics and finance research using the RBV approach. According to Mac and Bhaird (2010), the RBV is more relevant in the field of SME due to the importance of the intangible resources. Resources such as managerial capabilities, knowledge and experience, strategies, etc. are especially important in SMEs as these resources constrain the performance of other resources. Mac and Bhaird (2010) strongly support more empirical and theoretical studies in SME research employing the RBV to address the paucity of studies especially in the field of economics and finance literature.

Prior studies have investigated many resources that affect small and medium enterprises' growth as discussed in the prior sections (background and problem statement sections). However, the current study focuses specifically on small firm growth. The study adapted the theory of Resources Based View (RBV) as the underpinning theory and try to extend the theory with the nexus of resources and small firm growth from the developing county context. Although existing literatures show there are some association between resources and small firm growth in different areas, the results are mixed and inconclusive. The study considers both tangible and intangible resources in an integrated model and uses finance, financial literacy of the owner-manager, market orientation strategy, and managerial capability as the independent variables. Based on the knowledge of the researcher, no research has been found that uses these four different kinds of tangible and intangible resources under a single frame to test their impact on small firm growth. Therefore, the findings of the study provide a comprehensive literature and expected to broaden the existing theory with empirical evidences.

According to the RBV, financial resources are the most significant resources for growth and performance of small firms (Wiklund, Patzelt, & Shepherd, 2009). Similarly, financial literacy of owner-manager of small firms is highly required for firm growth. Due to the complexity in the business finance arena, owner-managers of small firms are confronted with complex financial decisions in order to operate their businesses. Financial literacy therefore becomes very urgent for them for making financing decisions. Market orientation is a strategic resource by which a small firm can discover and meet the needs and expectations of its customers with a product mix to generate business growth. Managerial capability is an intangible resource for small firms to achieve their goals. According to Makadok (2001), capability is a special type of resource, which is firm-specific and non-transferable; the primary aim of which is to enhance the productivity of other resources. In a small firm, the owner of a firm or its manager should possess a certain number of managerial capabilities to perform all the functional activities of business (Yahya, Fatt, Othman, & Moen, 2011). Therefore, the study considers these four resources in a single model in order to examine their effect on small firm growth and to contribute to the RBV theory with existing literatures.

The existing literature either in the context of small and medium enterprises together or small firm specific show conflicting and inconclusive results due to inconsistent findings in past studies. Therefore, based on Baron and Kenny's (1986) recommendation, the study includes two moderating variables, government support and private organizations support between the relationship of different resources (finance, financial literacy of the owner-manager, market orientation strategy, and managerial capability) and small firm growth. In any country, either developed or developing, the government plays a pivotal role in developing small and medium enterprises (Handoko

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et al., 2014), as this sector has been recognised as one of the main drivers of economic development. Effective government support may help small and medium enterprises to overcome their institutional and other barriers in an uneven playing field (Hansen et al., 2009; Osmonalieva, 2011). Similarly, private organizations also play a pivotal role in the growth or performance of micro and small enterprises (Islam, 2013). Therefore, the study empirically examines these moderations, and provide valuable insights on the interaction of both government and private organizations support in predicting small firm growth.

Theoretical perspectives of this research can be used for academic purposes as it may augment firm growth literatures especially in the small firm's growth arena. The primary value of this research outcome is the insight about the growth perspective of small firm and the comprehensive analysis on the multidimensional resources that are affecting the growth. On the other hand, the moderating role of government and private organizations support between resources and small firm financial and non-financial growth may supplement the theory for better understanding of small firm growth.

1.5.2 Practical Contributions

There are many stakeholders who are actively involved with the sectors for different purposes that may benefit from the current research findings. The Government and its related departments which are working towards the betterment of small firms can use these lessons for their future course of action. Since based on the researcher knowledge no such research exists that uses these resources in a single frame with the growth of the small firm segment, the stakeholders may have at least the idea, from the large

sample, about the nature and degree of impact on small firm growth as well as how these resources affect growth. This idea can be used for different policy initiatives and for further development decisions for small firm benefits.

The financial institutions (especially banks and Non-bank financial institutions) or any other lenders who want to lend money in the small business segment can have an idea about firms' growth. They can also get an idea about the resources that may lead or impede the growth which would help them in their credit appraisal decision. These financial institutions may also design their products or services in a case to case basis for small firms based on their resource availability and their interaction with growth.

The practitioners including the researchers and policy makers can easily use the research output for further research as well as for designing policy initiatives. Besides, most of the small firms in Bangladesh are family oriented and owners/managers lack proper education, experience, market information, etc. and thus it is not always possible for them to identify the types of resources that are fostering or hindering their normal business growth. From the current research output, small firm owners/managers have lessons that may be adopted for designing their future business plan or used as an early warning signal. Entrepreneurs who want to start a new business can benefit by looking at all the resources that have an impact on firm growth or success which would help them reduce the potential risk of failure and increase the chances of success.

In addition, as far as financial literacy and managerial capability are concerned, government bodies, private organizations providing business development support, policy makers and practitioners may have an idea about the most critical problems

which must be addressed before launching any knowledge and skill development programs to enhance their financial literacy and managerial competency.

Finally, a set of recommendations as part of this research output for the stakeholders related to the possible roles they can play or are supposed to play, help the small firm owners or managers to accelerate their future business growth and performance.

1.6 Scope of the Study

The study focuses on small firm growth and diversified resources that may affect such growth in the context of the Bangladeshi economy. Although in many cases, the term SME is used, the main area of work is specifically on small firms. The reason behind using SME is mainly due to the dearth of literature on small firm arena as most of the studies focus on SMEs as a whole. Therefore, in the conceptual development and literature review sections, literature on both small firms and SMEs are covered depending on the availability of previous literature. The study considers the terms "enterprise," "firm," and "business," as having the same meaning and uses them interchangeably.

The study focuses on the growth of small firms specifically rather than focusing on the large, medium, and micro enterprises. Most of the previous studies research on the growth of large, small and medium firm together and there are many empirical studies on micro enterprise growth (for example, Bravo-Biosca, 2010; Buli, 2017; Clark & Douglas, 2014; Dahmen & Rodríguez, 2014; Deschryvere, 2014; Feng, Morgan & Rego, 2016; Fiala, 2013; Gupta et al., 2013; Khandker, Samad, & Ali, 2013; Mel,

McKenzie, & Woodruff, 2014; Neufeld & Earle, 2014; Nur et al., 2014; Raravi et al., 2013: Webb, Morris & Pillay, 2013). The literature on the growth of small firms specifically suffers from the dearth of literature. Hence, the study considers the growth of small firms specifically.

Regarding the growth issue, the study considers both financial and non-financial dimensions of growth. The fundamental characteristic of a small firm is the heterogeneity implying that all the firms in different categories and clusters do not grow in the same way and can vary significantly over time (Delmar et al. 2003). The growth of a small firm is not uni-dimensional; rather, it is a multidimensional phenomenon (Tunberg, 2014). For various groups of small firms, it is advantageous to use multiple measures to uncover different empirical relationships. Hence, the study focuses on the financial and non-financial growth dimensions of small firms.

The study emphasizes on three broad sectors of small businesses operating in Bangladesh namely manufacturing, trading, and service sectors. However, micro enterprises, agriculture, and cottage industries are not covered in this study. The study considers small firms operating in three divisions namely Dhaka (the capital city), Chittagong (the commercial hub), and Rajshahi, out of the seven divisions of Bangladesh including the rural areas for generating more prolific results. Therefore, the population of the study comes from the small firms operating in these three divisions and the owner-managers of small firms are considered as the respondents.

Established small firms, not new, having the maturity of more than three years are considered for the study as per the concern of growth. At the same time, firms with the

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size of employees not greater than 25 for the service sector and 10 for the trading sector with assets excluding land and building from BDT 0.5 million to BDT 10 million for both trading and services sectors, and the size of employees of less than 99 with assets excluding land and building from BDT 5 million to BDT 100 million for manufacturing sector is considered according to the definition of small firms provided by the central bank (Bangladesh Bank, 2015).

Regarding the growth process, this study considers the organic growth. Penrose (1959) emphasized the existence of various ways of growth. Penrose suggested that firms that grow organically can grow smoothly over time in comparison to the group of firms that grow largely through acquisitions. Although various resources affect small firm's growth, the current study emphasises on financial resources, financial literacy of owner-manager, market orientation strategy, and the managerial capability. In this research, government support and private organizations support are used as moderators to test whether these variables moderate the relationships between resources and financial and non-financial growth of small firms.

The performance of any firm can be measured using both objective and subjective measures (Fairoz et al., 2010; Murphy, Trailer, & Hill, 1996). Current study considers subjective growth measures in order to provide overall growth performance of small firms. Through subjective measure, the non-contractible information can be used to evaluate actions and efforts that are not possible by the objective measures (Bol, 2008).

The study uses RVB as the underpinning theory. This theory considers the organization as the bundle of resources and suggests that resources that a firm have are the primary

determinants for its growth or performance. Since the main aim of the study is to examine the impact of various tangible and intangible resources on small firm growth, the theory of resource based view is more relevant to underpin.

1.7 Definition of Key Terms

1.7.1 Finance

In this study, finance is defined as the internal and external sources of money including the terms and barriers of financial institutions (Federico, Rabetino, & Kantis, 2012; Kyambalesa,1994).

1.7.2 Financial Literacy

Current study follows the definitions of Gavigan (2010) and Remund (2010). According to them, financial literacy is regarded as the set of financial knowledge and skills of small firms' owner-managers and the ability to use and manage financial resources through proper financial decisions and long range financial planning.

1.7.3 Market Orientation

Market orientation is defined as the organisational culture which focuses mostly on three broad important behavioural components such as customer orientation, competitor orientation, and inter-functional coordination from the conceptualizations of Kohli and Jaworski (1990) and Narver and Slater (1990).

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1.7.4   Managerial Capability

Managerial Capability is the set of knowledge, skills, or behaviours of a person required for effective fulfilment of the managerial task based on the definitions given by Hellriegel et al. (2004) and Adner and Helfat (2003).

1.7.5   Government Support

In this study, government support is defined as any kind of assistances provided by the government except financial assistance through its related departments or any other agents to the small business sector for enhancing its growth and success based on the conceptual definitions of Kapila and Mead (2002) and Dawson and Jeans (1997).

1.7.6   Private Organizations Support

Private organizations support is defined as the information and training support provided by private organizations based on the concept of Kahan (2007).

1.7.7   Small Firm Growth

The study defines small firm growth using both the dimension of financial and non-financial measures based on the concept of Murphy and Callaway (2004) and as advocated by Wiklund and Shepherd (2005).

1.8   Organization of the Thesis

The study mainly intends to examine the associations between various resources and financial and non-financial growth of small firms operating in Bangladesh. Besides, there are some other objectives. To fulfil the objectives of the study, a total of five chapters containing various aspects of the research will be presented.

Chapter 1 shows the introduction which mainly focuses on the brief background and problem statement of the research. This chapter also includes research questions and objectives, the significance of the research, scope of the study and a set of key definitions of the variables. Chapter 2 starts with an introduction, a brief discussion on the context and small firm sector overview including the definition of a small firm. This chapter reveals the concept and existing literature on finance, financial literacy, market orientation, managerial capability, government and private organizations support, and small firm financing and non-financial growth.

Chapter 3 represents the methodological issues of how the research is carried out. The philosophical approach, research design, framework of the research, hypothesis development, operationalisation of variables, questionnaire development, data collection procedures, and techniques of data analysis will be presented in this chapter. Chapter 4 presents the overall findings of the research according to the objectives. Finally, Chapter 5 highlights the discussion and conclusion of the research. In this chapter, the practical and theoretical contributions, research limitation, a set of recommendations for policy initiatives, and some future research are also recommended.

1.9   Summary

The main focus of this study is to examine the impact of various resources on small firm growth in Bangladesh. To comply with the main goal of the study, this chapter provided a comprehensive background of the study, statement of problem to justify why the study is important, formulated a set of research questions and established objectives to find out the answer to the research questions as well as enumerated the significance and scope of the study. In addition to that, the chapter discussed the definition of key variables included in the theoretical framework. Moreover, the chapter also outlined the organization of the whole thesis.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

Chapter Two starts with an introduction and definition of small firms, the contextual overview, and the small firm sector in Bangladesh. The chapter reveals the existing literature on small business growth and some important resources that affect this growth. The subsequent sections of this chapter discuss in detail the underpinning theory, small firm growth process, growth measurement issues as well as the thorough literature review of resources (finance, financial literacy of owner-manager, market orientation strategy of a firm, and managerial capability) affecting small firms' financial and non-financial growth. In addition to that, literature related to government and private organizations support and their influence on financial and non-financial growth of small firms has been discussed.

2.2 The Contextul Overview and Small Firm Sector in Bangladesh

Bangladesh emerged as an independent and sovereign country in 1971. It has one of the largest deltas in the world with a total area of 147,570 sq. km. It is located in South Asia and is bordered by India from three sides, the Republic of the Union of Myanmar from the southeast corner, and the Bay of Bengal from the south. The capital city of the country is Dhaka with an area of 1464 sq. km. The majority (over 86.6%) of the people are Muslim followed by Hinduism 12.1%, Buddhism 0.6%, Christianity 0.4%, and others 0.3%. Over 98% of the people speak in Bangla. However, English is widely

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spoken. The country is covered with a network of rivers and canals forming a maze of interconnecting channels. Being an active partner, Bangladesh plays a vital role in the international and regional forum, particularly in the United Nations (UN), Commonwealth, and South Asian Association of Regional Cooperation (SAARC). The principal industries of Bangladesh are garments, tea, ceramics, cement, leather, jute, cotton and textiles, fertilizer, steel, pharmaceuticals, electric and electronics, light engineering, sugar, and others.

Bangladesh economy is characterized by its high population, low per capita income, high level of unemployment and underemployment, mass poverty, and high income disparity (Mamun et al., 2013). At present (up to July 2014), the total population of Bangladesh is around 166 million which makes it the 9th largest populated country in the world (World Fact Book, 2014). The growth rate of population is 1.6% and 31.51% of total population is below the poverty line out of which a greater proportion lives in extreme poverty (The Index Mundi, 2012). The Index Mundi (2012) report shows that the percentage of population below the poverty line for the neighbouring countries of Bangladesh and some other countries are far below (for example, in India 29.8%, in Pakistan 22.3%, in Sri-Lanka 8.9%, in Thailand 8.1%, and in Malaysia, it is only 3.8%). In the rural areas, the poverty rate is high compared to the urban areas.

According to the Bangladesh Bureau of Statistics (2014) record, the per capita income of Bangladesh is $1,044 (using the 2005-06 as the base year). Although per capita income had increased compared to the previous year, still this is very low relative to some other neighbouring developing countries. About half of the total population in Bangladesh are women and most of them are outside the working force. The total

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number of woman entrepreneurs is insignificant. The women owned small and medium enterprises are less than 2 percent in Bangladesh (Al-Muti, 2014).

The unemployment rate of Bangladesh is 5% and the underemployment rate is about 40% (World Fact Book, 2014). Therefore, along with the current (March, 2014) inflation rate of 7.48% (Bangladesh Bank, 2014), it is very difficult for the people in the small income group, especially those living in the rural areas, to survive by fighting with poverty. In these circumstances, higher growth of small enterprises which is treated as an engine for economic growth and machine for job creation, may reduce poverty in Bangladesh to a satisfactory level by creating employment for the skilled and unskilled manpower in this sector. This possibility is reflected in the earlier study of Storey (1994) where he reveals that for every hundred small firms, the fastest growing four firms will produce fifty percent of the jobs in that particular group over a ten-year period.

Bangladesh has maintained a remarkable track record on economic growth and development. During the past decade (2002-2013), the economy has grown at a rate of nearly 6 percent per year. It is worthy to mention that during the global financial crises, most of the world economies, including many of the Asian economies, were negatively affected and their GDP growth rates declined in 2009. However, the real GDP growth in Bangladesh was 5.7% even during that period (2007-2008). Figure 2.1 shows the GDP growth rate in Bangladesh from year 2003 to year 2016 reported by the Bangladesh Bank. According to Figure 2.1, the GDP growth rate in Bangladesh grew to 7.05 percent in year 2016 from 6.55 percent in the year 2015.

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Figure 2.1
Gross Domestic Product (GDP) Growth Rate in Bangladesh
Source: ieconomics.com (2017)

Bangladesh is a country of infinite potentials having different types of natural resources with a huge working population. Unfortunately, the industrial sector in Bangladesh is not quite developed mainly due to the lack of required capital and technological efficiency (Rana, 2014). At present, the service sector produces more than half of the total production, the contribution of industry sector is almost 30%, and the balance 20% of the GDP is produced in the agricultural sector (Rana, 2014). Although Bangladesh lacks heavy industry, many small-scale industries have been developed with a small amount of capital and simple technology where many people are involved to run the wheel of the economy. With the existing setup, the growing small enterprise sector can lead the economy by turning the large population into human capital through employment in the sector.

The industry sector of Bangladesh has contributed significantly to the country's economy. During 2001-2011, the industrial sector of the country grew by 7.6% per annum on an average. The average growth of the service and agriculture sectors was

6.1% and 3.6%, respectively during the same period. Therefore, all the three sectors of the economy show satisfactory performances for this specific period. In FY 2011-2012, the provisional data of BBS shows that the manufacturing sector achieved the growth rate of 9.76% and 0.31% higher than the previous year (9.45%) which is shown in Table 2.1.

Table 2.1
Size and Growth Rate of Manufacturing Sector (At constant prices of 1995-96. Taka in crore)

Type of Industry	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12 (Provisional)
Small & Cottage	12408.5 (7.93)	13551.5 (9.21)	14865.1 (9.69)	15920.0 (7.10)	17018.9 (6.90)	18340.9 (7.77)	19411.9 (5.84)	20805.5 (7.18)
Medium-Large	29860.5 (8.30)	33268.2 (11.41)	36507.1 (9.74)	39157.2 (7.26)	41735.0 (6.58)	44229.8 (5.98)	49069.9 (10.94)	54359.0 (10.78)
Total	42269.0 (8.19)	46819.7 (10.77)	51372.2 (9.72)	55077.2 (7.21)	58753.9 (6.68)	62570.7 (6.50)	68481.8 (9.45)	75164.5 (9.76)

Source: Bangladesh Ministry of Industry Report (2013)

In Bangladesh, one of the key important issues is to accelerate and enhance the scope of the pro-poor growth which can increase employment and income for the poor people. In order to promote such growth, emphasis is given to the expansion of small and medium enterprises for creating more employment, fostering economic growth, and ensuring the vibrant and competitive industrial sector in the country. According to Begum and Abdin (2015), in Bangladesh, the small firm sector is one of the best options for increasing the growth rate of GDP, reducing poverty level, and generating more employment with a minimum level of investment. Small enterprises are also considered vital in reducing rural urban disparity through ensuring equitable distribution of income, use of local resources, promotion of entrepreneurial development, support of export growth, and diversification of the export base. To achieve such goals, the government of Bangladesh and its related departments have given special attention to

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develop small firm sector with a good number of initiatives. For example, the Bangladesh Bank (the central bank of Bangladesh) has made available adequate funds for small enterprises, agriculture, and other productive sectors as part of its financial inclusion strategy.

The main characteristics of a small firm in Bangladesh are: operated by a family or close group, owner of the firm is the day-to-day decision maker, mostly found in labour intensive businesses, the number of women entrepreneurs are very few, formal business records are rare, available information about a business may not be accurate and audited, technologies usage is simple, and so on (Mamun et al., 2013). Due to these traits, small firms in Bangladesh cannot attract the formal financial institutions for fulfilling their financing need which is the basic precondition to grow.

In Bangladesh, the number of large and medium enterprises is very few and they can attract the lenders easily by fulfilling the financing needs to grow. On the other hand, there are special institutions for developing micro enterprises. However, small enterprises occupy the highest positions in terms of number whereas they are treated as the missing middle. As it is the concern of the government to create employment and to reduce poverty, it is highly possible to fulfil these objectives by emphasizing on small firms' financial and non-financial growth. Along with employment creation and poverty reduction, more entrepreneurs can be created with small business development that subsequently develops the economic growth by contributing to the GDP.

From the last decade, different stakeholders, both from public and private sectors, such as the Government of Bangladesh, the Bangladesh bank (the central bank of

Bangladesh), Commercial banks, SME foundation, National Association of Small and Cottage Industries of Bangladesh (NASCIB), Ministry of Industry, National Board of Revenue (NBR), different business bodies and chambers among others have undertaken and provided various support services for small firm development. Table 2.2 shows some initiatives from both the government and private sectors for small firm development in Bangladesh. However, these are very insignificant compared to the requirements of small firms (Mamun et al., 2013).

Table 2.2
Government and private sector initiatives for small firm development in Bangladesh.

Stakeholders	Initiatives
Government	Provides facilities though different departments and ensure good environment with SME policies and programs.
Ministry of Industry	Improving access to credit and related services. 15% of total sanction must be held in reserve for women entrepreneurs, which will be distributed at 10% interest rate, providing training and arranging fairs.
Bangladesh Bank	Develop clusters under the area approach, Refinancing scheme, enabling the banks to take an active part in the small enterprise financing activities, arrange road show, SME center/branch monitoring, target set up for SME credit, area and cluster approach method, priority to the small entrepreneurs with refinance in industry (manufacturing) and service sector, special care for women entrepreneurs and creation of the real women entrepreneurs, eligibility of the borrower, training programs, monitoring of SME credit with proper methods, SME service center, clusters of SME.
Commercial Banks SME Foundation	Separate SME division, customized products and services, 24 hours call centre and doorstep banking, provide training related to various issues, etc. developing the entrepreneurship by reducing information asymmetry, proper training and education, targeted credit wholesaling and easing the distribution mechanism of SME products, provides low cost funds to the financial institutions, which are used to finance the small enterprises, etc.
NASCIB	Private organization, who organizes SMCI fairs for the marketing of their products produced by the indigenous raw materials, conducts research for the development of the sector, provide consultancy to the entrepreneurs country-wide and conducts training for the skill development of the entrepreneurs, etc.
Different Business Bodies	Business bodies like chambers of commerce and women entrepreneurs' associations play a very important role in creating better environment for the small enterprises. These organizations are working as bargaining institutions to ensure better policy initiatives by the government, Bangladesh Bank, and other regulators.

Source: Mamun et al. (2013)

Although the government of Bangladesh has some policies for small firm development, still the sector faces some difficulties and also need some other policy benefits like many neighbouring countries. For example, the Chinese fiscal policy declared 20% tax for SMEs and also increased the threshold of taxable revenue for business tax and Value Added tax (VAT) (Tang, 2013) but in Bangladesh small firms face severe difficulties in availing the current tax benefit facilities for them, including reduced tax on annual turnover and tax exemption, due to some provisions in the VAT law. According to the law, small firms are entitled to enjoy 3% VAT instead of 15%, if their annual business turnover is below BDT 7.0 million. However, due to the ceiling of turnover, the majority of small firms cannot utilize the tax benefit facilities.

In South Korea (Ju & Sohn, 2014) and China (Tang, 2013), the government provides credit guarantees for SMEs, but it is absent in Bangladesh. In India, there are many schemes for helping small firms namely the credit facilitation of banks, export credit insurance, credit rating services for SMEs, schemes for bill discounting, government programmse for purchasing stores, some intermediary services, providing marketing and technology support, and other support services (Kothari, 2009) but Bangladesh is lagging behind except for two to three refinancing schemes (Bangladesh Bank fund, IDA and ADB fund). In terms of investment protection, the government of China protects the lawful investments of SMEs and their equity investors along with their investment earnings under the 'SME promotion law enacted in January 2003' (Xiangfeng, 2008). However, in Bangladesh there is no such investment protection for small firms.

2.3   The Definition of Small Enterprises

Small enterprises are businesses whose employee numbers or revenues or asset sizes fall below a certain limit. All over the world, there are many definitions of SEs and researchers and policy makers have not reached a unanimous definition. Since every country has its own way of defining SEs, the definitions found in the literature are heterogeneous in nature (Kirby, 2003). Some of the countries define SEs in terms of their sales volume or number of employees; some are on the basis of asset size; and some are on the basis of capital size. In a few countries, a hybrid definition is also used such as employment as well as asset size or employment together with sales revenue and asset size, etc. The choice of this definition generally depends on various factors such as business culture, industry, size of population, nature of business, and level of international integration. Even some countries define SEs according to the nature of a government support program.

Penrose (1959) states that it is essential to distinguish between small and medium enterprises and between micro and small enterprises. According to her, micro enterprises can be defined as the business with less than 10 full time employees and annual turnover or balance sheet total that does not exceed 2 million euro. On the other hand, small enterprises can be defined as a business with less than 50 full time employees and annual turnover or balance sheet total that does not exceed 10 million euro.

According to Watson and Everett (1993), small businesses are businesses where one or two persons operate all the activities of the business without involving any specialists.

Ueda (1995) states that small and informal businesses are family owned businesses involving small-scale operations, generally labour incentive, and operated by low skill labour. European Commission (2005) defines small enterprises as businesses which employ less than 50 employees and the annual turnover or total balance sheet does not exceed 10 million euro.

In USA, the definition of SME for manufacturing and mining in terms of employee ranges from 0 to 500; for wholesale trade, it is less than 100 employees and in terms of annual sales revenue, it is less than \$7 million for most non-manufacturing but ranges up to \$ 35.5 million, for retail and service industries up to \$ 6.5 million, for general and heavy construction up to \$ 31 million, special trade \$ 13 million, agricultural industries \$ 75 million and for the remaining 25% of industries, it ranges from \$ 75 to 31 million (He, Price, & Banham, 2008). The usual definition in UK for SEs is any business where the employees would be 10 to 49 people (Ward & Rhodes, 2014).

The World Bank group defines small enterprises on the basis of employment, total asset, and annual sales revenue. According to the definition, the employment range is from 10 to 50, total assets and total annual sales should be US\$ 100,000 to US\$ 3 million (Zavatta, 2008). In Canada, SEs are defined with the criteria of employees which is less than 50 for the service industry and up to 100 for the manufacturing industry (He et al., 2008). The International Finance Corporation (IFC, 2012) defines SEs on the basis of employee, total asset, and annual sales. An enterprise is qualified for any category of business based on any two of the three indicators shown in Table 2.3.

Table 2.3
Definition of IFC for Small Enterprises

Basis	Small firm
Employees	10 <50
Total Assets	$100,000 <$3 million
Total Annual Sales	$100,000 <$3 million

Source: IFC (2012)

In China, the SE has been defined based on three criteria such as employees, revenue, and total asset. The definition of SE is more complex and depends on the category of several industries. However, for SEs, the number of employees ranges from 1 to 300, total annual revenue less than 30 million, and total asset should be less than 40 million (Ji, 2010, September 17). In Malaysia, the Ministry of International Trade and Industry (MITI) provides the definition for small scale industries (Hashim, 2006). It defines small scale firms as those with less than 50 people and an annual turnover that does not exceed RM 10 million. On the other hand, the SME Corporation Malaysia (2013) which was established to develop small and medium enterprises provides a new definition for SEs. The definition is shown in Table 2.4.

Table 2.4
Definition for SEs by SME Corporation Malaysia

Category	Small Enterprises
Manufacturing	Employment ranges from 5 to 75 or Sales turnover ranges from RM 300,000 to RM15 million.
Services & Other Sectors	Employment ranges from 5 to 30 or Sales turnover ranges from RM 300,000 to RM 3 million.

Source: SME Corporation Malaysia (2013)

Many other countries also define small enterprises according to various criteria. For example, in India, investment in plant and machinery is between $ 62,500 to $ 1.25 million for manufacturing enterprises and between $ 25,000 to $ 0.5 million for service enterprises; in Vietnam, the maximum employee can be 300 but in Pakistan, it can be

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50; whereas in Tanzania, it must be less than 20 and in Turkey, it is between 10 and 250; definition for SMEs in Argentina is about $150,000 to $15,000,000 in annual turnover; in Thailand, SMEs would be companies with annual revenues ranging from $84,400 to $8,440,000; in Ghana, an annual turnover of between $23,700 and $2,370,000.

In Bangladesh, two definitions exist for SEs. The Ministry of Industry describes the size of SEs through the 'Industrial Policy 2010'. On the other hand, the Bangladesh Bank (the central bank of Bangladesh) defines SEs through 'SME Credit Policies & Programmes 2010'. However, recently, the central bank provided a circular (SMESPD, Circular No-4, July, 2015) to update the existing definition of small enterprises. The definition provided by the central bank for this sector and adopted by all the financial institutions is shown in Table 2.5.

Table 2.5

Definition of Small Enterprises in Bangladesh*

	Sector	Fixed Asset other than Land and Building (BDT)	Employed Manpower (not above)
Small Enterprise	Service	0.5 Million – 10 million	10-49
	Business	0.5 Million – 10 million	6-10
	Manufacturing	5 million – 100 million	25-99

Source: Bangladesh Bank (2015)

* It is important to note that, if a firm falls in the small category by one criterion but falls in medium category by another criterion, the firm will be considered a medium enterprise.

2.4   The Underpinning and Supported Theory

The theory related to the growth of firm has been underway since the late 1950s. Subsequently, a vast majority of the researchers who work in this field have placed their concentration towards the improvement of various concepts and theories to explain

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different pattern and causes of growth. Different models and theoretical framework have been developed through the contributions of many scholars although these lack consistencies to explain the growth dimension. In many cases, the argument of firm performance shifts to the discussion of firm growth (Vivarelli & Audretsch, 1998). In order to shed light on the clear theoretical framework, the subsequent sections will describe the underpinning and supportive theory that the $state causes and ways of small firm growth.

2.4.1   The Theory of the Growth of the Firm (The supportive theory)

The profound work of Penrose (1959) in the second half of the twentieth century is one of the greatest contributions towards firm growth. Penrose describes that the growth of a firm is the dynamic process of management interaction with resources and said, when management tries to make the best use of resources, a truly dynamic interacting process occurs which encourages continuous growth but limits the rate of growth.

According to Penrose (1959), any enterprise is a bundle of internal and external resources that generate the competitive advantage for the firm to grow. Penrose suggests that the growth of firm is limited in the long run but there is no size limit. To Penrose, firm is the collection of both productive human and non-human resources that produce goods and services in order to earn profit under the managerial coordination and authoritative communication (Penrose, 1985; 1959; 1995). According to TGF, out of all the resources a firm has, the human resources and the managerial resources are the most significant. Emphasizing more on the human resources and their activities, Penrose reveals that the growth of a firm also depends on the plan designed and

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implemented by experienced managerial staff of the firm. The theory argues that the growth of the firm is limited by the ability of managerial resources to coordinate with capabilities and considers the growth as a normal and natural process that has taken place with favourable conditions.

While the stage model emphasises less on the influence of the external factors which have a large impact on the growth and performance of firms (O'Farrell & Hitchens, 1988). Penrose put much emphasis on the external environment. The two major causes of growth are related to firm's internal and external environment. TGF explains external environment as the image in the mind of the owner-manager and enterprise activities are administered by the productive opportunities that results from the dynamic interaction of factors related to internal and external environment. In other research, Penrose argues that,

'Growth is governed by a creative and dynamic interaction between a firm's productive resources and its market opportunities. Available resources limit expansion; unused resources (including technological and entrepreneurial) stimulate and largely determine the direction of expansion. While product demand may exert a predominant short-term influence, over the long term any distinction between 'supply' and demand' determinants of growth becomes arbitrary' (1960).'

According to Penrose, the bundle of resources that a firm has is closely related with owner-manager ideas, knowledge, and experience (Penrose, 1959). The TGF also states that manager with good knowledge of firm's capabilities and organizational customs may generate better performance compared to owner-managers those do not have such knowledge (Penrose, 1959). However, the capability of manager is the binding obstacle which limits the growth rate of a firm that is also known as the Penrose effect.

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2.4.2   The Resource-Based View of the Firm (The underpinning theory)

The concept of the Resource Based View (RBV) originated from earlier research by Selznick (1957), Penrose (1959), Stigler (1961), Chandler (1962), and Williamson (1975), where they emphasised the resources a firm has and its impact on the firm performance (Conner, 1991; Mahoney & Pandian, 1992; Rugman & Verbeke, 2002; Rumelt, 1984). Subsequently, based on the foundation of Penrose (1959), Barney developed this theory in 1991. After the inception, the RBV of the firm has become popular in different disciplines and widely used as the theoretical frameworks of many empirical literature (Beard & Sumner, 2004; Runyan, Huddleston, & Swinney, 2006). Based on the Penrose (1959) theory which assumes the organization has a broader set of resources, Barney (1991) considers the organization as the bundle of resources and suggests that resources that a firm has are the primary determinants for its growth or performance. With internal resources, the owner of the firm must have strategic capability to search external opportunities for growth.

The resources describe in the RVB can be tangible that include assets, capital, financial and human resource, etc. or intangible that include skills, knowledge, strategy, information, business process, reputation, patent and others (Runyan et al., 2006). Both tangible and intangible assets create value for the firms which subsequently help the firm to grow. Barney (1991) stipulates that the resources of the firm must have four specific features. These firm-specific resources must be valuable that can generate a value creating strategy, it must be rare, should be inimitable which cannot be copied easily by the competitors, and non-substitutable. Firms with such resources and better

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capabilities may create the basis for acquiring and sustaining the competitive advantage (Peteraf, 1993).

Barney (1991) suggests that the RBV for describing firm's internal strengths and weaknesses depends on two basic assumptions. Based on the idea of Penrose (1959), first assumption is that firm is the bundles of productive resources and no two firms have the same resources rather the bundle of resources to every firms are different. Thus, this assumption indicates that the resources of the firm are heterogeneous. On the other hand, referring to the work of Selznick (1957) and Ricardo (1966) the second assumption is that most of the resources a firm has are very costly and difficult to imitate or the supply is inelastic. This implies that such resources have the characteristics of immobility.

In the RBV, Barney (1991) spotlights on the internal strengths of the firm with which firm can create sustainable competitive advantage. Because, organization cannot grow only with the resources it has until and unless such resources have some capabilities to generate competitive advantages. According to Miller and Shamsie (1996), the resources of a firm should have some capability that can able to generate profits or can protect the losses. Firms need to acquire heterogeneous resources in order to have sustained competitive advantage and better performance and these resources must not be imitated, acquired easily and substituted by other firms. Some studies (Chandler & Hanks, 1994; Day, 1994; Grant, 1991; Mahoney & Pandian, 1992) claim that resources a firm has cannot generate the sustained competitive advantage and the better level of performance by itself rather firm should convert these resources into the capabilities to achieve higher performances.

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Penrose (1959) states that firms can achieve better performance with their idiosyncratic competences rather than the resources they have. Thus, it is observed that resources are the primary source of firm's capabilities and the capabilities generate the comparative advantages to grow. Grant (1991) suggests that the capabilities collectively with other resources a firm has are the sources of firm's competences and therefore comprise the firm's identity. Garud and Kumaraswamy (2005) argue that the competitive advantages of firm usually come from the available resources of the firm that are more valuable, very unique and hard to copy. Wade and Hulland (2004) claim that although the resources of the firm can generate and sustain competitive advantages, among many resources only a few of the resources can provide these sustained competitive advantages.

From its inception to till date, a considerable amount of studies those focus on firm growth significantly use RBV theory for their theoretical framework (Achtenhagen, Naldi, & Melin, 2010; Delmar, 2006; Weinzimmer, Nystrom, & Freeman, 1998). Many studies explain the relationship of firm resources and capabilities with its growth and find a diverse relationship (Aragon-Correa & Sharma, 2003; Churchill & Mullins, 2001; Conner & Prahalad, 1996; Davidsson et al., 2006; Gibb & Davies, 1990; Keogh & Evans, 1998; Smallbone, Leig, & North, 1995). Moreover, study of Gottschalk (2007) concludes that the resources of a firm have significant influence on firm performance.

As discussed earlier, the study in the field of small enterprises and finance literature employing the RBV is rather insignificant (Lockett & Thompson, 2001; Runyan, Huddleston & Swinney, 2007; Uchegbulam & Akinyele, 2015) with some exceptions.

Westhead et al. (2001) consider RBV to capture the internationalisation of small and medium enterprises. Kelliher and Reinl (2009) and Rangone (1999) advocate the RBV approach in small and medium firm sector for management practices and the strategy. According to Mac an Bhaird (2010), the RBV is more relevant in the field of SME due to the importance of intangible resources. Mac an Bhaird (2010) strongly supports more empirical and theoretical studies in SME research employing the RBV to address the paucity of studies especially in the field of economics and finance literature. The main aim of the study is to examine the impact of various tangible and intangible resources on small firm growth. Therefore, the theory of resource based view is more relevant to underpin.

2.5   Small Firm Growth Process (Organic vs. Inorganic)

Another important aspect of firm growth is the way firms grow whether it is in an organic way, through acquisition, or both. This distinction has significant implications on a firm and its performance. A firm can achieve organic growth through its normal business operations, also known as internal growth, which excludes any benefits from acquisitions or mergers. On the other hand, growth through acquisition is attained when a firm chooses to acquire or merge with another firm to benefit from increased market share, larger asset size, combined skills and knowledge, accessing new markets etc. From the societal point of view, more employment is generated through organic growth whereas in the case of acquisitions, employees just move from one firm to another and even sometimes lose their jobs.

Organic growth is a perfect indicator of management efficiency derived from effective utilization of its internal resources and their skills to improve business success. Penrose (1959) emphasises the existence of various ways of growth. Penrose suggests that firms that grow organically can grow smoothly over time in comparison to the group of firms that grow largely through acquisitions. According to Penrose, for organic growth, firms should have proper planning, managerial abilities, as well as better management over its resources. Although both modes of growth are open for any size of firms, small firms usually favour growth through internal operations whereas large firms favour growth through acquisitions. Many empirical evidences also confirm the statement and reveal that organic growth is more connected with smaller and younger firms whereas acquisition growth is more applicable to older and larger firms, and from mature industries (Davidsson et al., 2006; McKelvie & Wiklund, 2010; Penrose, 1959).

According to Davidsson and Wiklund (2000) and Levie (1997), small firms generally prefer to grow internally which is easily manageable. This is because in the case of inorganic growth, the sudden change in business size increases the complexities and significant management challenges for managing the firm. A relevant research conducted by Davidsson and Delmar (1998) for the whole population of firms having 20 or more employees in Sweden for the period of 1996 shows that 98% of the smallest firms (20 – 49 employees) and 90% of the younger firms (less than 5 years) grow organically whereas for the largest size group (more than 2500 employees), the organic growth rate is negative and only 16% of the old firms (more than 10 years) follow the organic growth.

It is very hard for small firms to grow through acquisition or joint venture as it requires various skills and knowledge, heavy resource base as well as management capabilities to establish control over the new firm. This is reflected in the study of McCann (1991) who states that as small and new firms lack resources to grow via acquisitions, it is not surprising if they accept internal venturing. Another study conducted by Levie (1997) for small and young growing firms reveals that most of the firms choose to grow internally or in related diversification but very few of them engage in vertical integration. Kraemer and Venkataraman (1997) find that small firms favour to venture internally rather than via strategic alliances. However, the empirical result of Greening, Barringer, and Macy (1996) suggests that 50% of their sample's high growth firms followed growth through strategic alliances. Moreover, there are evidences that small firms tend to grow following the hybrid form of growth which occurs when firms choose both associations and alliances (Gutierrez, 2013).

2.6   Resources and Small Firm Growth

In general, firms of any size use different resources to support its start-up, operations, growth, and survival. The resources which influence firm growth or performance can be distinguished as internal (financial capital, management capacity, knowledge and skills, physical resources, technological, and so on) and external (market condition, institutional arrangements, and others) resources (Buckley, 1989). According to the RBV, the bundle of resources a firm has directly and indirectly affects its performance and growth by generating competitive advantages. Barney (1991) defines the resources concept of an organization as all kinds of assets, different capabilities, organizational processes, business attributes, information, strategies, education and knowledge, etc.

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Based on the concept of RBV, the study uses various resources namely, finance, financial literacy, managerial capability of the owner-manager, and market orientation strategy as the independent variables to examine their impact on the growth of small firms operating in Bangladesh. In addition to that, government support and private organizations support are used as the moderating variables with the expectation that these two variables may moderate the relationships between the independent and dependent variables.

The subsequent sections describe such resources and their impact on small firm financial and non-financial growth as well as the two moderating variables in detail. It is worthwhile to mention that due to the paucity of literature specifically on the small firm growth area, as most of the literatures emphasise on small and medium enterprises together, the study also uses SME literature to review the literature comprehensively.

2.6.1 Finance

Irrespective of the size, all firms, whether large or small, require financial resources for fulfilling business start-up needs, funding investment and to facilitate operation, expansion, and growth potential (Bottazzi, Secchi & Tamagni, 2014). According to RBV, financial resources are the most significant resources for growth and performance of small firm (Wiklund, Patzelt, & Shepherd, 2009). These resources include the ability of the firm to generate internal funds and the capacity to borrow from external sources, as well as other financing mechanisms that include cash balances, supplier credit, advance receipts, venture capital, leasing, factoring, and others. Small firms are generally financed by both from internal and external sources (Osei-Assibey, 2013).

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Initially, small firms highly depend on their own sources like personal savings, existing capital and reserves or retained earnings and subsequently seek external sources like family and friends, commercial banks, non-bank financial institutions, venture capital, Non-Government Organizations (NGOs), business angels, government loan or subsidies, grants from international development agencies (IFC, IDA, DFI, IMF, etc.) and other funding sources (Mac an Bhaird, 2010).

In order to foster economic growth and development, it is badly needed to ensure the profitability and growth of the small and medium enterprises sector and access to finance is the precondition (Abdulsaleh & Worthington, 2013). Unfortunately, small firms all over the world face severe financial constraints (Ayyagari, Demirgüç-Kunt, & Maksimovic, 2008; Beck, Demirgüç-Kunt, & Maksimovic, 2005; Coad, 2009; Hermelo & Vassolo, 2007; Malo & Norus, 2009; Osei-Assibey, 2013; Rahaman, 2011; Raravi, Bagodi, & Mench, 2013). Considering the contribution of small firm growth and job creation, governments of both developed and developing countries are trying to have better access to finance for SEs (Gregory, 2013).

Some studies reveal that small firms face internal financing constraints including the start-up whereas the other studies conclude that they face severe constraints while trying to finance externally. Small firms face these constraints mainly due to the asymmetric information, problem of moral hazard, market imperfection or for the agency problem (Cheng, 2015; Hall & Lerner, 2010; Moncada-Paternò-Castello, Vezzani, & Montresor, 2014; Peneder, 2012; Yazdanfar, 2012). Study by Beck, Demirguc-Kunt, Laeven, and Levine (2008c) shows that financial development of a country has an excessively positive effect on small firms.

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Different theories and approaches describe the financial behaviour of small firms differently but the general agreement suggests that all over the world, small firms face constraints of financial resources and the internal and external financing has great implication on small firm growth and performance (Guariglia, 2008). The next section presents in detail the effect of internal and the external finance on small firm growth.

2.6.2 Finance and Small Firm Financial and Non-financial Growth

Access to finance has some implications on the growth or performance of small firms in different aspects. Some studies highlight that the availability of finance is the prime factor for the success and growth of small enterprises (Amo Yartey, 2011; Osei-Assibey, 2015; Cook, 2001; Ou & Haynes, 2006). Chittenden, Hall, and Hutchinson (1996) show that finance is significantly related to the growth of small firms. Yazdanfar (2012) and Mambula (2002) explore the main barrier of growth for micro and small firms and it is the lack of finances. Some studies conclude that financing constraints have negative influence on firm growth (Ayyagari et al., 2008; Beck et al., 2005). Study done by Beck and Demirguc-Kunt (2006) argue that for small firms, the impact of financial constraint on their growth is highly severe. Another study in Eastern Europe reveals the interesting findings that firms with access to formal financial institutions exhibit 9% higher employment growth and 36% higher sales growth for the period of 2002 to 2005 (The World Bank, 2009).

Empirically it has been tested by different researchers in many countries to find out the association between internal financing and small firm growth. Stam and Garnsey (2007) explore the relationship between start-up capital and firm growth and shows that out of

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five studies addressing impact of start-up finance on firm growth or performance, three studies show a positive relationship and the other two show insignificant relationships. Study conducted by Rahaman (2011) reveals that the effect of internal funds is statistically significant with firm growth and shows the strong positive relationship. The study by Guariglia, Liu, and Song (2011) finds that the growth of state owned firms are not affected by internal finance; the foreign owned firms are moderately affected whereas the availability of cash flow mostly influences the private firms.

Firm with sufficient internal funds are also benefited from using external funds. However, for small firms, it is quite difficult to have better access to formal financial sources compared to medium or large firms (Mulaga, 2013). Small firms all over the world face restricted access to external sources which is the significant constraint for their business operations and growth (Ayyagari, 2007; Beck, Demirgüç-Kunt, & Singer, 2013; Gichuki, Njeru & Tirimba, 2014; Galindo & Schiantarelli, 2003; Kumar & Francisco, 2005; Nkuah, Tanyeh, & Gaeten, 2013; Osei-Assibey, 2015; Page & Söderbom, 2015). Study by Beck et al. (2006) reveals that the higher obstacle to external financing can be translated as a slower growth for small firms. Nkuah et al. (2013) suggest that the performance of small firms is largely affected by the access to external credits. Therefore, the literature suggest that small firms finance an insignificant proportion of their investment from external sources (Beck, Demirgüç-Kunt, & Maksimovic, 2008a).

Many empirical studies confirm that the growth of small firm is positively related to external financing (Ahmed & Hamid, 2011; Brown, Earle, & Lup, 2005; Hall, Hutchinson & Michaelas, 2004; Musso & Schiavo, 2008; Osei-Assibey, 2013).

However, some studies state that the relationship is inconsistent (Akoten, Sawada, & Otsuka, 2006; Daniels & Mead, 1998; Johnson, Boone, Breach, & Friedman, 2000; McPherson & Rous, 2010). Another research done by Yazdanfar (2012) reveals that long term debt has no effect on small firm growth. Besides, Cabal (1995) suggests that access to external finance might slow down the growth of micro and small enterprises. Other studies find a moderate effect (Coad, 2007) and there is an evidence of negative effects (Hardwick & Adams, 2002). These kinds of relationship may result in a large number of unexplained variations in terms of growth rate (Coad, 2007).

Due to the size and small amount requirement, it is very difficult for small firms to have access to formal security or equity markets. As a result, small firms rely heavily on their own financial sources and subsequently on commercial banks and other non-bank financial institutions as being the main source (Iturralde, Maseda, & San-Jose, 2010). However, considering the perceived high risk and large cost involvement, most of the commercial banks do not find small firms as a good investment segment and even when they decide to invest, they charge higher fees and interest rates compared to larger firms (Beck, Demirgüç-Kunt, & Martinez Peria, 2008b). On the other hand, small firm has less power to negotiate with banks (Dietrich, 2012) and alternative sources like informal source including money lenders charge very high rates to lend (Roberts & Sufi, 2009). These consequences always constrain small firms to finance and adversely affect their external borrowing (Beck et al., 2005) which ultimately affects their growth or performance.

Small firms face various difficulties while obtaining finance from formal financial sector. Interest rate and collateral requirement are among the major problems

restraining such access (Haque & Mahmud, 2003; Mamun et al., 2013; Quader & Abdullah, 2009). In addition, Beck et al. (2008b) reveal that in many developing countries commercial banks are less exposed to small firms, do not like to provide loans, and charge higher fees and interest rates relative to banks in developed countries. As a result, firms cannot achieve their expected growth rate.

Some studies (Beck et al., 2006; Beck et al., 2005; Cheng, 2015; Osei-Assibey, 2015) claim that banks consider unstructured balance sheets, lack of quality information and lack of sufficient guarantees as small firm-specific problems that create obstacles while serving these firms. In another study, De la Torre, Martínez Pería, and Schmukler (2008) show that banks in many countries face problems in lending to small firms for some firm specific factors such as informality and unstructured balance sheets in Argentina, the lack of quality information in Chile, and the lack of sufficient guarantees in both countries. Stephanou and Rodriguez (2008) point out that informality, unavailability, and unreliability of financial statements as the significant problems in SMEs to have access to the formal financial sector to finance their growth and performance.

2.6.3 Financial Literacy of Owner-manager

Financial literacy has been captured as one of the most interesting issues in any country and has gained much interest among diverse groups of people (Wachira & Kihiu, 2012). Despite the importance of financial literacy, researchers have given little attention to describe and measure financial literacy (Huston, 2010). Therefore, in the literature, many terms such as financial literacy, financial education, financial knowledge, etc. are

found which have used interchangeably. In general, financial literacy can be defined as the ability of a person to manage financial resources effectively. More specifically, financial literacy is the bundle of skills and knowledge of a person by which he/she can make an informed financial decision.

Several authors, educational institutes, authorities or government agencies, community interest groups and researchers of different disciplines define financial literacy differently focussing on consumers, students, entrepreneurs, owner-managers, and others (for example, Garman & Forgue, 2011; Lusardi & Mitchell, 2013; Lusardi & Tufano, 2009; Mandell, 2008; USAID, 2009; USFLEC, 2007). According to Gavigan (2010), it is the ability to make qualified judgments and accurate decisions for better use and managing money. Remund (2010) refers financial literacy as the position of once understanding about the key concepts of finance and the capability of managing finances with proper decision-making and appropriate financial planning. In short, financial literacy can be explained as the knowledge of general economic and financial concepts, the capability to use that knowledge and skills in order to handle financial resources effectively for financial well-being.

Due to the complexity in the business finance arena, owner-manager of small firms is confronted with complex financial decisions in order to operate their businesses (Fatoki, 2014). Financial literacy therefore becomes very urgent for them for making financing decisions. However, empirical studies reveal that in most of the advanced and developing economies, the level of financial literacy is very low and only a few people understand the basic financial concepts. The lack of financial education restrict people from access to information about financial products and services and they do not

demand for them (Beck, Demirguc-Kunt, & Peria, 2007; Miller, Godfrey, Levesque, & Stark, 2009).

2.6.4 Financial Literacy of Owner-Manager and Small Firm Financial and Non-financial Growth

All over the world, it is highly recognized that for small firm growth and success, financial resources are crucial from the start-up to maturity (Brinckmann, Salomo, & Gemuenden, 2011; Wiklund et al. 2009). Thus, it can be said that financial resources act as the role of intermediary in a firm for acquiring other resources and its configuration process (Alsos, Isaksen, & Ljunggren, 2006; Lusardi & Mitchell 2011). From this viewpoint, it is clear that every firm must require financially literate owner-manager who can effectively and efficiently manage such resources in order to generate firm success and growth. According to Wickham (2006), firms should have access to financial resources and after that, the most important success factor for the firm is the effective use of such resources to have long term benefits.

Realizing the importance of financial literacy, many researchers, policy makers, government agencies, as well as educational institutions provided their utmost attention towards this vital issue. Many studies have been conducted on financial literacy from different perspectives. For example, Agarwal, Amromin, Ben-David, Chomsisengphet, & Evanoff (2015) studied financial literacy and financial planning, Brown and Graf (2013) focused on retirement planning, Prast and van Soest (2016) considered retirement preparation, study of Deepak, Singh, and Kumar (2015) emphasises on investors whereas Chinen and Endo's (2014) study emphasized students, Beckmann (2013) focused on household savings, Zokaityte (2016) on consumer and retailers,

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Almenberg and Dreber (2015) considered stock market participation, and Hastings, Madrian, and Skimmyhorn (2013) on economic outcomes. A good number of studies reveal that there is a strong positive relationship between financial literacy and financial outcomes (Christelis et al., 2010; Lusardi & Mitchell, 2011; Smith et al., 2010; Yoong, 2010).

Many studies have been conducted on financial literacy and the growth of SMEs together in different contexts and found positive associations between the constructs (Bruhn & Zia, 2011; Christelis et al., 2010; Dahmen & Rodríguez, 2014; Drexler et al., 2014; Nyamboga et al., 2014; Siekei et al., 2013; Wise, 2013). However, empirical evidence on financial literacy of owner-manager and small firm growth nexus are limited with some exceptions (Lusimbo & Muturi, 2015). According to Siekei (2013), financial literacy improves micro and small firm performance. Nunoo and Andoh (2012) state that in order to understand financial products and services, the owners of small enterprises should have sufficient financial literacy. The Association of Chartered Certified Accountants (2013) report claims that due to low level of financial literacy among small firm owner-managers, most of the financial institutions have faced severe problems while lending.

A recent study concludes that a positive relationship exists between small enterprise growth and financial literacy (Lusimbo & Muturi, 2015). Study of Wise (2013) finds that a high level of financial literacy benefits the owner-managers producing financial statements very quickly, which help them to attract the lenders for finance and that also increase the probability of loan repayment. Another study conducted in Kenya by Nyamboga, Nyamweya, Abdi, Njeru, and George (2014) concludes that financial

literacy related to bookkeeping, knowledge of credit management, and skills of budgeting promote small firm performance and highly influence the ability of loan repayment.

A research done by Nunoo and Andoh (2012) argues that for better utilization of financial services, the financial literacy of owner-managers of small firms is a very important factor and low level literacy restricts them from understanding financial products and services of financial institutions. Kotzè and Smit (2008) identify that one of the reasons for the failure of new small ventures is the lack of financial management. Therefore, a high level of financial literacy definitely helps the owner-managers of small firms to have access to formal financial sources (Wise, 2013) and improve their sales and business performance (Bruhn & Zia, 2011). Although several studies have found a positive association between financial literacy and small firm growth, Eresia-Eke and Raath (2013) find insignificant relationship between financial literacy of entrepreneurs and the growth of small, micro, and medium enterprises.

2.6.5 Market Orientation

The market orientation concept has been identified as one of the important issues for organizational performance and has become an interesting research topic among the researchers of both developed and developing countries. Market orientation can be defined as the strategy of a firm by which it discovers and meets the needs and expectations of its customers with the product mix. The previous marketing strategies focused on selling existing products through establishing the selling points. However, the concept of market orientation is exactly the opposite, and it attempts to design and

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produce products according to demand of customers (Buli, 2017). Accepting the concept, many of the researchers and policy makers have developed this issue from different corner and consider it one of the important business strategies for the success of any business (for example, Deng & Dart, 1994; Kajalo & Lindblom, 2015; Kohli & Jaworski, 1990; Narver & Slater, 1990).

Although the concept, market orientation, has been defined and explained by many authors and researchers, the definitions provided by Narver and Slater (1990) and Kohli and Jaworski (1990), are prominent and most of the researchers have conducted various research according to their definitions and measurement scale. Kohli and Jaworski (1990) define market orientation concept as a philosophy and Narver and Slater (1990) explain market orientation from the cultural view point. Although Kohli and Jaworski (1990) focus on the behavioural aspects and Narver and Slater (1990) consider it from the cultural view point, both of these approaches can be considered similarly as they primarily focus on the customers as the key component of market orientation. Some other researchers also emphasize market orientation as the strategic capabilities which start with customer real needs, and stop with their satisfaction (Charles, Joel & Samwel, 2012; Dauda, 2010; Miller, Hope, Eisenstat, Foote, & Galbraith, 2002; Stalk, Evans, & Sgulman, 1992).

A firm is considered market oriented when it applies marketing concept successfully (Bucktowar, Kocak & Padachi, 2015; Caruana, Pitt, & Berthon, 1999; Jaiyeoba, 2014; Kohli & Jaworski, 1990; Pitt, Caruana, & Berthon, 1996). Blankson and Ming-Sung Cheng (2005) reveal that the marketing concept follows the principle of customer satisfaction through the fulfilment of their needs, wants and aspirations in order to

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achieve firm success. They also highlight that this concept must be pursued more carefully and efficiently than its competitors with the target of profitability. Similarly, Lee, Yoon, Kim, and Kang (2006) argue that market orientation is one kind of the philosophies directed towards the satisfaction of customers by fulfilling their desired needs better than its competitors.

The impact of market orientations on the performance of small and medium enterprises in developing economies has received very little attention in the literature, (Blankson & Cheng, 2005; Buli, 2017; Raju, Lonial & Crum, 2011). Previous studies argue that those small and medium enterprises that adopt market orientations do perform better than others (Laukkanen, Nagy, Hirvonen, Reijonen & Pasanen, 2013; Wiklund and Shepherd, 2005). However, owner-managers of small firms are less concerned about market orientation and provide less priority (Ramesh & Ramesh, 2014). Even, most of the small firms do not have research and development department to conduct market research and many of them do not know how to make long-term market planning (Mamun et al., 2013).

2.6.6 Market Orientation and Small Firm Financial and Non-financial Growth

Market orientation is an important determinant for firm growth as the success of any firm largely depends on how successfully firms can sell their products and services according to the needs and wants of customers (Bucktowar et al., 2015). There are many empirical studies on the link of market orientation and firm growth and performance (Chao & Spillan, 2010; Charles et al., 2012; Ihinmoyan & Akinyele, 2011; Kumar, Subramanian, & Strandholm, 2011; Kumar, Jones, Venkatesan, & Leone, 2011; Long,

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2013; Mahmoud, 2010; Ozmen & Deniz Eris, 2012; Shehu & Mahmood, 2014; Suliyanto & Rahab, 2012; Scholastica & Maurice, 2013; Wang, Hult, Ketchen, & Ahmed, 2009). Each of the studies suggest that market orientation is one of the important determinants for business performance mainly due to the fact that market oriented firm identify the needs, wants and preferences of customers, try to provide products and services according to their needs which subsequently enhance the satisfaction level of customers and therefore increase firm performance.

Although majority of the studies focus on large firm, many studies find marketing concept as one of the critical success factors for small and medium enterprises (Baker & Sinkula, 2009; Ghosh & Kwan, 1996; Mahmoud, 2010; Nur, Surachman, Salim, & Djumahir, 2014; Shehu & Mahmood, 2014; Suliyanto & Rahab, 2012). Indeed, several studies develop the proposition that market oriented firms can lead higher performance (Agarwal, Krishna Erramilli, & Dev, 2003; Dwairi, Bhuian, & Jurkus, 2007; Green, Inman, Brown, & Hillman Willis, 2005; Low et al., 2007; Slater & Narver, 1994). Mahmoud (2010) argues that although market orientation concept has applied in different sizes of firms, when it applied in the field of small firms, it will positively affect the performance of small firms.

The findings of many researches indicate that market orientation has significant impact on customer orientation, firm commitment, the growth of firm in terms of sales, financial and non-financial performance, return on assets, profitability (Jaworski & Kohli, 1993; Narver & Slater, 1990; Siguaw, Brown & Widing, 1994; Slater & Narver, 1994) as well as long-run financial performance (Ruekert, 1992). The findings of several studies confirm positive relationship between market orientation and SMEs

grwoth (Charles et al., 2012; Gaur, Vasudevan, & Gaur, 2011; Hassim, Nizam, Talib, & Bakar, 2011; Hussain et al., 2015; Kaya & Patton, 2011; Nur et al., 2014; Ramesh & Ramesh, 2014).

Several studies on market orientation and small business growth or performance in different contexts also find the positive association between the constructs. For example, study done by Jaiyeoba (2014) in Botswana from the sample of small service firms finds the positive relationship between market orientation and economic and non-economic performance of small firms. Research on small firms in Nigeria reveals that small firms that are market oriented show substantial progress than others and find a very significant effect of market orientation on small firm performance (Dauda & Akingbade, 2010). Brockman, Jones, and Becherer (2012) find out the strong relationship between customer orientation and small firm performance. A recent study done by Buli (2017) in Ethiopian context reveals that market orientation has a positive influence on small business performance.

Although a vast majority of the studies reveal and confirm the significant positive relationship between market orientation and small and medium enterprises performance in different contexts, there are some empirical evidences that find some partial relationship or no significant relationship (Chao & Spillan, 2010; Demirbag, Lenny Koh, Tatoglu, & Zaim, 2006; Ghani & Mahmood, 2011; Kajalo & Lindblom, 2015; Shehu & Mahmood, 2014; Suliyanto & Rahab, 2012). There is also evidence of negative relationship between market orientation and firm performance (Mokhtar, Yusoff, & Ahmad, 2014; Voss & Voss, 2000). Therefore, it is evident that the

literatures in the link of market orientation and small or medium firm growth or performance are diverse and inconclusive.

2.6.7 Managerial Capability

Every business organization either big or small require efficient managers with appropriate capabilities in order to operate and manage their businesses successfully in the highly competitive and changing business environment (Teece, 2014). According to Makadok (2001), capability is a special type of resource which is firm-specific and non-transferable, the primary aim of which is to enhance the productivity of other resources. There are different types of managerial capabilities and over four hundred different competencies that exist in the literature (Mitchelmore & Rowley, 2010).

According to Hellriegel et al. (2004), managerial competencies are the sets of knowledge, skills, behaviours and attitudes require for a person to be effective in a wide range of managerial jobs and different types of organisations. Adner and Helfat (2003) state that the foundations of managerial capabilities are the knowledge and skills of managers and these should be developed continuously. After a rigorous literature review, Nason (2014) organizes different variables into a full set of theoretical constructs which were directly resource related and categorises managerial capabilities into a managerial resource. Hence, managerial capability is one kind of resource and can be defined as the set of skills and abilities of a manager (Castanias & Helfat, 2001; Nieves & Haller, 2014). These kinds of skills and abilities are required for an individual to carry administrative and operational functions of a firm.

Different authors in the field of management argue that the basic foundations of managerial capabilities are the knowledge and skills of a manager and these are developed continuously (for example, Adner & Helfat, 2003; Helfat & Peteraf, 2003). Many researchers add the behaviour patterns with the set of knowledge and skills to mean managerial capabilities which is the essential element for fulfilling the managerial tasks (Markman, 2007; Mitchelmore & Rowley, 2010; Talik et al., 2012). Therefore, managerial capability can be regarded as the combination of knowledge, skills, behaviour patterns and abilities of a manager that he/she uses in order to perform his/her work and are critical to accomplish the goals of firm.

For small firms, managerial capability generally means the relevant capability of owner-manager to acquire necessary resources, proper utilization and management of those resources to achieve the goal of firm. In a small firm, generally the owner is the manager or some time owner higher a person to act as manager (Mamun et al., 2013). Thus, owners of the majority of small firms deal with the managerial activities (Krasniqi & Mustafa, 2016). Most of the problems of small firms are essentially the managerial problems (Pansiri & Temtime, 2008). As a result, owner of a firm or its manager should possess a certain number of managerial capabilities to perform every functional activity of business (Yahya, Fatt, Othman, & Moen, 2011). Various studies claim that certain managerial capabilities are essential factors in the success and growth of the firm (For example, Laguna et al., 2012; Mitchelmore & Rowley, 2010)

2.6.8 Managerial Capability and Small Firm Financial and Non-financial Growth

The capabilities of the manager or his team largely determine the growth and survival of firm (Pearce, 2009). The owner of small firm who has entrepreneurial spirit and possess a good set of management capabilities can effectively co-ordinate all kinds of resources to achieve efficient results. However, lack of managerial capabilities mostly hinders the operations of business and its performance. Pansiri and Temtime (2008) argue that most of the problems that affect small and medium enterprises are related to the lack of managerial capability of owner-managers. This is mainly due to the direct or indirect relation of business operations to the management.

The theory of the RBV highlights that the resources or the capabilities of a firm that make the firm different from others is essential for the growth or success of firm (Hussain, Rahman, & Nurul Alam, 2006). Accordingly, Murphy and Poist (1994) argue that the managerial competency of manager is one of the valuable resources that is very rare and difficult to imitate which enable firms to achieve better performance. The success or failure of most of the small and medium enterprises highly affected by the capabilities of owner-managers (Capaldo, Iandoli & Ponsiglione, 2004). Moreover, poor financial management has been found as one of the deciding factors for the survival of small and medium enterprises (Abdullah & Sinha, 2009).

There are many empirical studies that find out the positive relationship between managerial capabilities and small and medium enterprises growth and performance (Barbero et al., 2011; Hormiga, Batista-Canino, & Sánchez-Medina, 2011; Laguna, Wiechetek & Talik, 2012; Nurlina, 2014; Nur et al., 2014). Yahya et al. (2011) conduct

a research and find that skills related to management expertise, business operation, human relations, product design and services quality are most significant to explain the success of SMEs. In a recent study, Roman et al. (2016) find managerial capability as a stronger influential factor for SMEs growth.

The study on managerial capability and small firm growth is not highlighted in the literature (Laguna et al., 2012). Very few studies (Jayne, 2007; Matlay, Redmond, & Walker, 2008; Walker & Webster, 2006) consider that owner-managers of small firm lack proper managerial knowledge and skills which is necessary for their firm's survival. Besides, empirical study done by Al-Madhoun and Analoui (2003) in Palestine finds that there is a significant relationship between owner-managers skills and small firm success. Pansiri and Temtime (2008) examine the perceived critical managerial factors that may affect small firm Performance in Botswana using a survey questionnaire on firms operating in merchandising and service sectors. The respondents rank managerial competency as the number one impacting variable on small firm performance. Moreover, a recent study done by Krasniqi and Mustafa (2016) reveal that managerial capacity is one of the most significant variables associated with small firm growth.

2.6.9 Government Support

In any country either developed or developing, government plays a pivotal role for developing small and medium enterprises sector (Handoko et al., 2014) as this sector has been recognised as one of the main drivers for economic development. It is recognized that small firms all over the world lack access to finance and other

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supportive assistances from formal sector (Hyder & Lussier, 2016). Small firms deserve more help from the government sector for developing themselves and subsequently to contribute to the economy (Sambajee & Dhomun, 2015). Therefore, it is a major concern for the government to develop and support small firms for economic development of the respective countries (Ahmed & Vargas-Hernández, 2012).

A support services can be defined as any kind of support related to financial or non-financial provided by government or its related bodies and private organizations either directly or indirectly for growth, survival and development of small enterprises (Islam, 2013). Kahan (2007) explains support services as the activities related to group training, advice and business counselling, formation of new entities, development of technology, providing market information, linking with other businesses and advocacy services. Government support in this study has been considered as any kind of assistance except financial support provided by the government through its related departments or any other agents to the small business sector for enhancing their growth and success.

Not only for the smallness but also for many other reasons, small firms all over the world face severe constraints for their growth and success. For business start-up, small firm requires various supports from the government including capital, licensing and registration formalities, tax exemption and infrastructure facilities, etc. Like large counterpart, small firms are not able to influence external environment for their favour (Volery & Mazzarol, 2015). It is quite difficult for them to afford costly services like financial, legal and skill development programs (Fan, 2003). Study of Audet and St-Jean (2007) argues that in many cases owner-managers of small firm do not receive the maximum amount of services available for them. Hence, the supportive policies and

favourable initiatives are required in order to support small firms (Ayozie & Latinwo, 2010; Oluremi & Agboola, 2011).

Realising the importance of small firms, governments of different countries have their own policy initiatives with a package of support to enhance small firm's growth (Cancino, Bonilla & Vergara, 2015). For example, loan guarantee in Canada (Klyuev, 2008), 'National SME Loan Scheme' in Croatia (Cziráky, Tišma, & Pisarović, 2005), 'Kilimanjaro Cooperative Bank Scheme' in Tanzania (Satta, 2006) and 'The Credit Guarantee Fund (KGF), in Turkey. Like many other countries, government of Bangladesh and other stakeholders have undertaken various initiatives for the development of small firms (Mamun et al., 2013).

However, unfortunately, most of the small firms in Bangladesh, especially operating in the semi-urban or rural areas do not have proper access to government support services. As a result, they lag behind other groups who get adequate support from the government and its agencies. Some scholars claim that most of the small firms are still unaware where management training programs are available (for example, Hashim, Ahmad, & Hassan, 2007) and from where they can get financial assistances (Hashim, Ahmad, & Zakaria, 2007). Sometimes, it is observed that the assistance programs become useless and show less impact on small firm success. Tambunan (2007) argues that the government support programs in Indonesia are a failure due to inappropriate targeting of training, absence of qualified trainers, etc.

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2.6.10 Government Support and Small Firm Financial and Non-financial Growth

Small enterprises all over the world deserve more help from the government for their growth and success. The success of the entrepreneurship business primarily depends on the role that any government plays for developing the business (Cancino et al., 2015). According to Lütkenhorst (2006), the success of small and medium sector is highly linked to how the government provides support to the business through developing policies and programmes and creating conducive environment for the survival of firms. The effective government assistances can help small firms in their success by overcoming institutional and other barriers (Osmonalieva, 2011).

Although it is highly appreciated that the need of government support for small firm development is crucial, empirical literature in this context are very limited (Hansen et al., 2009). Some studies find the positive relationship between government support and small and medium firm growth or performance (Hansen et al., 2009; Jasra, Khan, Hunjra, Rehman, & Azam, 2011; Uddin & Bose, 2013). A recent studies reveal that government support is highly required for promoting technology based entrepreneurial activity (Vendrell-Herrero, González-Pernía, & Peña-Legazkue, 2014) and also for internationalizing of the SMEs activities (Blundel, Monaghan, & Thomas, 2013).

Previous studies of many developing countries show that small and medium firms suffer from inadequate infrastructure facilities and the growth and success of those firms are largely affected by the lack of electricity, poor transportation, telecommunication, corruptions, and others (Bah & Cooper, 2012; Chirwa, 2008; Mahadea & Pillay, 2008; Mashenene & Rumanyika, 2014; Moyo, 2013; Olawale &

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Garwe, 2010, Sun & Anwar, 2015). Government assistance related to developing business strategies and obtaining licenses and permits (also known as legal knowledge assistance) are also essential for SMEs' performance (Hansen et al., 2009).

Incentive related to Tax and Vat also has a great impact on the performance of SMEs. The government policy which is flexible for SMEs, favourable tax rules and regulations of government or tax exemption or reduction positively influences the growth and success of business (Naser, Mohammed, & Nuseibeh, 2009). Hansen et al. (2009) also reveal that the tax exemption in start-up period has significant positive impact on the long run growth of SMEs. The government policy has the influence on the performance of SMEs. Kirby (2003) explains that the macroeconomic and microenvironment policies and the political system of a country largely influence the performance of small and large firms. Study of Kamunge, Njeru and Tirimba (2014) also finds that government policy and regulations are the serious obstacles that affect the performance of SMEs in Kenya.

Many studies in Bangladesh find the association between government support and SME performance. For example, Islam (2009) and Miah (2006) identify irregular power supply and poor physical infrastructure as the major constraints for the success of SMEs in Bangladesh. In another study, Chowdhury (2007b) highlights the lack of government support and assistance as the barrier of firm performance. Moudud-Ul-Huq et al. (2013) also argue that the support of government to SMEs is not enough for their survival.

Although a large body of literature has found a positive relationship between government support and SME growth or performance, many studies reveal insignificant

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(Chen & Parker, 2007; Egena, Ngovenda, Theresa & Bridget, 2014; Fajnzylber, Maloney, & Rojas, 2006; Man, 2014; Vixathep, 2014) or even negative relationship. Egena et al. (2014) concluded that SMEs who receive such financial and non-financial supports perform less compared to their counterpart in terms of employment and turnover.

2.6.11 Private Organizations Support

Small enterprises all over the world generally lack many problems including managerial skills, access to information, support services, business development support (Cancino et al., 2015). In this regard, to address such problems different private organizations nowadays play a very significant role for developing small enterprises sector (Mamun et al., 2013). There are many private organizations and profit-based service suppliers who offer a range of support activities like business plan preparation, mentoring services, product marketing, human resource development, advisory and counselling services, providing market information including export facilities, and others to fulfil particular need of small enterprises (Mahembe, 2011). Also, there are some service suppliers who provide very specific need based products to small firms (Timm, 2011).

Although, government of every country has some initiatives, policies and programs for supporting small enterprises, it is quite difficult for the government to provide every kind of supports in order to address their heterogeneous needs. Some studies also conclude that the failure of some government support initiatives was due to the lack of awareness, problems with implementation and could not able to meet the financial and non-financial demands of small firms (Molapo, Mears, & Viljoen, 2008; Naidoo &

Hilton, 2006). Therefore, it is necessary for the private sector to come forward together with public sector to address multiple problems of SEs and to overcome current challenges.

In Bangladesh, most of the small firms either registered or unregistered face several non-financial problems along with high financial constraint. A good number of studies in Bangladesh identify several problems faced by small enterprises those include lack of owner-manager proper education, business knowledge, prior experience, proper business record, marketing support, information, administrative support, adequate infrastructure, with others (Abdin, 2015a; Chowdhury, 2007a; Islam et al., 2014; Islam, 2010; Mamun et al., 2013; Mintoo, 2006; Roy & Chakraborty, 2014; Uddin & Bose, 2013; Zaman & Islam, 2011). In these circumstances, interventions of private organizations are required.

Realizing the importance of such support, along with government initiatives some other private organizations in Bangladesh also have initiated a lot of financial and non-financial support for strengthening small business sector. Among many private organizations the commercial banks; non-bank financial institutions (NBFIs); National Association of Small and Cottage Industries of Bangladesh (NASCIB); some business bodies like The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), Bangladesh Women Chamber of Commerce and Industry (BWCCI); Women Entrepreneur Association of Bangladesh (WEAB), Micro Industries Development Assistance and Services (MIDAS); Jubo Unnoyan Adidaptar, business consulting organizations, and others have extended their arms to provide such financial and non-financial support for micro, small and medium enterprises development in Bangladesh.

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Although there are many supportive private organizations work for the benefits of small firms, these are not sufficient for their development (Mamun et al., 2013). Even there are some services of private organizations which can best fit for the growth and survival of small firms, many of the small firms cannot afford it due to higher cost or they are not aware about these supports. Miah (2006) and Roy and Chakraborty (2014) states that small firm owner-manager has less access to the support services offered by private organizations in Bangladesh. Recently, Chowdhury et al. (2013) conducted a survey in Bangladesh and suggest that the owner-managers require training and skill development program form government and other supportive private organizations.

2.6.12   Private Organizations Support and Small Firm Financial and Non-financial Growth

In general, the growth or performance of micro and small enterprises largely depend on the support they receive from government and other private organizations (Islam, 2013). Many scholars advocate private organizations support for entrepreneurship development (Webb, Kistruck, Ireland, & Ketchen Jr, 2010). However, study on Private organizations support and small firm growth or performance is very scent. Very few researchers of different countries have tried to show its relations from their corner. Some studies claim that private organizations support provide benefits both the organizations and entrepreneurs (McWilliams, Siegel, & Wright, 2006; Ravn, 2010; Webb et al., 2010).

 Different scholars recognize that the support of private sector can be used to improve small firm performance (Islam, 2013; Massey, 2003; Matlay et al., 2005). Study conducted by Fouad (2013) regarding manufacturing small firms in Egypt reveals that

most of the small firms suffer from the shortage of proper knowledge and skills that result poor performance. Zindiye, Chiliya, and Masocha (2012) conducted a survey in Zimbabwe and reveal that government and private organizations support positively influences the performance of Small and medium enterprises. They suggest that the government should facilitate and encourage private sector in order to offer advisory or counselling services for emerging entrepreneurs.

Private organizations support in terms of business training enhances the ability of entrepreneurs to operate firm which subsequently increase the performance of firm (Du Plessis, Frederick, & Goodwin, 2010). Many researchers argue that more training should be given to small business entrepreneurs in order to have better success (Chandy & Narasimhan, 2011; Kader, Mohamad, & Ibrahim, 2009; Naqvi, 2011; Ojala & Heikkilä, 2011). Private organizations along with government can facilitate small firm to have access in different kinds of training. Mashenene and Rumanyika (2014) finds that inadequate business training highly affects the growth of small firms in Tanzania. Therefore, they recommend more need based training to develop knowledge, skills, and attitude of owner-manager of SEs for better performance.

Like training support, information support is another important factor for growth and performance of small firms. Accurate information from authentic sources can benefit firm through financial gain. Hence, access to information is the essential tool for entrepreneurs to make their business successful (Hernandez, Nunn, & Warnecke, 2012). Kamunge et al. (2014) state that access to information and market are the serious obstacles that affect performance of SEs in Kenya. Therefore, efficient private

organizations can enhance the success of small firms through providing adequate and relevant information.

2.7   Small Firm Growth Measures

As discussed earlier, the growth of small firm is not uni-dimensional rather it is a multidimensional phenomenon. Therefore, scholars use many variables to measure firm growth. The multiple variables which may represent the growth of a firm include sales, employment, net profit, number of customers or market share, asset size, business expansions, market and product diversification, physical output, and others (Ardishvili, Cardozo, Harmon & Vadakath, 1998; Delmar, 2006). Previous literatures prove that researchers of various fields use multidimensional indicators to measure firm growth. Table 2.6 shows some growth indicators used in previous studies.

Using any of the variables as growth indicator for small firm has some advantages and disadvantages. Sales growth is the most common variable in this field as all of the firms either big or small operating commercially want to generate sales for their survival. Therefore, many of the researchers argue that sale is the best indicator for measuring small firm growth especially when one variable is chosen as a measure of growth (Ardishvili et al., 1998; Hoy, McDougall, & Dsouza, 1992; Wiklund, 1998). However, using sales has some problems as well. For different point of time sale represents the firm differently and may overstate or understate the size of a firm. Besides, this is sensitive with the exchange rates and inflation. Moreover, firms with high technology or long production process may grow through assets and employment rather than sales for specific period.

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Table 2.6

Growth Indicators Used in Previous Studies.

Authors	Sectors	Growth Measures
Freel and Robson (2004)	Manufacturing and service firms	Employment, sales, productivity and the profit margin
Barringer, Jones, and Neubaum (2005)	Small, medium and large	Sales, employment
Beck et al. (2005)	Small, medium and large	Sales
Gibcus, Jong, and de en Kemp (2006)	Small firms	Employment
Hermelo and Vassolo (2007)	Small and medium-sized firms	Sales
Niskanen and Niskanen (2007)	Small and micro firms	Sales
Guariglia, Liu, and Song (2008)	Manufacturing and mining sectors	Asset growth
Chen, Zou, and Wang (2009)	New high-tech ventures	Organic growth, growth through partnership and acquisition
Mateev and Anastasov (2010)	Manufacturing and service SMEs	Sales, employment and asset
Seker and Correa (2010)	Manufacturing, retail, and other service sectors	Employment
Shariff, Peou, and Ali (2010)	SMEs	Market size, additional capital, sales, profit and employment
Fairoz, Hirobumi, and Tanaka (2010)	Small firms	sales, employment, pre-tax profit, market share, owner-manager satisfaction
Jasra et al. (2011)	Small and medium lines of businesses	Perceived business success
Brown, Chavis, and Klapper (2011)	Manufacturing, services, agriculture, and construction	Employment
Gill and Mathur (2011)	Publicly traded companies	Potential growth
Rahaman (2011)	Small, medium and large	Sales and employment
Chittithaworn, Islam, Keawchana and Yusuf (2011)	SMEs	Perceived business success
Federico et al. (2012)	SMEs	Employment
Loi and Khan (2012)	Manufacturing, distribution and service	Sales
Coad and Tamvada (2012)	Small manufacturing firms	Gross output
Suliyanto and Rahab (2012)	SMEs	Market share, sales profitability
Ahamad (2012)	different SMEs	Perceived growth
Moorthy, Tan, Choo, Wei, Ping and Leong, (2012)	Manufacturing sector	Performance of SMEs
Ganyaupfu (2013)	Small and medium size enterprises	Perceived success
Fouad (2013)	Manufacturing sector	Perceived of business success
Hessels and Parker (2013)	SSMEs	Sales and Employment
Raravi et al. (2013)	Manufacturing	Organizational performance
Mohamad and Sidek (2013)	Food and beverage, textiles and clothing, and wood-based sub-industries	Perceived performance
Blackburn et al. (2013)	SMEs	Sales, employment and profit
Osei-Assibey (2013)	MSEs	Productivity growth

Table 2.6 (Continued)

Authors	Sectors	Growth Measures
Wijetunge and Pushpakumari (2014)	SMEs	Sales, profits, market share, employment, investment to the firm
Nimlaor (2014)	Thai garments industry	Perceived performance
Gjini (2014)	SMEs	Sales, employment
Jaiyeoba (2014)	Small firms	Business performance, customer satisfaction and repeat customers.
Obeng et al. (2014)	Small firms	Employment
Eijdenberg et al. (2015)	Small firms	Sales, employment, gross profit and income
Kajalo and Lindblom (2015)	Small firms	Sales, profitability and financial success
Polo Pena et al. (2015)	Small firms	Sales, profit, ROI, satisfaction
Hussain et al. (2015)	SMEs	Non-financial measures
Panda (2015)	Small firms	Sales revenue
Adomako et al. (2016)	SMEs	Sales, market share and employment
Krasniqi and Mustafa (2016)	Small firms	Employment
Boermans and Roelfsema (2016)	Small firms	Sales and employment
Mahmood et al. (2017)	Small firms	Sales revenue, profit, creating jobs, business growth, customer satisfaction networking and others.
Shibia and Barako (2017)	MSEs	Sales
Buli (2017)	SMEs	Sales, employment, Gross margin, profitability and cash flow.

The employment as a growth indicator for small firm has managerial implications and is the good indicator for organizational complexity (Churchill & Lewis, 1983; Greiner, 1972). However, for the capital-intensive firm, generally the requirement of employment is very low. Besides, when labour productivity of a firm increases, firm may decide to lay off some of their labours. In addition to that firms chose to higher more labour or prefer subcontract when they need more labours (Delmar et al., 2003). Moreover, there are only a very few owners or managers who have target to grow with employees (Gray, 1990; Robson & Bennett, 2000; Wiklund, 1998).

Some studies (Glancey, 1998; Guariglia et al., 2008) use asset size as a growth measure for small firms. Asset is the good predictor of growth as almost every firms try to

expand their business after start-up through assets accumulation. However, the growth measured by total asset is very much related to capital intensive firms and also sensitive to changes over time (Delmar, 2003). Changes in assets are also affected by changes in inflation. Moreover, using assets as a growth measure some time creates problems when sample portray different nature of firms from different sectors and where firms have more intangible assets.

Some studies consider profits to measure small firm growth to identify the factors which promote or hinder firm growth (Blackburn, Hart, & Wainwright, 2013; Freel & Robson, 2004; Glancey, 1998; Pleshko, 2007). However, profits of small firm may not reflect the true picture of firm earnings due to the lack of transactions record, separation of money from own and real profit for tax purpose (Cressy, 2006). Moreover, for many large or growing firms, it is highly possible to become unprofitable (Davidsson, Steffens, & Fitzsimmons, 2009).

Using market share (Olsen, Lee, & Hodgkinson, 2006) or physical outputs for the growth measurement of small firm also has evident although it is not frequently applied by the researchers. There is a big problem to calculate market share because of the existence of many unregistered or informal firms in small firm sector. Although there are some evidences (Bottazzi, Secchi, & Tamagni, 2008; Coad & Tamvada, 2012; Freel & Robson, 2004) to use physical output as growth measure, the physical output may not be compared between different industries. Besides, it is not wise to use perceived market share to measure firm performance.

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From the previous discussion, it is evident that there are many growth indicators for measuring small firm growth. Since every growth measure has some advantages and disadvantages, no single measure can be thought as best for firm growth (Davidsson, 1989). The multiple measures of firm growth can provide a clear picture of any empirical relationships whereas the single growth measure may produce bias result (Fairoz et al., 2010). Therefore, Wiklund and Shepherd (2005) advocate for multidimensional growth measure to integrate various dimension of performance. Similarly, Eijdenberg et al. (2015) argue that the use of multiple measures, rather than using only one measure, increases the possibility of capturing small business growth.

Many of the researchers consider the success or performance of small firm both form financial and non-financial aspects (Ahmad, Wilson, & Kummerow, 2011; Fairoz et al., 2010; Walker & Brown, 2004; Wijetunge & Pushpakumari, 2014). According to Hilmi (2011), seven indicators may be used to measure firm performance namely number of complaint, sales growth, return on investment, productivity, financial performance, customer satisfaction and employment satisfaction. Therefore, the study considers both financial and non-financial growth measures to capture various aspects of small firm growth and include sales, profits, market size, employment, number of satisfied customers, total asset size, and additional capital.

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2.8   Summary

This chapter started with the context overview and the small firm sector in Bangladesh followed by the definition of small firms around the world. The chapter discussed the existing literature related to the theories of firm growth, growth process as well as the relationship of different resources with small firm financial and non-financial growth. Current study has limited the discussion on four important resources including financial resources, financial literacy of owner-manager, market orientation strategy, and managerial capability. A considerable literature was discussed to understand the impact of such resources on small firm growth from different perspectives. Since the growth of small firm is not uni-dimensional rather it is a multidimensional phenomenon, the study uses multiple measures to uncover different empirical relationships.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1   Introduction

The previous chapter presented the existing literature related to the resources used in the research framework and showed their impact on the growth of small firms. Thus, it is indispensable to put forward the process through which the research questions will be answered and objectives are achieved. To comply with the purposes, the next functions are to design complete methodologies and to formulate the whole research structure. Therefore, this chapter focuses on the research design, theoretical framework of research, hypotheses development, and operationalization of variables. Subsequently, this chapter discusses the population, sampling technique, sample size and unit of analysis used for the study. Questionnaire development, data collection procedures, and techniques of data analysis are also presented.

3.2   Philosophical Approach

Research has been regarded as a systematic investigation of a context, trend, and situation (Burns, 2000). More specifically, a research has been considered organized, systematic, data-based, critical, scientific inquiry or investigation undertaken to find realistic answers or solutions for a specific problem (Sekaran, 2006). Following the process of research one can know what is not known. Therefore, it is imperative for researchers to map out their way of gaining the knowledge. This is carried out with the

aid of the philosophical principle which helps the researcher know the root of knowledge and how it is known. Alternatively, this is known as epistemology.

Epistemology is a jargon that can be traced to the field of philosophy, which concerns with what constitutes knowledge, how to attain knowledge, and the degree of likelihood to which a certain entity is known (Bates & Jenkins, 2007; Guarino, Oberle, & Staab, 2008). On the other hand, ontology, another branch of philosophy, is concern with knowing the likely unit of knowledge that exist, the relationship of each unit to one another within a group or a particular order and what similarity or otherwise can be said to exist among the units (Guarino *et al.*, 2008; Viinikkala, 2003). Hence, it is essential to know the source of knowledge, how it can be acquired, and the possible branches within which an entity exist.

Noor (2008) distinguished methodological traditions of research of social science or research paradigm into positivism and post-positivism (phenomenology). Positivism refers to the natural science model, which deals with facts, and closely linked with a quantitative method of analysis. Methods connected with this paradigm include experiments and surveys where quantitative data is the norm. Positivist evidently considers that reality is isolated from the individual who observes it. To be more specific, the main thought here is subject (the researcher) and object (the phenomena in the world that is their focus) to be two separate, independent things (Weber, 2004). Quantitative research denotes testing objective theories by examining the relationship among variables (Creswell, 2009). Indeed, a quantitative approach articulates the assumptions of a positivist paradigm which refers to behavior that can be explained through objective facts.

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In quantitative approach, researchers gather numerical data whereas in qualitative method, researchers are more focused on textual data. Therefore, post-positivism is realizing the subjectivity of social phenomena, which requires a qualitative method (Noor, 2008). Qualitative research is primarily an exploratory research. It provides insights into the problem or helps to develop ideas or hypotheses for potential quantitative research. The principal area of distinction between qualitative and quantitative is in the basic philosophical assumptions researchers brings to the study, the types of research strategies used in the research, and the specific methods employed in accomplishing these strategies (Creswell, 2009). The commonly selected strategies of inquiries include quantitative (deductive) strategies, qualitative (inductive) strategies, and mixed method strategies otherwise known as triangulation.

Understanding the concept of positivism and post-positivism, the current research has applied a positivism approach. This research examines the impact of various resources on small firm growth, thus it is crucial to demonstrate whether the phenomena is an observable event or otherwise. The objective of psychology as suggested by Watson (1913), is to predict what causes particular reaction, given a particular stimulus or the vise-versa. Hence, it is evident that resources resulted into firm growth. Besides, firm growth is a measurable, and observable event. Positivism approach allows a researcher to investigate a given phenomenon using hypothetico-deductive methodology (Jankowicz, 2005). Therefore, the study adopts positivism paradigm through empirical evidence. In addition, if a study has obvious problem statements and precise hypotheses, a descriptive research is best way to go (Malhotra, Kim, & Agarwal, 2004).

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3.3   Research Design

In general, research design can be treated as the plans and procedures for conducting a research that helps to undertake decisions from wide assumptions through data collection and analysis (Creswell, 2009). Thyer (1993) states that research design is a detailed plan focusing on how a researcher completes his study through the operational variables that need to be measured, sampled, and collected in order to test the research hypotheses. On the other hand, Kumar (2014) argues that it is a plan by which the investigator searches the answers for his/her research questions.

The broad objective of this study is to identify the relationship between firm resources and small firms' financial and non-financial growth. Besides, the study also examines the moderating effects of government and private organizations support. As discussed in detail earlier in the philosophical approach section, based on the research objectives and hypotheses, the current research adopts the quantitative method, to examine the relationship between independent and dependent variables, as well as the moderating effect of an interacting term. According to Sekaran and Bougie (2009), quantitative method enables research findings to be generalized.

To answer the research questions of this study, survey research design was employed and a structured questionnaire was used as the research instrument. A cross-sectional analysis is done as data has been collected at a specific point in time. Before collecting data through a structured questionnaire, it is important to ensure the quality of the questionnaire and to be sure that the questionnaire is able to collect data as per the

research objectives. Therefore, the study focuses on a three steps procedure to collect data namely the pre-testing (for face and content validity), pilot study, and field survey.

3.4 Theoretical Framework

After reviewing the literature in detail, the current study formulates the theoretical framework to provide an internal structure that supports the overall process of the research. From the literature review, it is evident that the growth phenomenon of small firms is heterogeneous mainly due to the impact of various internal and external resources. Researchers of different fields focus on the resources according to their interest. Although there are different studies in this field, still the sector is suffering from inconsistent literature. Most of the studies work on SMEs as a whole or the manufacturing sector and for developed countries. However, the current study focuses specifically on the small business sector that constitutes manufacturing, trading, and service sectors in Bangladesh. To fulfil the research objectives presented in chapter one, the study formulates a theoretical framework as shown in Figure 3.1.

According to the framework, the growth of small firms is used as the dependent variable and is measured by both financial and non-financial parameters. The financial and non-financial variables which may represent the growth of a firm include sales, employment, net profit, number of customers or market share, customer satisfaction, asset size, business expansions, market and product diversification, physical output, etc. Using both financial and non-financial parameters for measuring the dependent variable in the framework has some implications. As per the discussion in the literature, every variable that measures growth of a firm has some advantages and disadvantages.

However, the study considers both financial and non-financial growth measures to capture various aspects of small firm growth and includes sales, profits, total asset size, additional capital as the financial measure, and market size, employment, number of satisfied customers as the non-financial measure.
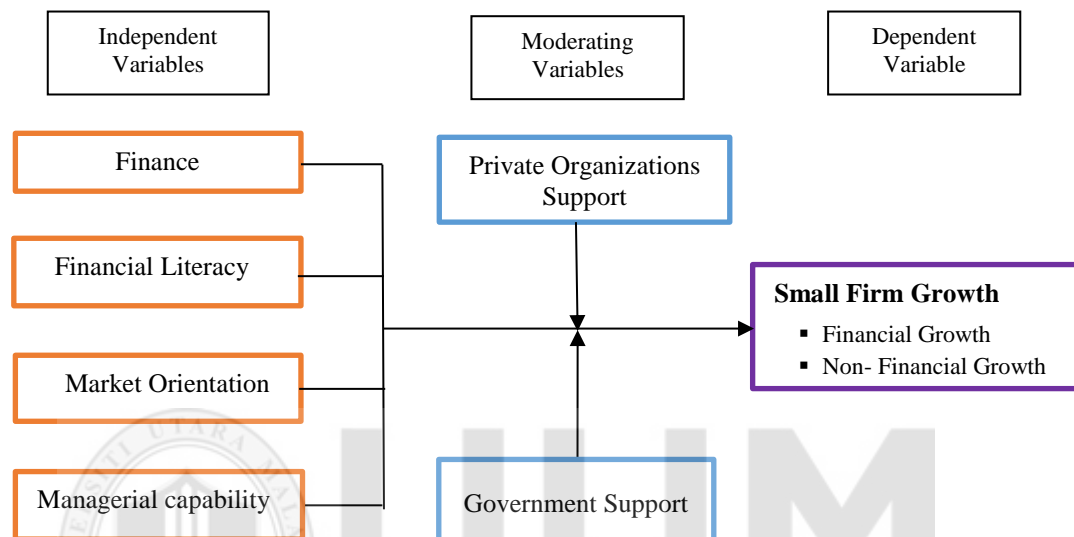
Figure 3.1
Theoretical Framework

As per the concept of resource based view (Barney, 1991), four important resources (finance, financial literacy of owner-manager, market orientation strategy, and managerial capability) are used as the independent variables to find out their impact on the growth of small firms. The study focuses on the direct relationship between independent and dependent variables. The two other variables, government support and private organizations support are used as the moderating variables with the expectation that these two variables may moderate the relationships between the independent and dependent variables.

3.5   Justification of the Framework

All the firms either big or small use various kinds of resources for their operations in order to generate growth and for their survival (Penrose, 1959). Some of these resources are internal such as financial capital, management capacity, knowledge and skills, physical resources, technological, etc., and some of them are external like market condition, institutional arrangements, and others (Buckley, 1989). The theory of the growth of the firm (Penrose, 1959) argues that an enterprise is the bundle of internal and external resources that generate competitive advantage for the firm to grow. This theory considers the firm as the collection of both productive human and non-human resources that produce goods and services to earn profit. Similarly, the theory of resource based view (Barney, 1991) also considers the firm as the bundle of resources and argues that the resources firms have directly and indirectly affects firm performance and growth by generating competitive advantages. This theory defines the resources of an organization as all kinds of assets, different capabilities, organizational processes, business attributes, information, strategies, education and knowledge, etc.

Based on the concept of these two theories, the study uses various resources into an integrated framework namely, financial resources, financial literacy of owner-manager, market orientation strategy, and managerial capability as the independent variables to test their impact on financial and non-financial growth of small firms operating in Bangladesh. Many of the previous researchers used such resources to show their impact on firm growth in different context as discussed in the literature review chapter and find diverse relationships. In this study, these resources are used as independent variables to examine their impact on small firm growth (financial and non-financial) in Bangladesh.

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In this section, proper justifications are shown for using such resources in the proposed research framework.

The first important independent variable of the framework offers that the growth of small firm is influenced by financial resources. These financial resources can be internal or external of the firm. After establishing a business, small firms use their internal funds for the operation and expansion of business, but when internal funds are exhausted, firms mostly rely on external sources (Abdulsaleh & Worthington, 2013). As financial resources are the fundamental requirements for firm growth (Miozzo & Divito, 2016), the framework shows that there must be some relationship between financial resources and small firm growth. If firms can finance their operations with internal or external funds according to their requirements, it may affect the growth of the firm positively. Many previous studies have already found some association between financial resources and small firm growth in their context (Ayyagari et al., 2008; Nkuah et al., 2013; Rahaman, 2011; Yazdanfar, 2012). Therefore, the study expects to have such relationships between these constructs for the context of Bangladesh.

The second independent variable used in the framework is financial literacy, which is one of the important characteristics of owner-managers. Many studies reveal that the success of small firms is determined by the owner-managers' characteristics and state that these characteristics are the key factor for firm performance (Chittithaworn et al., 2011; Hazlina Ahmad et al., 2010; Man, 2008; Sarwoko et al., 2013). Researches of different disciplines have identified several factors related to owner-manager characteristics that affect firm growth. Out of these factors, financial literacy is one of the important factors that enhances knowledge, skills, financial qualities and the

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capabilities of owner-manager to effectively manage other important resources especially the financial resources (Muthoka, Ngui & Ntale, 2016). Previous studies reveal that there is a strong positive relationship between financial literacy and financial outcomes in different context (Ganyaupfu, 2013; Lusardi & Mitchell, 2011; Peters et al., 2014; Smith et al., 2010). Thus, in the context of Bangladesh, it is important to examine whether any association exists between these two variables.

The third important independent variable used in the framework is the market orientation strategy of a firm. According to the theory of resource based view, the strategy of any kind is the valuable resource of a firm and by implementing such a strategy, firms can gain comparative advantages. Market orientation strategy is an important determinant for small firm growth as the success of any firm largely depends on how successfully a firm can sell its products and services according to the needs and wants of customers. It is assumed that a firm can achieve better performance by applying the concept of market orientation as market oriented firms can satisfy their customers by fulfilling their needs and preferences. In Bangladesh, most of the small firms face severe challenges due to lack of market oriented activities (Abdin, 2015a). Therefore, in the framework it is included as the independent variable in order to examine whether any association exists between market orientation strategy and growth of small firms in Bangladesh.

The fourth independent variable is the managerial capability which is a special type of firm-specific and non-transferable resource; the primary aim of which is to enhance the productivity of other resources. Study of Mac an Bhaird (2010) argues that financial resources alone are not sufficient to generate comparative advantage as efficient

management is required for managing such resources. Mac an Bhaird (2010) emphasises the importance of intangible resources such as management skills with financial resources. Small firms are generally operated by the owner-manager without involving any expert people from outside. Therefore, it is the responsibility of the owner-managers to apply their skills and knowledge in order to ensure the growth of the firm and to survive. The growth of a firm depends mostly on efficient managers with appropriate capabilities who carry out all the functional activities (Taru, 2016). Most of the problems of SMEs that are related to the marketing, finance, operations, production, distribution, personnel management, quality control, bookkeeping, etc., are essentially managerial problems (Pansiri & Temtime, 2008). Therefore, it is expected that by developing capabilities that are required to enhance managerial effectiveness, owner-managers may enhance the growth of their firms.

The study uses two important variables, government support and private organizations support as the moderating variables. Not only for smallness but also for many other reasons, small firms all over the world face severe constraints in their growth and success. Among them finance, the lack of managerial capability, market orientation strategy, business development support, financial management knowledge, technological innovation, appropriate government policies, proper market information, adequate infrastructure, etc. are some of the significant constraints of small firm development. Again, for the business start-up, a small firm requires various support from the government including capital, licensing and registration formalities, tax exemption and infrastructure facilities, etc. In these consequences, they need some support provided either by the government or other private supporting institutions. Therefore, it is expected that the resources firms have are the primary determinants of

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their growth, and firms can enhance more financial and non-financial growth if they receive adequate and required support from the government and other private organizations.

A strategic advisory firm dedicated to global development namely 'Delberg' prepared a report on support for SMEs in developing countries through financial intermediaries in 2011. After reviewing a large number of studies, Delberg's (2011) report claims that most of the SMEs in developing countries significantly face problems in obtaining financial capital including many other non-financial obstacles for growth and expansion and local financial systems fail to fulfill the needs of SMEs that resist economic development. Based on the findings, the report suggests to do further research with public and private sector interventions for adequate financing, technical assistance and capacity building of SMEs in order to ensure future growth of the sector.

Besides, a study by Beck and Demirguc-Kunt (2006) argues that although the SME sector is regarded as the engine for economic growth, market and institutional failures mostly restrict its growth. Hence, they advocate the interventions of government and the financial institutions to overcome such impediments for growth. In addition to that, Botha (2014) while addressing the problems faced by entrepreneurs concludes that the support services can largely solve the problems of limited access to finance, personal difficulties, and lack of proper training and guidance of SMEs. Moreover, previous researches on small firm growth or SMEs growth using RBV theory have yielded inconclusive results or conflicting findings, and therefore based on Baron and Kenny's (1986) suggestion, the test of moderations effect of 'government and private organizations support' on the relationship between resources and small firm growth is

hereby proposed to examine how government and private organizations support boost the relationships between resources and small firm growth in Bangladesh.

The dependent variable used in the framework is the small firm growth in terms of financial and non-financial parameters. In Bangladesh, the growth of small business sector is not satisfactory and most of the businesses are not able to graduate from one stage to another (details have been discussed in problem statement). Thus, it is necessary to identify the reasons for such growth obstacles. As mentioned in the literature review chapter, very few studies have been found in literature about the growth of small firms and most of them are from developed countries. On the other hand, there are few researches (for example, Islam et al., 2009; Islam, 2009; Uddin & Bose, 2013) in Bangladesh about the issue of SMEs. However, most of the researchers emphasize on SMEs' problems (financial and others) and prospects and do not focus on small firm growth. Therefore, the study considers the growth (financial and non-financial) of small firms as the dependent variable in order to examine the impact of different resources on growth.

3.6   Hypotheses Development

Based on the research framework and the findings of previous studies, this section discusses the direction of relationships and develops eight hypotheses regarding the expected association between the dependent and independent variables. This section also draws sixteen hypotheses for two moderating variables used in the framework.

3.6.1 Finance and Small Firm Growth

According to RBV, financial resources are the most significant resources for growth and performance of small firms (Wiklund et al., 2009). Studies in the small firms' field have already identified various kinds of resources as the determinants of firm growth. Out of all resources, the most studied and empirically tested resource is financial capital (Gilbert, McDougall, & Audretsch, 2006). In every country, it is a common problem for small firms to have better access to the formal financial sector and therefore the lack of such resources hinders their normal business operations and growth (Mertzanis, 2017). Without adequate access to financing, the health of the firm is likely to be weak and its potential growth is jeopardised (Adomako et al., 2015). Therefore, keeping with this conservative wisdom, researchers have concluded that the relationship between access to finance and firm growth could be considered positive (Rahaman 2011; Storey 1994).

Different theories and approaches describe financial behaviour of small firms differently but the general agreement suggests that all over the world, small firms face constraints in financial resources and the internal and external financing has great implication on small firm growth and performance (Guariglia, 2008). Empirically, it has been tested by different researchers in many countries to find out the association between finance and small firm growth (financial and non-financial). A vast majority of previous studies find that financial resources, both internal finance and external finance, and the growth (financial and non-financial) or performance of small and medium firms are significantly and positively correlated (Ahmed & Hamid, 2011; Ayyagari et al., 2008; Franco & Haase, 2010; Islam et al., 2014; Rahaman, 2011; Raravi

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et al., 2013; Yazdanfar, 2012). This is because from the start-up, firm uses financial capital for major of their investment opportunity. If small firms can invest as per their requirement, it facilitates their growth in the future. Besides, financial resources may help new firms to overcome their various start-up problems and mistakes (Chrisman, Bauerschmidt, & Hofer, 1998).

Small firms always face severe constraints while financing their business (Franco & Haase, 2010; Irwin & Scott, 2010; Malo & Norus, 2009; Raravi et al., 2013). However, the developing countries face more constraints compared to developed countries (Delberg, 2011). Although majority of the studies confirm positive and significant associations between access to external finance and the growth of small firms, some studies state that the relationship is insignificant (Akoten et al., 2006; Daniels & Mead, 1998; Johnson et al., 2000; McPherson & Rous, 2010). Besides, Yazdanfar (2012) reveals that external finance in terms of long term debt has no effect on small firm growth. In addition, Cabal (1995) suggests that access to external finance might slow down the growth of micro and small enterprises. Other studies have found the moderate effects (Coad, 2007) and also the evidence of negative effects (Hardwick & Adams, 2002). Therefore, due to the conflicting results in various contexts, the study intents to examine such relationship further in the context of Bangladesh.

In Bangladesh, like many other developing countries, small firms face severe constraints while financing their start-up, operations and growth. Their access to formal credit is not easier compared to medium and large enterprises. A study of Zaman and Islam (2011) reveals that SME loan in Bangladesh can only meet one third of working capital requirement of the firms. Although the government of Bangladesh and other

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financial institutions develop different mechanism and initiatives for SME access to finance, these are not sufficient in compared to larger demand (Mamun et al., 2013). Thus, this financing problem hinders their normal business operations that hinders the potentiality of future growth (Chowdhury & Ahmed, 2011; Islam et al., 2014; Khan et al., 2012; Mamun et al., 2013; Uddin & Bose, 2013). Therefore, the study expects that if small firms operating in Bangladesh can have better access to financial resources according to their requirements, it will impact on their financial and non-financial growth. Thus, the study recommends the following hypotheses:

H_{1a}: There is a significant relationship between finance and small firm financial growth.

H_{1b}: There is a significant relationship between finance and small firm non-financial growth.

3.6.2 Financial Literacy and Small Firm Growth

For a small firm, generally the owner-manager starts the business and accepts all the responsibilities of business operations. Therefore, the performance or growth of firm mainly depends on the qualities of the owner-manager and how these are utilized to succeed. Many of the previous studies also acknowledge that owner-manager is a key important factor for the success of small firms (Chittithaworn et al., 2011; De Zoysa & Herath, 2007; Ahmad et al., 2010; Nimalathasan, 2008; Sarwoko et al., 2013; Street & Cameron, 2007). According to Bridge and O'Neill (2012) and Holmes and Gibson (2001), there are different types of owner-managers with multidimensional qualities, attitudes and behaviours, and each of them have a great influence on firm growth. Financial literacy which is one of the important characteristics of owner-managers,

enhances knowledge, skills, financial qualities and capabilities of owner-managers to manage other important resources especially financial resources effectively.

Nowadays, the business environment is very complex and most of the owner-managers of small firms face several problems while taking important financial decisions in order to operate their businesses. In this regard, financial literacy becomes very urgent for small firm owner-managers to take financial decisions. Undeniably, researchers have increased their efforts in investigating the relationship between financial literacy and financial decision-making (Banks, O'Dea, & Oldfield, 2010; Christelis et al., 2010; Lusardi & Mitchell, 2011; Smith et al., 2010; Van Rooij, Lusardi & Alessie, 2011; Yoong 2011). Most of these studies conclude that there is a strong positive association between financial literacy and financial outcomes.

Financial literacy is a significant tool for managing business finance (Miller et al. 2009). On the other hand, a low level of financial literacy negatively affects firm growth (Nunoo & Andoh, 2012). Many previous studies reveal that there is a strong positive relationship between financial literacy and firm growth (Bruhn & Zia, 2011; Hardwick & Adams, 2002; Lusardi & Mitchell, 2011; Siekei, 2013; Smith et al., 2010; Yoong, 2010). Similarly, Wise (2013) finds that high level of financial literacy positively benefits the owner-manager to improve business finance. Therefore, a high level of financial literacy definitely helps owner-managers of SMEs to have access to formal financial sources (Wise, 2013) and will improve their sales and business performance (Bruhn & Zia, 2011). Besides, financial literacy improves firms' financial practices, objective reporting quality, and sales revenue (Drexler, Fischer, & Schoar 2014).

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However, there is also the evidence that financial literacy has no impact on business outcomes (Karlan & Valdivia, 2010). Eresia-Eke and Raath (2013) also find insignificant relationship between financial literacy of entrepreneurs and the growth of small, micro, and medium enterprises. Since, there is no standard format to measure financial literacy, scholars derive and explain their findings as per their measurement and context. In addition, there are mixed findings in the literature. Therefore, the study further examines such relationships in the context of Bangladesh and proposes the following hypotheses:

H$_{2a}$: The financial literacy of owner-manager is significantly related to the financial growth of small firms.

H$_{2b}$: The financial literacy of owner-manager is significantly related to the non-financial growth of small firms.

3.6.3 Market Orientation Strategy and Small Firm Growth

Market orientation is the strategy of a firm and regarded as valuable resources for the firm by which it discovers and meets the needs and expectations of its customers with the product mix (Lee, Kim, Seo & Hight, 2015). Many of the researchers and policy makers consider it one of the important business strategies for the success of any business (Deng & Dart, 1994; Kohli & Jaworski, 1990; Narver & Slater, 1990). Through market orientation strategy, a firm attempts to design and produce products according to the demand of customers that ultimately achieve comparative advantages to grow and survive. Blankson and Ming-Sung Cheng (2005) reveal that market orientation concept follows the principle of customer satisfaction through the fulfilment of their needs, wants, and aspirations in order to achieve firm success.

Most of the previous studies have examined the relationship of market orientation and large firm performance. However, many studies in different countries also find the market orientation concept one of the critical success factors for small and medium firms. Mahmoud (2010) argues that although the market orientation concept has been applied in different sizes of firms, when it is applied in the field of SMEs, it will positively affect the performance of SMEs. Market oriented firms seek to understand exogenous factors in order to produce goods and services relevant to the market (Kohli and Jaworski, 1990). Raju, Lonial and Crum (2011) also acknowledge this for small to medium-sized businesses.

Studies on the effect of market orientation on firm performance reveal mixed findings in both developed and developing countries. A majority of the previous studies confirm the positive relationship between market orientation and SME performance (Chittithaworn et al., 2011; Dauda & Akingbade, 2010; Gaur et al., 2011; Kaya & Patton, 2011; Nur et al., 2014; Zheng & Cui, 2007). Each of the studies suggests that market orientation is one of the important determinants for firm growth. However, there are evidences in the literature that market orientation has no relationship with firm performance (Chao & Spillan, 2010; Ghani & Mahmood, 2011; Suliyanto & Rahab, 2012) even there are evidences of negative relationship (Mokhtar et al., 2014; Voss & Voss, 2000). These kinds of relationships may be due to the sample selection, failure to fulfil the demand in time, more options available for the customers in terms of products and services, sample firms have less competitive power in the market, low quality product or high price, and others. Therefore, due to the inconsistency and mixed findings in literature, the study tends to examine such relationships further in the context of a developing country such as Bangladesh.

In Bangladesh, small firms can start their operations with or without registration. As a result, they face severe competition in production and distribution in the local market and some cases in international market. There are many firms in the same location and are producing same products or services, competing with each other for the same customers, suppliers or even for the same skilled labour which tend to make them incur an unhealthy competition. In this context, a market orientation strategy can help firms to attain comparative advantages by producing tailor-made products or services. Several previous studies (Abdin, 2015a; Choudhury, 2014; Islam, 2009; Miah, 2006; Moudud-Ul-Huq et al., 2013; Zaman & Islam, 2011) in Bangladesh suggest that lack of market orientation strategy hinders the growth or performance of small firm. Hence, it is expected that market orientation strategy will affect the growth (financial and non-financial) of small firms operating in Bangladesh and the study proposes the following hypotheses:

H_{3a}: Market orientation strategy is significantly related to small firm financial growth.

H_{3b}: Market orientation strategy is significantly related to small firm non-financial growth.

3.6.4 Managerial Capability and Small Firm Growth

Managerial capability is a special type of resource which is firm-specific and non-transferable; using this can enhance the productivity of other resources in a firm (Makadok, 2001). A manager with relevant managerial capabilities can acquire necessary resources, utilize and manage those resources in order to achieve the goal of a firm (Armstrong & Taylor, 2014). Small firms generally face many problems that are related to marketing, finance, operations, production, distribution, personnel

management, quality control, bookkeeping, etc., which are essentially managerial problems (Pansiri & Temtime, 2008). Therefore, by developing the capabilities that are required to enhance managerial effectiveness, owner-managers may avoid or minimize the negative impact of such problems on firm survival (Torugsa, O'Donohue & Hecker, 2012).

According to the theory of resource based view, the resources or the capabilities of a firm that make the firm different from others is essential for growth or success of a firm (Hussain et al., 2006). Similarly, the theory of the growth of the firm proposes that the growth of a firm is dependent on the entrepreneurial and managerial knowledge and capabilities configured as resources (Pitelis, 2002). The set of these capabilities of manager or his team largely determines the future growth and survival of a firm (Pearce, 2009). It is assumed that the owner-managers of small firms with entrepreneurial spirit and possess a good set of management capabilities can effectively coordinate all kinds of resources to achieve efficient results. On the other hand, lack of managerial capabilities mostly hinders the operations of a business and its performance. Therefore, to ensure the growth of a firm, it is necessary for the owner-manager of small firms to develop their managerial capabilities (Boeker & Karichalil, 2002).

The managerial capability of owner-managers has the greatest impact on the growth or performance of a firm. Many of the previous researches show that managerial capability of managers is significantly and positively correlated with firm growth or performance in different contexts (Andreou, Ehrlich & Louca, 2013; Hormiga et al., 2011; Nurlina, 2014; Pansiri & Temtime, 2008; Ssekakubo, 2014). Some researchers also consider the managerial capability of owner-managers as the key factor for small business growth.

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For example, Olawale and Garwe (2010) state that management capacities are sets of knowledge, skills, and competencies that make small firms more efficient. Similarly, Singh, Garg and Deshmukh (2008) claim that for small firms to survive and achieve growth, management skills are necessary. Ates, Garengo, Cocca, and Bititci (2013) suggest that management skills are a crucial factor for the growth of small as well as medium size firms. Besides, Pasanen (2007) argue that the growth pattern of small firms is associated with their managerial capabilities. According to Barringer and Ireland (2012), managerial capability is the resource that enables firms to handle their growth or business expansion.

On the other hand, many researchers in both developed and developing countries argue that lack of such managerial knowledge and skills of small firm owner-managers jeopardises their potentiality of growth and leads to failure (Aylin et al., 2013; Bouazza, Ardjouman & Abada, 2015; Jayne, 2007; Matlay et al., 2008; Walker & Webster, 2006). Therefore, from these previous studies, it can be concluded that managerial capabilities increase the confidence and decision making capacity of the manager, and increase small firm growth or performance; on the other hand, lack of such capabilities is a barrier to growth. Although many studies confirm the positive association between managerial capability and small firm growth, there is also the evidence in literature that managerial capability is insignificant with the growth of small and medium firms (for example, Nur et al., 2014). Therefore, this study intends to examine the relationship between managerial capability and small firm growth further in the context of a developing country such as Bangladesh.

In Bangladesh, most of the small firms are family-owned and can be established with or without registration in a much unorganized way. Most of the owner-managers lack proper education, experience, or training. These lack of prior experience and managerial skills hinder proper management of small and medium enterprises in Bangladesh (Islam, 2009). The managerial training concept for small firms in Bangladesh is almost new and many of the small and medium size entrepreneurs lack proper managerial skills to operate their business (Zaman & Islam, 2011). As a result, the poor managerial capabilities of entrepreneurs create many other problems in small firms (Roy & Chakraborty, 2014). Therefore, it is expecting that like other resources, managerial capability of owner-managers will influence the financial and non-financial growth of small firms in Bangladesh. Thus, the study recommends the following hypotheses:

H_{4a}: There is a significant relationship between managerial capability and small firm financial growth.

H_{4b}: There is a significant relationship between managerial capability and small firm non-financial growth.

3.6.5 Moderating effect of government support

In general, small firms largely contribute to the economy through employment creation and fulfil the needs of local customers by producing diversified products and services (Katyal & Xaviour, 2015). As a result, it is a great concern for the governments of any country to emphasize the development of the small business sector with a good number of support programs in order to ensure economic stability (Butler, 2008). It is recognized that small firms all over the world lack access to finance and other supportive help from the formal sector (Cull, Li, Sun & Xu, 2015). Due to their

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characteristics of smallness and larger number, they deserve more help from the government sector for developing themselves and subsequently to contribute to the economy. Therefore, in many of the countries either developed or developing, governments play a pivotal role in developing small and medium enterprises (Handoko et al., 2014).

Small firms all over the world face severe constraints such as the lack of finance, managerial capability, market orientation strategy, financial management knowledge, technological innovation, appropriate government policies, proper market information, adequate infrastructure, and others for their growth and success which account for the necessity of government support (Doh & Kim, 2014). Also for the business start-up, small firm requires various support from the government including capital, licensing and registration formalities, tax exemption, infrastructure facilities, etc. (Bonilla & Vergara, 2015; Reid & Nightingale, 2011; Sternberg, 2014). As the sector is more heterogeneous, vulnerable and scattered all over the world, their growth and success mostly depends on the government support and policy. The effective government assistances can help small firms in their success by overcoming institutional and other barriers (Osmonalieva, 2011).

Many previous studies find positive relationships between government support and SME growth or performance although some studies have found insignificant and negative relationships between the two constructs. Studies by Uddin and Bose (2013) in Bangladesh, Bah and Cooper (2012) in Kenya, Jasra et al. (2011) in Pakistan, Lee et al. (2011) in South Korea, and Hansen et al. (2009) in Vietnam have found positive relationships between different aspects of government support and SMEs' growth or

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performance. On the other hand, many studies confirm an insignificant relationship (Chen & Parker, 2007; Man, 2014; Vixathep, 2014) and also there is evidence of a negative relationship (Egena et al. 2014). Since government support influence the growth or performance of SMEs, the study expected that it will also influence the relationships between resources and small firm growth.

In Bangladesh, government and other stakeholders have undertaken various financial and non-financial support initiatives for the development of small firms. As hypothesized earlier that the financial resources, financial literacy, market orientation strategy, and the managerial capability will affect the growth of small firm. In these circumstances, if small firms get support services from the government or its related departments as per their requirements, they can achieve better business success. On the other hand, the lack of such support highly impedes the growth or performance of small firms (Islam, 2009; Olawale & Garwe, 2010). Therefore, the study hypothesizes the following:

H_{5a}: Government support significantly moderate the relationship between finance and small firm financial growth.

H_{5b}: Government support significantly moderate the relationship between financial literacy and small firm financial growth.

H_{5c}: Government support significantly moderate the relationship between market orientation and small firm financial growth.

H_{5d}: Government support significantly moderate the relationship between managerial capability and small firm financial growth.

H_{5e}: Government support significantly moderate the relationship between finance and small firm non-financial growth.

H$_{5f}$: Government support significantly moderate the relationship between financial literacy and small firm non-financial growth.

H$_{5g}$: Government support significantly moderate the relationship between market orientation and small firm non-financial growth.

H$_{5h}$: Government support significantly moderate the relationship between managerial capability and small firm non-financial growth.

3.6.6 Moderating effect of private organizations support

In general, it is the primary responsibility of the government to facilitate small firms to ensure their growth and performance as the sector has been recognized as the priority sector of governments in almost every nation especially for developing countries (Mamun et al., 2013). However, it is quite difficult for the government to provide every kind of support in order to address their heterogeneous needs (Doh & Kim, 2014). As the sector is unorganized with higher environmental sensitivity and consists of a large group of enterprises with multifaceted needs, the government alone cannot fulfil their needs with the policy and the packages of support services. According to Molapo et al. (2008) and Berry et al. (2002), governments fail to address the problems of small and medium enterprises through its support services for several reasons such as lack of awareness, uneven distribution of services, problems with implementation, high cost of services, and cumbersome administrative requirements for availing such services. In this regard, private organizations may solve such problems as they have some expertise, skills, and abilities to offer different support services for developing the small business sector of a country.

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Many of the previous studies reveal that the growth or performance of micro, small and medium enterprises depend on the support they receive from private organizations. For example, Botha (2014) argues that the support services can largely solve the problems of limited access to finance, personal difficulties and lack of proper training and guidance of small and medium enterprises and lead the firm to grow. Islam (2013) and Zindiye et al. (2012) state that private organizations support positively influence the performance of small as well as medium enterprises. Study of Fouad (2013) reveals that most of the small and medium firms suffer from the shortage of proper knowledge and skills that result poor performance and by gaining such knowledge from private sector intervention, firms can achieve better performance.

Some studies claim that private organizations support in the form of business training enhances the ability of entrepreneurs to operate businesses which subsequently increase their performance (Chandy & Narasimhan, 2011; Du Plessis et al., 2010; Naqvi, 2011). Other studies argue that private organizations support in terms of access to information is one of the important factors for the growth or performance of small and micro enterprises (Hernandez et al., 2012; Kamunge et al., 2014). Therefore, from the literature, it is evident that for the growth and survival of micro, small and medium enterprises, private organizations play a very significant role. Such a notion motivates the researcher to use private organizations support as the moderating factor with the expectation that this variable would play the role for moderating the relationships between resources and small firm growth in Bangladesh.

There are many private organizations in Bangladesh including commercial banks and non-bank financial institutions that provide different trainings and consultancy services

to the small entrepreneurs to develop their knowledge and skills, expertise, cash management practices, business plan according to the loan requirements, and so on. Therefore, the study assumes that if private organizations provide the required support to small firms at affordable cost and make them aware to participate, these would moderate the relationships between resources and small firm financial and non-financial growth. Thus, the study expects the following hypotheses:

H_{6a}: Private organizations support significantly moderate the relationship between finance and small firm financial growth.

H_{6b}: Private organizations support significantly moderate the relationship between financial literacy and small firm financial growth.

H_{6c}: Private organizations support significantly moderate the relationship between market orientation and small firm financial growth.

H_{6d}: Private organizations support significantly moderate the relationship between managerial capability and small firm financial growth.

H_{6e}: Private organizations support significantly moderate the relationship between finance and small firm non-financial growth.

H_{6f}: Private organizations support significantly moderate the relationship between financial literacy and small firm non-financial growth.

H_{6g}: Private organizations support significantly moderate the relationship between market orientation and small firm non-financial growth.

H_{6h}: Private organizations support significantly moderate the relationship between managerial capability and small firm non-financial growth.

3.7   Operational Definition and Measurement of Variables

In chapter one, the definition of each variable has been presented in order to provide a clear picture about the scope of the research. This section describes the measurement issues of the variables that provide the idea about how each variable is measured. The variables used in the framework namely finance (IV_1), financial literacy (IV_2), market orientation (IV_3), managerial capability (IV_4), small firm financial growth (DV_1), small firm non-financial growth (DV_2), Government support (MV_1) and private organizations support (MV_2) are selected based on the rigorous literature review presented in chapter two. All the variables are measured based on various previous studies and Table 3.1 shows the overall summary of the number of items for each variable and their sources.

Table 3.1
Overall Summary of the Number of Items for Each Variable and Their Sources

No	Variables	Dimensions	No of Items	Sources
1	Finance		11	Shariff and Peou (2008) and Federico et al. (2012)
2	Financial Literacy		1	Lusardi and Mitchell (2007)
3	Market orientation		13	Suliyanto and Rahab (2012)
4	Managerial capability	Managerial knowledge and Experience	5	Bourne and Franco-Santos (2010)
		Managerial skills	14	
5	Government support		8	Yusuf (1995); Hansen et al. (2009); Rashid (2012); Abdullah (1999); Hung, Effendi, Talib, and Rani (2011)
6	Private organizations support	Information Support	4	Indarti and Langenberg (2004) Geringer, Frayne, and Milliman (2002), Chen (2003)
		Training Support	4	
7	Small firm financial growth		4	Wickham (2006)
8	Small firm non-financial growth		3	Ahmad et al. (2011); Arrighetti (1994) and Federico et al. (2012)
	Total		67	

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3.7.1 Finance (IV$_1$)

The first independent variable of the study is finance. This variable indicates how owner-managers finance their business. Most of the previous studies measure finance through an objective measure. However, such kind of data is not available in Bangladesh due to the unstructured record of business transactions, unavailability of any public or private databases and unwillingness to disclose financial figures by small firms. In this study, the internal and the external sources of money including government refinancing schemes as well as the terms and barriers of financial institutions have been captured to mean the variable of finance for small firms. Shariff and Peou (2008) conducted a study by using firm financing as the independent variable to test its relationship with SME performance from the sample of Cambodia. They measured firm financing using 11 items. Their findings show the value of Cronbach Alpha 0.964, KMO 0.946, Eigen value 8.144 with factor loading ranging from 0.73 to .92 that signify the reliability of the scale.

Table 3.2

Items for Measuring Finance

Item Code	Items	Sources
FIN 1	Start-up capital	
FIN 2	Additional capital	
FIN 3	Informal sources of finance	
FIN 4	Accessed to commercial banks' loans including refinancing scheme of government.	
FIN 5	Alternative sources of finance (advances, deferred payments, second-hand equipment, leasing and factoring)	Federico et al. (2012) and Shariff and Peou (2008)
FIN 6	Banks require many conditions	
FIN 7	Higher requirements of collateral	
FIN 8	High interest rate	
FIN 9	Financial institutions do not deal with SMEs	
FIN 10	Use of financial report standard	
FIN 11	Control over finance	

The study adapted these 11 items and modified some items as per the contextual requirement. Two items are deleted and another two items are added from the study of

Federico et al. (2012) according to expert opinions (details in Section 3.9.2). Table 3.2 shows the details of the items and their respective sources. These items are measured using the five-point Likert scale, which ranges from 1- strongly disagree to 5-strongly agree.

3.7.2 Financial Literacy (IV$_2$)

The second independent variable is the financial literacy of owner-manager. The study defines financial literacy as the combination of knowledge, skills, and the ability of owner-managers to take important financial decision. The previous literature on financial literacy shows that no standardised measure is available in order to measure financial literacy of owner-managers (Cole & Fernando, 2008). However, the study measures financial literacy by adapting 10 questions from different categories which were used in a previous study by Lusardi and Mitchell (2007). Table 3.3 shows the categories of questions that are used for measuring financial literacy of owner-managers of small firms in Bangladesh.

Table 3. 3

Questions category for measuring financial literacy of owner-manager

No	Category	Source
1	Probability	
2	Division	
3	Interest rate	
4	Time value of money	
5	Risk diversification	Lusardi and
6	Risk and return	Mitchell (2007)
7	Stocks and bonds feature	
8	Investment	
9	Insurance	
10	Inflation	

3.7.3   Market Orientation (IV₃)

Market orientation is the third important independent variable. The study defines this variable as the organisational culture which focuses mostly on three broad important behavioural components such as customer orientation, competitor orientation and inter-functional coordination. The study measures this variable as a uni-dimensional construct which is adapted from the study of Suliyanto and Rahab (2012) who used 13 items as one dimension, originally rooted from the work of Narver and Slater (1990).

There are also many evidences (Shah & Dubey, 2013; Shehu & Mahmood, 2014; Wilson et al., 2014) where market orientation has been measured using the uni-dimensional approach. Table 3.4 presents the items that have been used to measure market orientation. These items are measured using the five-point Likert scale, which ranges from 1- strongly disagree to 5-strongly agree.

Table 3.4

Items for Measuring Market Orientation

Item Code	Items	Source
MO 1	The firm seeks to create value-added customer product.	
MO 2	Firms try to understand the needs of customers	
MO 3	The firm strives to provide customer satisfaction	
MO 4	There have been attempts by firms to measure customer satisfaction.	
MO 5	The firm provides after-sales service for customers.	
MO 6	Sales person sharing of information about the firm's competitors.	Suliyanto and
MO 7	The firm responds quickly to the actions of competitors.	Rahab (2012)
MO 8	The firm always responds to competitor strategies undertaken.	
MO 9	The firm has a target to create the product competitiveness.	
MO 10	There is coordination across the inside of the firm.	
MO 11	Inter departments in the firm share information.	
MO 12	There is cooperation between divisions in formulating a marketing strategy.	
MO 13	All parts in the firm participate in the creation of added value for customers.	

3.7.4 Managerial Capability (IV₄)

Managerial capability is the fourth independent variable of the study. This is generally the broad area. It is quite difficult to cover all the aspects of managerial capabilities in a study. Current study defines managerial capability as the set of knowledge, skills, or the behaviour of a person that requires effective fulfilment of managerial task. Therefore, in this study only a few aspects of managerial capability that are highly essential for small firm owner-managers are covered. Managerial capability is measured by two dimensions using 19 items that are adapted from the study of Bourne and Franco-Santos (2010). These items are measured using the five-point Likert type scale, which ranges from 1- very low to 5- very high. Table 3.5 shows the list of these 19 items.

Table 3.5

Items for Measuring Managerial Capability of Owner-managers of Small Firms

Dimension	Item Code	Items	Source
Managerial knowledge and Experience	MKE 1	key analytical skills to analyze events, perceive trends, anticipate changes and recognize opportunities	
	MKE 2	Required experience to perform activities	
	MKE 3	Knowledge to do job	
	MKE 4	Ability to understand and learn quickly and easily	
	MKE 5	Production of useful ideas for the business	
	MS 1	Make decisions backed by evidence	
	MS 2	Exhibit consideration and sensitivity in dealing with people	
	MS 3	Communication of business information effectively	
	MS 4	Creation of collaborative behaviours within a team	
	MS 5	Ability to persuade others	Bourne and Franco-Santos (2010)
	MS 6	Technical, cognitive and interpersonal skills to coordinate and organise the team	
Managerial skills	MS 7	Participation and business monitoring skill	
	MS 8	Connection with outside environment of the organisation	
	MS 9	Bring out the best in employees and workers	
	MS 10	Inspire people to be committed to the organisation	
	MS 11	Full team support	
	MS 12	Encourage the team to generate and implement their own ideas	
	MS 13	Encourage staff to take responsibility for the team's performance	
	MS 14	Longer term development and progress of the team members	

3.7.5 Government Support (MV₁)

Government support is used as the moderating variable. Government generally provides financial and non-financial support to small firms. In Bangladesh, government provides financial support mostly through some refinancing schemes via the central bank. Since the study uses financial resources as one of the independent variables, any kind of financial support is included under the 'finance' variable. Therefore, the non-financial support of the government is considered to measure the government support variable. Focusing a uni-dimensional measurement, 8 items are used to measure government support that are adapted from the studies of Rashid (2012); Hung et al. (2011); Hansen et al. (2009); Abdullah (1999); Yusuf (1995). Table 3.6 presents the complete items that are used to measure government support. Respondents are asked about government support measured by a five-point Likert scale, which ranges from 1=strongly disagree to 5=strongly agree.

Table 3.6

Items for Measuring Government Support

Item Code	Items	Sources
GS 1	Adequate infrastructure (access to road, electricity, water, telephone, etc.) to run the business.	
GS 2	License application and registration process.	
GS 3	Tax incentives for small business.	Rashid (2012); Hung et al. (2011); Hansen et al. (2009); Abdullah (1999); Yusuf (1995)
GS 4	Favourable government policy	
GS 5	Maintain law and order situation	
GS 6	Skill training programs for small business owner-manager	
GS 7	Relevant information/ knowledge that assist small firm	
GS 8	Creation of local business environment that encourages business development	

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3.7.6 Private Organizations Support (MV$_2$)

Private organizations support is used as the second moderating variable. The study considers two important dimensions namely the information support and the training support to measure this variable. The first dimension, information support, is measured by 4 items that are adapted from Indarti and Langenberg (2004). The second dimension, training support that constitutes 4 items are adapted from Chen (2003) and Geringer et al. (2002). Table 3.7 shows the items that are used to measure private organizations support. The respondents are asked about private organizations support measured through a five-point Likert scale, which ranges from 1=strongly disagree to 5=strongly agree.

Table 3.7

Items for Measuring Private Organizations Support

Dimension	Item Code	Items	Sources
Information Support	POIS 1	Information for marketing the products	Indarti and Langenberg (2004)
	POIS 2	Information on capital sources	
	POIS 3	Information on technologies	
	POIS 4	Information on government rules and regulations	
Training Support	POTS 1	Training support to improve technical abilities.	Chen (2003) and Geringer et al. (2002)
	POTS 2	Training support to improve interpersonal abilities.	
	POTS 3	Training support to help understanding the business.	
	POTS 4	Training support to enhance personal productivity.	

3.7.7 Small Firm Financial and Non-financial Growth (DV)

The dependent variable of the study is small firm growth which is measured both from the financial and non-financial growth perspectives. The study considers both financial and non-financial growth measures to capture various aspects of small firm growth and include sales, profits, total asset size, and additional capital as financial growth measures and market size, employment, and satisfied customers as non-financial

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growth measures. The 4 financial growth measures are adopted from Wickham (2006) and 3 non-financial growth measures are adopted from the previous study of Federico et al. (2012), Ahmad et al. (2011) and Arrighetti (1994). The study considers the subjective measure of growth. Small firms usually do not maintain proper business record and in many cases, they are too much reluctant to disclose their financials even if they have some record (Wijewardena, De Zoysa, Fonseka, & Perera, 2004). Wall et al. (2004) argue that subjective measures are the best measurement scale and justified for assessing the performance of any public or voluntary organization, and of course the small firms.

Therefore, the study considers the subjective growth measures in order to provide the overall growth of small firms. Respondents are asked to what extent their firms are growing in terms of sales, employment, profits, market size, size of total assets, additional capital, and satisfied customers over the last two years (2013-2014). Study of Rahman, Amran, Ahmad, and Taghizadeh (2013) used two years and Wijetunge and Pushpakumari (2014) used a three year time horizon. Respondents are asked about their firm growth through a five-point Likert type scale, which ranges from 1=highly decreased to 5=highly increased. Table 3.8 represents the seven growth measurement indicators.

Table 3.8
Small Firm Financial and Non-financial Growth Measurement Indicators

Growth Dimensions	Item Code	Items	Sources
Financial Growth	SFFG 1	Sales volume	Wickham (2006)
	SFFG 2	Profit volume	
	SFFG 3	Total asset size	
	SFFG 4	Capital position	
Non-financial Growth	SFNFG 1	Employment	Federico et al. (2012), Ahmad et al. (2011) and Arrighetti (1994)
	SFNFG 2	Market size	
	SFNFG 3	Satisfied customers	

3.8   Population and Sampling

3.8.1   Study Area

The study considers small firms operating in three divisions of Bangladesh. In Bangladesh, there are seven divisions namely, Dhaka, Chittagong, Barisal, Khulna, Rajshahi, Rangpur and Sylhet. The SME Foundation has identified 177 SME Clusters within 7 divisions in 51 districts (out of 64 districts) of Bangladesh. Among 177 SME clusters, 38 percent are located in Dhaka division, 18 percent in Rajshahi, 15 percent in Chittagong, 12 percent in Khulna, 7 percent in Rangpur, 6 percent in Barisal and 4 percent in Sylhet divisions (Abdin, 2015b). Therefore, it is evident that most of the small firms (71 percent) are located in Dhaka (the capital city), Chittagong (the commercial hub), and Rajshahi divisions. Thus, the current study emphasises on these three broad areas for data collection.

3.8.2   Population

The target population of the study is small firms operating in three major divisions (Dhaka, Rajshahi and Chittagong) of Bangladesh. As mentioned earlier, most of the small firms are concentrated in these three divisions. Small firms sector in Bangladesh mainly comprises of three broad categories namely, manufacturing, trading and service sectors. For representing the overall small firm sector, the study considers all the categories and for representing the actual country scenario, both rural and urban small firms have been taken into consideration.

A very common problem in Bangladesh is the lack of availability of a comprehensive list of small firms operating in the country. This is mainly due to the lack of concern of the various departments or agencies of the government. It is also evident from the study of Islam (2013) where he states that there is no statistics or actual information on the total number of small firms in Bangladesh and their supportive institutions. However, BBS (2015) conducted a census in 2013 and published in December, 2015 on total number of firms operating in Bangladesh and some relevant information of their survey is shown in Table 3.9. According to the BBS (2015), there are 859,318 small firms operating in Bangladesh. Out of the total number, 598,645 small firms are located in three selected divisions (Dhaka 331,391, Chittagong 167,226 and Rajshahi 100,028 small firms). Therefore, the total number of population for the study is 598,645 small firms (70 percent of total small firms in Bangladesh).

Table 3.9
Total Number of Units

Category of Units	No of units	Number of units in rural area	Number of units in urban area
Large	5250	1708	3542
Medium	7106	2965	4141
Small	859318	408717 (48%)	450601 (52%)
Micro	104007	62895	41112
Cottage	6842884	5112734	1730150
Total	7818565	5589019	2229546

Source: BBS (2015)

3.8.3 Sampling Technique

As the list of small firms including their addresses except for the total number is not available in Bangladesh, the probabilistic sampling technique cannot be applied. Hence,

the study considers the non-probabilistic sampling technique. In the first step, the three divisions out of seven divisions are selected based on the concentration of the SME clusters and the number of small firms for the primary research area. In the second step, the numbers of districts are selected. The divisions of Bangladesh are divided into 64 districts (in bangali it is called Zila). Out of 64 districts, there are 36 districts in these three selected divisions (Dhaka 17, Rajshahi 08, and Chittagong 11) and the study considers all the districts. According to Table 3.9, 48 percent of small firms are located in the rural area and 52 percent are in the urban area. Therefore, both rural and urban areas are considered for collecting data to generalize the results.

In the third step, the total number of sample size is proportionately distributed among the three divisions based on the number of firms. Since there is no definite list except for the total number of small firms available, a purposive sampling method is followed to collect data as per the sample size.

In Bangladesh, due to the lack of statistics, a representative sample is quite absent in the research of the small business sector (Islam, 2012). From a rigorous literature review, it is evident that none of the previous studies (Islam et al., 2014; Islam, 2009, 2012, 2013; Kabir, 2004; Moudud-Ul-Huq et al., 2013; Roy & Chakraborty, 2014; Saleh, 1995; Uddin & Bose, 2013) related to SMEs in Bangladesh have examined the representativeness of their samples. Therefore, the findings of their research generalized all small firms indiscriminately. However, this study considers all the sectors of small firms including manufacturing, service, and trading from 71 percent of the cluster area and 70 percent of the total number of small firms and considers both

rural and urban areas. As the nature and functional activities of small firms operating all over the country are almost similar, the results of the study have been generalized.

3.8.4 Sample Size

The study considers Krejcie and Morgan (1970) table to determine total sample size. According to BBS (2015) statistics, 598,645 small firms are located in three selected divisions (see Table 3.10). According to Krejcie and Morgan (1970), for a population exceeding 75,000 elements, a minimum sample size should be 382. Hence, based on Krejcie and Morgan table, 382 small firms are selected as the sample size. However, to reduce the sampling error and to minimize the non-response rate, the total sample size is multiplied by two (Hair, Wolfinbarger, Ortinau, & Bush, 2008). Therefore, the total of 764 questionnaires was administered. Alreck and Settle (1994) suggest that lower sample size creates high tendency of error and higher sample size generates more accurate results. Since the study covers three main divisions, these 764 questionnaires were distributed proportionately among the divisions based on the total number of firms operating in these three divisions. This was calculated by dividing the total population in each division by the total number of population for the selected three divisions, and then multiplied by the number of sample size. The following formula is used to calculate the proportionate sample size for each division.

$$nz = (Nz / N) \times n$$

where nz is the sample size for division z, Nz is the population size for division z, N is total population size, and n is total sample size. Table 3.10 shows the calculation of proportionate sample size for each division and questionnaire distribution.

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Table 3.10

Calculation of Sample Size for Each Division

Division	No of Small Business operating (Nz)	Total Population (N)	Number of Elements Divided by Total Population (Nz/N)	Calculation procedure (Nz/N)*n	Proportionate sample (nz)	Questionnaire distributed
Dhaka	331,391	598,645	0.55	382 X .55	210	420
Chittagong	167,226	598,645	0.28	382 X .28	107	214
Rajshahi	100,028	598,645	0.17	382 X .17	65	130
Total	598,645		1.00	382 X 1.0	382	764

Source: Calculated by researcher

3.9   Unit of Analysis

Since the focus of the study is financial and non-financial growth of small firms, the unit of analysis is small firms operating in Bangladesh. In Bangladesh, most of the small firms are family based and owner of the firm generally run their business operations (Mamun et al., 2013). Thus, the owner itself is the manager of the firm. However, there are some small firms where owners employ another person to perform the managerial activities. According to Stokes and Blackburn (2002), to measure the success or performance of small firm, it is better to consider the owner of the firm. Therefore, the owner or the manager where owner is absent from the business operation is selected to be a participant in this study.

3.10   Data Collection Instruments and Procedures

The study follows a survey method to accomplish the research objectives. Hair, Bush and Ortinau (2003) argue that the survey design is the most powerful research method by which a researcher can redefine problems and objectives with primary data that are collected through a structured questionnaire from the large population. Some studies (Hair et al., 2003; Zikmund, 1991) claim that for most of the business and management research, the survey design method is very useful even in the field of social research (Babbie, 2015). According to the survey design method, the study constructs a structured questionnaire and carries out the survey on small firms to fulfil the research task. The following sections discuss the questionnaire designing, pretesting and survey refinement, pilot study analysis and the data collection procedures.

3.10.1 Designing Questionnaire

The method of data gathering of this study is the survey and therefore a structured questionnaire is prepared based on the objectives of the research. The questionnaire is designed with the number of items that are adapted from many previous studies (as discussed in Section 3.6) according to the definition of the variables used in chapter one. The variables are measured based on nominal, ratio and interval scales by which the hypotheses of the research can be tested. The five-point Likert scale (1= strongly disagree to 5= strongly agree) and also the five-point Likert type scale (1=very low to 5=very high and 1=highly decreased to 5=highly increased) are used to capture the responses of respondents. However, to measure financial literacy, a short form of test including some common questions related to basic financial issues are designed rather than using the Likert scale.

The study considers the five-point Likert scale rather than using a three-point or seven-point scale. There are many reasons for using the five-point Likert scale. First, the five-point Likert scale is widely used in social science research (Martins & Garland Jr, 1991). Second, it is argued that they produce nearly similar precision with other Likert scales (Dawes, 2008; Sekaran & Bougie, 2010). Third, a Likert scale of above five points often confuses the respondents (Ackfeldt & Coote, 2005). Furthermore, the previous studies (Shariff & Peou, 2008; Suliyanto & Rahab, 2012; Indarti & Langenberg, 2004; Ahmad et al., 2011) where the items were retrieved for the current research also measured using a five-point Likert scale. Therefore, it is advantageous to use the same scale for better comparison.

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The questionnaire begins with two screening questions (Section A) in order to identify the appropriate respondents. The first independent variable 'finance' covers both the corners of internal and external finance. Therefore, the first screening question 'Has your business used any external financing sources or tried to get access for any external source?' The second question 'the age of your business is- less than or more than three years'. Only respondents who answered the first question as 'yes' and the second question as 'more than three years' were allowed to proceed to the next sections. Since the study considers growth of small firm, it excludes the business with maturities of less than three years for growth phenomenon. Therefore, the second screening question is justified.

In Section B, the demographic information of owner/manager and the firm has been formulated. The demographic information includes respondents' position in business, experience, types of business, education level, age of business, total asset size without land and building, total number of employees and business location. In Section C, different items of the four independent variables namely finance, financial literacy of owner-manager, market orientation and managerial capability are presented. Section D presents the scale items of two moderating variables, government support and private organizations support. Finally, Section E addresses the items to measure financial and non-financial growth of small firms.

As mentioned earlier, the unit of analysis of this research is the owner or manager of small firms operating in Bangladesh. Most of the small firms in Bangladesh are family oriented and lack proper education (Mamun et al., 2013). Since the native language of the respondents is Bangla and they lack proper education, they might not have clear

command on English language. Hence, it is not wise to use a survey questionnaire with English language. In order to make the respondents fully understand all of the questions and items, the questionnaire was translated from English to the Bengali language. To ensure the proper translation, the English questionnaire was translated into the Bengali language by an expert professor who works for a government college in the department of Bangla. After that, this translated questionnaire was checked by an expert researcher in the field of business and SMEs to ensure that all the respondents can understand the exact meaning of every term/jargon used in the questionnaire. After adjusting his suggestions, the final set of questionnaire was prepared in Bengali language and carried forward for pre-testing and survey refinement.

3.10.2 Pre-testing and Survey Refinement

Before starting survey, it is important to test whether the survey instrument is capable to gather information as per the requirement of research objectives. According to Reynolds and Diamantopoulos (1998), it is the fundamental part of the final questionnaire development process. Similarly, Cooper and Schindler (2008) consider pre-testing as the primary assessment in order to identify possible errors in the questionnaire, question sequencing, and the required instructions. If the researchers go for pre-testing, it reduces the problems that may result from vague wording and biases (Sekaran, 2006; Zikmund, 2008).

For pre-testing the questionnaire, the study follows a short interview with the respondents, central bankers, expert from SME Foundation, and academicians. There is also evidence in previous study for personal interview to test the survey questionnaire

before the survey (Reynolds & Diamantopoulos, 1998). To select respondents for pre-testing, an interview is an imperative issue (Hunt, Sparkman & Wilcox, 1982). Therefore, the study used convenient sampling and chose two central bankers from SME and special program department of Bangladesh Bank, three owner-managers of small firms from manufacturing, trading and service sectors in Bangladesh, two experts from SME Foundation which is the government body for SME development in Bangladesh and two university professors from business and entrepreneurship area for interview. Under this short interview method, the researcher asked the respondents to answer the questionnaire under close supervision. After completion, all the participated respondents were asked about the items and its accuracy including any other ambiguity or problem they face. The three owner-managers of small firms attended in this short interview for pre-testing the questionnaire were excluded from the original sample size.

Before the short interview for pre-testing, all the respondents were contacted to get their appointment as per their convenience. All the respondents were given a set of questionnaire that was translated into the Bengali language with the purpose of the evaluation of each item. Researcher of this study gave instructions to the respondents to evaluate the questionnaire for the clarity check (words, sentences and its meaning), sequencing, and appropriateness of the questions by which all the variables are measured. At the same time, the researcher also recorded the actual amount of time required to fill up the questionnaire which was around 35 to 40 minutes. At its end, the respondents were asked to submit their suggestions needed to be incorporated to improve the questionnaire.

Some modifications were done as per the guidelines and suggestions provided by the respondents while conducting a short interview for pre-testing the questionnaire. Two respondents from the small business sector, one central banker and one academician from Universiti Utara Malaysia identified some ambiguity about wording translated from English to Bengali language. As per the expert opinions, the words were rephrased and replaced in the questionnaire.

According to the expert opinion, two items of finance from the list of previous study (Shariff & Peou 2008) 'lack of money for R & D' and 'Short of cash in hand' were replaced by 'access to formal financing including the refinancing scheme of government' and 'alternative sources of financing' adapted from the study of Federico et al. (2012). Since the study of Shariff and Peou (2008) was in the context of SME but the current study only focused specifically on small firm sector, therefore, money spent for research and development units is quite absent for small firms in Bangladesh. Besides, shortage of cash lack the formation of additional capital for further investment. Therefore, the item lack of additional capital represents the cash shortages.

From the list of 13 items used by Suliyanto and Rahab (2012) that constitutes market orientation, the study dropped one item (as per the expert opinion) 'Companies always respond to competitor strategies undertaken' as there is another item by which the answer of the dropped item can be measured. There is an item 'the company responded quickly to the actions of competitors'. Current study slightly modified this item adding 'any action' in place of action. Thus, if the respondents ask 'The firm responds quickly to any actions of competitors', the statement can capture the strategies, because strategy

is a part of any action undertaken by firm. When the firm asks for any action, it generally means any kind of activities or strategies undertaken by the competitors.

From the 19 items used by Bourne and Franco-Santos (2010) to measure managerial capability, one item was dropped (as per expert suggestion) which is 'I have knowledge to analyse events, perceive trends, anticipate changes and recognize opportunities' as there is another item 'I have knowledge to do my job'. The later item indicates that managers have such knowledge by which they can accomplish all of their duties and activities and the contents attach in the former statement is also the part of managerial activities.

Table 3.11
Modified Items After Pre-testing

Variable	Dimension	No of Item	Comments	Action Taken
Finance		11	Ambiguity in some words. Two items should change	Rephrased Changed and replaced
Financial literacy		1	Clear and measurable	
Market orientation		12	One item should be merged	Merged and resulting 12 items
Managerial capability	Managerial knowledge and experience	4	One item should be dropped	dropped and resulting 4 items
	Managerial skills	14	Clear and measurable	
Government support		8	Ambiguity in some words	Rephrased
Private organizations support	Information support	4	Clear and understandable	
	Training support	4	Ambiguity in some words	Rephrased
Small firm financial growth		4	Clear and understandable	
Small firm non-financial growth		3	Clear and understandable	
Total		65		

After adjusting all the comments and opinions of selected experts, the questionnaire was finalized and the final set of structured questionnaire is shown in Appendix G (English version) and Appendix H (Bengali version). Table 3.11 summarizes the final constructs, total number of items, expert comments, and action taken to prepare final questionnaire.

3.10.3 Pilot Study Data Collection and Analysis

Pilot study is viewed as the initial step of a research in order to improve the accuracy and efficiency of main research. According to Leon, Davis, and Kraemer (2011), the main objective of conducting such a study is to examine the feasibility of the proposed approach that the researcher intended to use in the main study. Therefore, it can be termed as a small scale of full study or trial run for the main study (Polit, Beck, & Hungler, 2001). There is no hard and press rule for determining the appropriate sample size for this study. However, some researchers suggest some criteria to determine the sample size. Study of Baker (1994) reveals that 10-20% of the main sample size is enough for the pilot study. Billingham, Whitehead, and Julious (2013) argue that to conduct pilot study, calculation of formal sample size is not required. Similarly, it is also evident that the sample size should represent the population of the study rather than emphasizing on the number of sample (Thabane et al., 2010). Besides, some previous studies also suggest a range of sample size from 10 to 40 for conducting a pilot study (Hertzog, 2008; Julious, 2005). Moreover, Van Belle (2011) recommends to use at least 12 samples for such study.

The study used 38 sample size to conduct the pilot survey selected through convenient sampling from the three divisions of main study area. This sample size also constitutes the three main sectors of small firms like manufacturing, trading and service sector. According to the earlier discussion, this sample size is adequate to perform pilot survey and also represent the total population. Although this kind of survey does not provide guarantee of the final survey but it increases the probability of future use. This kind of survey provides the benefits of research design, effectiveness of sampling frame and techniques, viability of outcomes, research planning and so on. Researchers in social science area predominantly conducting the quantitative research are argued that data using for pilot survey should not use for the actual study sample (Peat, Mellis, & Williams, 2002). The reason is that if any problem identified form the pilot study and for this some modifications are required then it would influence the actual study. Therefore, the study does not include this 38 sample with the final study to test hypotheses.

Peter (1979) states that reliability of a measurement scale can be assessed by three basic methods namely test-retest, internal consistent, and alternative forms. Therefore, the study considers the second method 'internal consistent' to assess the reliability of scale. In this regard, values of Cronbach's alpha are calculated for measuring internal consistency of the constructs. This Cronbach's alpha indicates how well a single uni-dimensional latent construct is measured by a set of variables (Schwaninger, Vogel, Hofer, & Schiele, 2006). The study uses SPSS version 22 for assessing the reliability of all the scales.

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Researcher calculated the corrected item-scale correlations and analyses the impact on Cronbach's alpha when individual items were discarded in order to test the relationships between all items and its conceived scales. A smaller alpha value shows that individual item provides poor contribution to the overall scale (Nunnally & Bernstein, 1994) and therefore, the study considers a Cronbach's alpha equal to or greater than 0.70. The Cronbach's alpha coefficient of all the factors shows the value greater than 0.70 which confirm the reliability of the scales and thus the study does not delete any items. Table 3.12 shows the Cronbach's alpha value of instrument scales. Since financial literacy is measured through a short test and score out of 10, the Cronbach's alpha for this variable is not required.

3.10.4 Data Collection Procedures

After the pilot study, survey was conducted among small firms through the tested questionnaire. As mentioned earlier, the unit of analysis is the owner of small firm who operate and manage the business or in the absence of owner any other manager who run the business. There are different methods to survey like survey through mail, email, telephone, face-to-face interview. Shariff (2003) states that the mail survey is commonly used by different researchers especially when they need to collect a substantial amount of information by using formal questionnaire from the large group of population. However, in most of the cases, respondents do not like to answer the questions if it is too long or complex without any personal benefits (Cooper & Schindler, 2008). In this case, respondents may take a longer time than usual. Survey through sending questionnaire using email is not possible for small firms operating in Bangladesh. Most of the owner-managers are not well educated in computing and do

not have any computer devices and many of them do not even have an email address either by their name or in their business name.

Table 3.12
Cronbach's Alpha of the Study Variables

Variable	No of Item	Cronbach's Alpha
Finance	11	.909
Financial literacy	1	single item
Market orientation	12	.963
Managerial knowledge and experience	4	.723
Managerial skills	14	.895
Government support	8	.893
Private organizations information support	4	.824
Private organizations training support	4	.872
Small firm financial growth	4	.807
Small firm non-financial growth	3	.847
Total number of items	65	

Survey through telephone is very costly and it is not possible for longer questionnaire. Sometime respondents may answer wrongly if they fail to here exactly what the researchers ask. On the other hand, through a face-to-face interview, the researcher can collect data directly from the respondents. It is possible to gather accurate information as the researcher can clarify any confusion faced by the respondents.

The study followed the drop off-pick up method to complete the survey. This method offers the opportunity to collect entire completed questionnaire. Besides, some additional explanations can be given for any item where the respondents need further clarification. In addition to that it reduces interviewer bias effect and permits participants to fill up the questionnaire alone in their own time (Allred & Ross-Davis, 2011). Moreover, by this method, researcher can persuade the participants to take part in the survey in order to have their sincere opinions (Sekaran & Bougie, 2010).

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A research assistant team was appointed from the 'Bangladesh Institute of Bank Management (BIBM)' (for more information, visit www.bibm.org.bd), the apex training institute for the banking community in Bangladesh. One of the major regular functions of this institute is to conduct several researches for the benefits of banking community where research on SMEs is also remarkable. The members of the team went to different areas to small business premises under the close supervision of researcher. Before conducting the survey, researcher provided basic training to them in order to make them understand the questionnaire. Subsequently, they went to the field for data collection and made necessary explanations to the respondents. Researcher also visited some areas to complete the survey.

3.11 Data Analysis Techniques

The study used both descriptive and inferential statistics to analyse data. The descriptive statistics used to describe the respondents' profile that is used in Section A of the questionnaire. For data analysis and other hypotheses testing, different inferential statistical techniques are used. Data analysis can be done by using the conventional regression-based techniques like multiple regression analysis, discriminant functional analysis and logistic regression analysis of variance. However, the model used in this study may not be evaluated by these techniques due to some limitations exhibited with their assumptions. These techniques assume that the model that is evaluated should be a simple structure, all the variables in the model can be considered observable and all the variables are measured without error (Haenlein & Kaplan, 2004). These assumptions, in the real world, may not be appropriate or too restrictive for analysing more multifaceted and realistic situations (Shugan, 2002). Moreover, in order to

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measure true score of the variables both types of errors like random and systematic error must be considered (Bagozzi, Yi, & Phillips, 1991). But unfortunately, these errors are absent in the first generation techniques and are unable to explain the reality (Haenlein & Kaplan, 2004).

For the purpose of analysis, the study considered the second-generation technique like Structural Equation Modeling (SEM) to overcome the limitations attached with the first-generation techniques. By using SEM, researchers can estimate simultaneously a series of interrelated dependence relationship through analysing more complex model (Gefen, Straub, & Boudreau, 2000). This technique also overcomes the second and third limitation of first-generation technique. It enables researchers to construct latent variables through the indicators and their measurement error in same model (Chin, 1998; Haenlein & Kaplan, 2004). Therefore, it can be said that the structural equation modelling, the second generation techniques, are able to overcome the limitations of first generation methods (Hair, Hult, Ringle, & Sarstedt, 2013).

SEM is a statistical method designed in order to test a conceptual or theoretical model. SEM allows the researcher to recognize previously unknown associations between latent variables and discover more meaningful insights. SEM is considered as a multivariate technique that combines the aspects of multiple regression as well as factor analysis to assess a series of interconnected dependence relationships simultaneously (Hair, Black, Babin, & Anderson, 2010; Schumacker & Lomax, 2004). SEM also integrates many other techniques namely the recursive path analysis, non-recursive econometric modeling, principal component analysis, analysis of variance (ANOVA), analysis of covariance and classical test theory (Holmes-Smith, 2001). Besides, it is

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also regarded as a path analysis with latent variables for showing dependency relations among multivariate data (McDonald & Ho, 2002).

From the previous studies (Barkham et al., 1996; Bigsten et al., 2000; Harding, Söderbom, & Teal, 2004; Hart, 2003; Honjo, 2004; McPherson, 1996; Wiklund & Shepherd, 2003) on small firm growth, it is evident that many researchers used multivariate statistical techniques in order to understand different factors that lead to growth. According to Barkham et al. (1996), the regular use of multivariate methods is signifying the fact that the growth of small firm is influenced by the multiplicity of factors with complex relationships.

Structural equation modelling can also assess the reliability, validity and the uni-dimensionality of each individual construct (Hair, Black, Babin, Anderson, & Tatham, 2006). Moreover, SEM offers an overall test of model fit and the estimate tests of individual parameter simultaneously and therefore, provides the best model fits. According to Urbach and Ahlemann (2010), SEM is the combination of interrelated model which can be assessed simultaneously, which are:

a) The measurement model (outer model) that indicates the association between empirically observable indicators and the latent variables.

b) The structural model (inner model) which indicates the relationship between latent variables.

In respect of the measurement model, it is suggested by Hair et al. (2013) that a hypothesis test generally involves the structural relationships among all the constructs and are reliable or valid only when the measurement models explain how these

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constructs are measured. In respect to the structural model, there are two significant issues that need to be considered are the sequence of constructs and their relationships which signify the hypotheses and their relationships to the theory being tested (Hair et al., 2013). They also recommended that in a structural model the sequence of the constructs should be based on the theory, some logic, and practical experiences that observed by the researcher.

3.12 Selecting Partial Least Square (PLS) or Covariance-based SEM (CB-SEM)

In general, there are two different types of SEM, the covariance-based SEM which is also called CB-SEM and the partial least squares SEM (PLS-SEM) also known as variance based SEM. The CB-SEM has drawn a significant attention during the last two decades and can be demonstrated by diverse software like COSAN, AMOS, LISREL. On the other hand, PLS-SEM can be demonstrated by the software like PLS Graph and PLS Smart. CB-SEM considers the covariance approach where a maximum likelihood (ML) function is used to reduce the difference between sample covariance and those envisaged by the theoretical model (Urbach & Ahlemann, 2010). The authors also explain that this ML function can be applied only when the observed variable must comply with the normal distribution assumption as required by CB-SEM. Besides, the CB-SEM requires a large number of sample sizes where the minimum recommended sample size is 200 to 800 cases (Chin & Newsted, 1999).

Covariance-based SEM tries to estimate the parameter of the model by using loadings and path values in order to reduce the difference between sample covariance and those envisaged by the theoretical model (Barroso, Carrión, & Roldán, 2010). Hence, the

stated parameter estimation process tries to reduce the covariance matrix of the experimental measures' overall fit (Urbach & Ahlemann, 2010). Thus, based on this view, it can be said that the focus of the CB-SEM technique is more oriented towards the testing of a theory and is more applicable for confirmatory research (Gefen et al., 2000).

Unlike CB-SEM, PLS-SEM is a causal modeling approach that intended to maximize the explained variance of the dependent latent constructs (Hair et al., 2013). Rather than focusing covariance (i.e., explanation of the relationships between items), PLS-SEM aims on maximizing variance (prediction) of the dependent variable that are explained by the independent variables (Haenlein & Kaplan, 2004) and therefore improves the predictive power. Theoretically, PLS-SEM is quite similar with the multiple regression analysis that examines the possible relationships by emphasizing less on the measurement model (Hair et al., 2013; Hair, Ringle, & Sarstedt, 2011).

Practically, it is used for the theory confirmation, theory development and most suited for proposition development by relationship between variable (Urbach & Ahlemann, 2010). This approach demands fewer requirements compared to CB-SEM and delivers consistent estimation results (Götz, Liehr-Gobbers, & Krafft, 2010). As oppose to CB-SEM that can handle only the reflective data, PLS-SEM can go with both reflective and formative constructs even if it contains in one structural equation model. Moreover, PLS-SEM is regarded as a soft modeling method for its more relaxed assumptions which are required to fulfill as compared with CB-SEM (Hair et al., 2011). According to Urbach and Ahlemann (2010), there are some arguments in favor of PLS as the statistical means in order to test SEM models like fewer demands regarding sample

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size, data does not require normally distributed, can apply in a complex structural models with large number of constructs, is suitable for both the theory development and testing, especially useful for prediction and so on.

These two approaches differ with each other in a good number of ways, for example, in terms of objectives, basic statistical assumptions and the nature of the fit statistic produced (Gefen et al., 2000). Therefore, the selection of PLS-SEM or CB-SEM is generally determined by the research's objective. Some rules of thumb that can be considered for accepting CB-SEM or PLS-SEM are shown in Table 3.13.

For analysing data of the proposed model, the study used PLS-SEM as an appropriate technique. This is a method for building predictive models in case when factors are many and highly collinear. The objective of the current study is to predict the financial and non-financial growth of small firm using some resources as independent variables and two moderating variables and therefore the model is complex. For the complex predictive models, PLS is more suitable as this is the confirmatory, second-generation multivariate analysis technique. Some authors (Gefen et al., 2000; Hair et al., 2011; Urbach & Ahlemann, 2010) claim that PLS is more appropriate for testing complex models, particularly for models including moderators, mediators or both. PLS has the ability to handle reflective and decisive indicators, robustness and multicollinearity (Gefen et al., 2000). PLS emphasises on predicting the responses rather than trying to understand the fundamental relationship between the variables. It enables researchers to analyse the relationship among multiple latent variables simultaneously and also recognized as the only second generation technique which are well-matched to deal

with measurement models that include both formative and reflective indicators (Chin & Newsted, 1999; Hair, Black, Babin, & Anderson, 2010).

Table 3.13

Rules of Thumb for Accepting CB-SEM or PLS-SEM

Criteria	PLS-SEM	CB-SEM
Research Goals	When the goal of a research is expecting key target constructs or looking key driver constructs. Also for the exploratory research or addition of an existing structural theory, select PLS-SEM.	When the objective is theory testing or theory confirmation, or even comparison of alternative theories, use CB-SEM.
Measurement Model Specification	When formative constructs are part of the structural model, select PLS-SEM.	If error terms require additional specification, such as covariation, select CB-SEM. Formative measures can also be used with CB-SEM for relatively complex and limiting specification rules.
Structural Model	If the structural model contains various constructs and many indicators which is complex in nature, select PLS-SEM.	For non-recursive model select CB-SEM.
Data Characteristics and Algorithm	PLS-SEM is a good approximation of CB-SEM results for data that do not meet the criteria of CB-SEM assumptions. If the data are, to some extent, non-normal, use PLS-SEM.	If the data satisfy all the CB-SEM assumptions properly, for example, with regard to the minimum sample size and the distributional assumptions, use CB-SEM.
Sample size considerations	If the sample size is relatively low, select PLS-SEM. Minimum recommendations range from 30 to 100 cases.	With large data sets, CB-SEM and PLS-SEM results are similar. Minimum recommendations range from 200 to 800.
Model Evaluation	For using latent variable scores in subsequent analyses, PLS-SEM is the best option.	For the research that requires a global goodness-of-fit criterion, CB-SEM is the acceptable option. Also for testing measurement model invariance, CB-SEM is the preferred option.

Source: Hair et al. (2011)

PLS uses a principal component approach and PLS factors are generally orthogonal by definition. Hence, the estimate drive will be comparatively robust even when there is multicollinearity in the data (Cassel, Hackl, & Westlund, 1999). Besides, PLS-SEM is familiar to be robust when used on highly skewed, nominal, ordinal and ratio scale variables (Reinartz, Haenlein, & Henseler, 2009). Moreover, in PLS the projecting ability of the constructs is optimized and it reports the performance of the individual scale items (Eikebrokk & Olsen, 2007).

3.13 Reflective and Formative Measurement Models

The measurement models that is described by the measurement theory indicates how the latent variables are measured (Hair et al., 2013). The measurement model is formed by the measurements under variables. In general, there are two different approaches exist to measure unobservable variables, the reflective and the formative measurement. The measurement model or outer model is particularly defended on the relationship between latent variables and their indicators (Henseler, Ringle, & Sinkovics, 2009). In the SEM, all the indicators of the measurement model are regarded as either reflective indicators or formative indicators. Since the accurate measurement is necessary to derive some meaningful relationships in the structural model, as per the argument of the scholars, it is important to differentiate between formative and reflective measure (Coltman, Devinney, Midgley, & Venaik, 2008). Reflective indicators reflect, effects or cause the latent variable and therefore represent the construct (Hair et al., 2011; Urbach & Ahlemann, 2010). Reflective indicators measure the same underlying concept and for this it assumes as the uni-dimensionally correlated (Gefen et al., 2000). Thus, for any changes in latent variable, all the reflective indicators belong to the latent variable will change accordingly (Urbach & Ahlemann, 2010). In the SEM model, a latent variable that contains reflective indicators is depicted by the arrow from the latent variable to the indicators.

However, formative indicators represent various dimension on the latent construct that cause or form the latent construct (Chin, 1998; Gefen et al., 2000). Unlike reflective model, formative model does not assume that all the measures are caused by a single underlying construct, rather all measures have an impact on a single construct (Jarvis,

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MacKenzie, & Podsakoff, 2003). Therefore, the indicators do not require to be correlated (Gefen et al., 2000) which necessarily means that increase in one indicator does not need to go with other indicators of the construct (Chin & Newsted, 1999). All the constructs used in this study are modeled as reflective measurement models. These Constructs were adapted from some previous studies (see Section 3.7) that have undergone a laborious scale development process that emphasize on the items inter-correlations, uni-dimensionality, common variance and internal consistency and thus represent all the characteristics of reflective measurement model (Diamantopoulos & Siguaw, 2006).

3.14 Higher Order Model (HOM)

Higher order constructs reduce model complexity and allow more theoretical parsimony (MacKenzie, Podsakoff, & Jarvis, 2005; Wetzels, Odekerken-Schröder, & Van Oppen, 2009). According to Hair et al. (2013), a model is regarded as a complex model when it contains more than 7 variables and 50 items. Through the higher order construct a researcher can minimize the number of relationships in the structural model that help to make the PLS path model very parsimonious and easier and can reduce the problem when constructs are highly correlated (Hair et al., 2013). HOM can be either reflective or formative. Reflective type indicates an overall attitude where each of the dimensions reflects discrete attitudinal dimensions, while the formative type refers to an aggregation of individual views into a single summary representation (Chin & Gopal, 1995). Coltman et al. (2008) argue that in the reflective model all the items represent a common theme and thus any addition or deletion of an item does not change the theoretical domain of the construct.

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Hair et al. (2013) describe four main types of hierarchical order model such as reflective-reflective type I, reflective-formative type II, formative-reflective type III, and formative-formative type IV. In the current research framework, two latent variables managerial capability (independent variable) and private organizations support (moderating variable) formed second order construct and exhibit the reflective-reflective type I of hierarchical order model. All the first order construct shares the common themes to the second order construct. Also, the dropping of any fist order construct will not change the meaning of the second order. In PLS-SEM, higher order model can be constructed by three main approaches such as repeated indicator approach, two-stage approach and the hybrid approach (Becker, Klein, & Wetzels, 2012). The study follows the reflective-reflective higher order model and used repeated indicator approach to show higher order relationship as suggested by Hair et al. (2013). In this approach second order construct represents all the manifest variables of the underlying lower-order latent variable (Lohmöller, 1989).

3.15 Evaluation of PLS Path Model Results

According to Hair et al. (2011), there are two step process for estimating and interpreting PLS model which are the assessment of measurement model and the structural model. Following sub sections describe in details with criteria.

3.15.1 Assessment of the Measurement Model

The measurement model can be evaluated through determining the reliability and validity of the measurement items. In the evaluation process of measurement model,

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four different standards should be considered for determining the validity of the measurement model. These four standards are examined under two validity measurements like convergent validity and discriminant validity (Hair et al., 2011; Henseler et al., 2009).

Convergent validity is the degree where scores of one scale correlates with scores of another scales that are designed to estimate the same construct factor loading (Cooper & Schindler, 2008). According to Hair et al. (2013), convergent validity is the extent to which multiple items measuring the same construct should converge or allocate a higher proportion of variance in common. The indicator reliability, Average Variance Extracted (AVE) and Composite Reliability (CR) should assessed for the convergent validity.

Indicators reliability should be assessed to examine factor loadings where each of the indicator's absolute standardized loading should be greater than or equal to 0.7 as suggested by Hair et al. (2011). Some other scholars also suggest the same standardized loadings as 0.6 (Chin, 1998) and even there are evidences for 0.5 (Hair et al., 2010; Igbaria, Iivari, & Maragahh, 1995).

The next criterion is to estimate the Composite Reliability (CR) to assess the internal consistency reliability of the measurement items. Composite reliability represents the degree by which the latent variable can be described by the observed variables and can be explained as Cronbach's alpha (Henseler et al., 2009). However, composite reliability is better suited as compared to alpha value since at the time of model assessment, it prioritizes the indicators according to their reliability (Hair et al., 2011).

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According to Barroso et al. (2010), composite reliability is not affected by the existing item number in each scale and it uses the loadings of items extracted from the causal model, thus more preferred compared to the Cronbach's alpha. The reference value of composite reliability from 0.6 to 0.7 for exploratory studies and from 0.7 to 0.9 in more advanced researches is considered satisfactory (Nunnally & Bernstein, 1994). Composite reliability is deemed deficient when the values of composite reliability is less than 0.60, however, values above 0.90 might suggest an invalid measure, as this indicates the indicators are measuring the same concept (Hair et al., 2014).

AVE is the extent to which multiple items measuring the same construct should converge or allocate a higher proportion of variance in common (Hair et al., 2014). According to Ramayah, Lee, and In (2011), AVE indicates the degree where several items used in the research are in agreement in order to measure the same concept. AVE is the grand average value of the squared loadings of the indicators connected with the construct. The cut-off value for AVE is at least 0.5 and higher that indicates a satisfactory convergent validity. The AVE value of 0.5 or higher designates that a latent variable is capable of explaining half or more than half of the variance of its indicators on average and therefore this value is considered sufficient (Hair et al., 2013; Henseler et al., 2009). Therefore, Hair et al. (2010) suggested that factor loading should be above 0.708, because its square root is equal to 0.5.

For assessing the validity of the measurement model in PLS, the second important criterion is the discriminant validity. This validity is estimated to examine the differences between two conceptually different concepts (Henseler et al., 2009). According to Sekaran and Bougie (2010), it is a situation when two or more different

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concepts are not correlated to each other. The two important measures, Fornell-Larcker criterion and cross loadings are used to assess discriminant validity (Hair et al., 2014; Henseler et al., 2009). According to Fornell-Larcker criterion, the correlations between constructs should be compared with the square root of the AVE for that constructs and all the diagonal value of the constructs must be greater than the corresponding off-diagonal constructs (Chin, 2010). The second criteria for assessing discriminant validity is the cross loading that suggest that the loading of each indicator should be higher compared to others cross loading to ascertain discriminant validity (Götz et al., 2010; Hair et al., 2014).

To evaluate the quality of formative measures, the assessment of indicators' weights that include the examination of significance has been suggested (Hair et al., 2011). Besides, Variance Inflation Factor (VIF) should also be examined to evaluate the level of multicollinearity since indicators' information may become redundant for high level of multicollinearity (Hair et al., 2011). In PLS-SEM the cut-off value for VIF is recommended as 5 in order to determine the multicollinearity (Hair, Hult, Ringle & Sarstedt, 2017). When the value of VIF exceeds 5, it indicates the existence of multicollinearity and therefore it is suggested to delete the indicator to make the VIF accepted.

3.15.2 Assessment of Structural Model

After ensuring the appropriateness of the measures, it is important to provide evidences that support the theoretical model as demonstrated by the structural portion of the model (Chin, 2010). Structural model characterizes the relationship between latent variables

hypothesized in the research model (Duarte & Raposo, 2010). Like the measurement model, researcher needs to comply with various criteria for examining the structural model. The coefficient of determination (R^2) as well as the level of significance of the path coefficients, standard error, t-value and p-value are considered as the main evaluation criteria for structural model (Hair et al., 2011; Henseler et al., 2009).

The coefficient of determination (R^2) is an alternate means of assessing structural model quality in variance-based structural equation modeling, just as goodness-of-fit is in covariance based structural equation modeling (Götz, Liehr-Gobbers, & Krafft, 2010). The value of R^2 is vital in the research and there are different variations regarding the acceptable level of R^2 value. According to Falk and Miller (1992), an R^2 is deemed satisfactory if it exceeds 1.5 percent. However, Cohen (1988) developed different range for R^2 and suggested that value ranges from 0.02-0.12 indicates weak, 0.13-0.25 is moderate, and more than 0.26 is considered as substantial. According to Hair et al. (2011), the judgment of what R^2 value is high, totally depends on the specific research context. For instance, Rodrigues and Raposo (2011) found R^2 value of 19.7% and Chu (2009) found 31.5% in their studies of SMEs' business performance.

In PLS, assessment of effect size ($f2$) is required. The statistical significance like a P value can only show whether an effect exists and does not reveal the size of the effect and thus in reporting and interpreting results, both the substantive significance (effect size) and statistical significance (P value) are essential (Sullivan & Feinn, 2012). In estimating the effect size, Hair et al. (2014) suggested examining the change of R^2 value for each exogenous construct when omitted from the model to evaluate the substantive impact on the endogenous construct for the omitted construct. Then, the R^2 (excluded)

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is compared with the R^2 (included) of the model that includes all the variables in the study. Accordingly, the following formula is suggested to ascertain the value of $f2$ (Callaghan, Wilson, Ringle, & Henseler, 2007; Cohen, 1988).

$$f2 = (R^2 \text{ included} - R^2 \text{ excluded}) / (1 - R^2 \text{ included})$$

Cohen (1988) provided the guideline for measuring the magnitude of the effect size and suggested that 0.02, 0.15, and 0.35 represent small, medium and large effects sizes, respectively. However, Chin et al. (2003) postulated that a small effect size should not be neglected and said "Even a small interaction effect can be meaningful under extreme moderating conditions, if the resulting beta changes are meaningful, then it is important to take these conditions into account" (Chin et al., 2003, p. 211).

After the main model effect size, it is also important to assess the effect size ($f2$) of the moderator model against the main effect model (Cohen, 1988; Henseler & Fassott, 2010). Similar to the main model effect size, the procedure is to compare the coefficient of determination (R^2) of the main effect model (without interacting term) and the moderating effect model (all variable plus interacting terms). Hence, the same formula and evaluating criteria that are used for the main model effect size is followed to assess the effect size of the moderating effect.

Another important assessment in PLS is the Stone-Geisser test of predictive relevance (Q^2). In PLS analysis, this test is regarded as an additional assessment of model fit (Duarte & Raposo, 2010). The Q^2 shows a measure of how the observed values are reconstructed by the model and its parameter estimates (Chin, 1998). This assessment is performed by using the blindfolding procedure. Blindfolding is a sample reuse

technique that omits every d[th] data point in the endogenous construct's indicators and estimates the parameters with the remaining data points (Chin, 1998; Henseler et al., 2009). According to Hair et al. (2014), a blindfolding procedure should apply only for endogenous constructs that have a reflective measurement. For the Blindfolding setting, Hair, Sarstedt, Ringle, and Mena (2012) suggested an omission distance (OD) of 5 to 10 for most research.

The value of Q^2 greater than zero (0) indicates that the model has predictive relevance for a specific endogenous construct whereas the value of Q^2 lower than zero denotes lack of predictive relevance (Fornell & Cha, 1994; Hair et al., 2014). Hair et al. (2014) also stated that as a relative measure of Q^2, values of 0.02, 0.15 and 0.35 indicate that an exogenous construct has a small, medium, or large predictive relevance for a specific endogenous construct.

Finally, the effect size of the predictive relevance (q^2) is also important. To measure the effect size of the predictive relevance, Hair et al. (2014) suggest to follow the same procedure and criteria that are used in calculating and assessing the effect sizes (f^2). The value of predictive relevance Q^2 is used rather than R^2 values and should use the following formula;

$$q^2 = (Q^2 \text{ included} - Q^2 \text{ excluded}) / (1 - Q^2 \text{ included})$$

Path coefficients show the hypothesized relationship among the constructs (Hair et al., 2013). The single path coefficients of the structural model can be estimated as standardized beta coefficients of Ordinary Least Squares (OLS) regression. Paths that are insignificant or show opposite sign of the hypothesized direction are considered not supportive of the given hypothesis in the research (Hair et al., 2011). The path

coefficients have standardized values between -1 and +1. Calculated path coefficients close to +1 indicates strong positive relationship and value near to -1 shows the opposite (Hair et al., 2013). Decision for supported or not supported hypothesis is based on the path coefficient value and p-values. T-value greater than 1.96 and p-value less than 0.05 are considered significant and supported respectively.

3.16 Testing Moderating Effect in PLS

Moderator is the variable which affects the direction and or strength of the relationship between independent and depended variable (Baron & Kenny, 1986). Moderator variable can be qualitative/categorical like gender, race, class, etc. or quantitative such as level of reward. In this research, government support and private organizations support are the two quantitative moderators. Moderating effects or interaction effects is taking place when it influences the strength of the direct effect between independent and dependent variable (Henseler & Fassott, 2010). In PLS, the two approaches, product indicator and group comparison, can be utilized to estimate the interaction effects. The product indicator approach is appropriate for continuous variable such as Likert scale (Chin, Marcolin, & Newsted, 2003). In this approach, interaction term is derived by the multiplication of each item belong to endogenous variable and each item belong to moderating variable (Wilson, 2010).

The second approach, group comparison, is used where any of the endogenous or moderator variable does not characterize as continuous variable (Henseler & Fassott, 2010). In this approach, for each group the model with the direct effects is estimated individually and the interaction effect is examined by separating the model moderating effect observed by examining the differences in the model parameters (Henseler &

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Fassott, 2010). Henseler and Fassott (2010) suggest that for the moderating effects the interaction path must be significant in order to support the moderator hypothesis and moderating effect strength should be assessed by comparing the R^2 of the main effect model e.g. model without moderating effect from R^2 of the full model e.g. model including the moderating effect that is also known as the effect size. The study used both the steps for estimating the moderating effects.

3.17   Summary

This chapter starts with the philosophical approach of the research followed by the research design through which the research questions were answered and objectives achieved. A quantitative research design is adopted for explaining the phenomenon. The proposed research framework was formulated which contains four important resources as the independent variables; two moderating variables and the growth of small firm as the dependent variable. A complete form of instructions on how the study completed the operational variables that need to be measured, sampled, and collected in order to test the research hypotheses were presented.

The operational measurements of the variables have been furnished where the number of items to measure each variable and their sources has been presented. The study considered total 65 items for each of the independent, dependent, and moderating variable based on the scale developed by some previous studies. The pre-testing of the questionnaire, pilot-testing to finalize it, data collection procedure and data preparation has been discussed thoroughly. Some other important discussions related to SEM-PLS with its appropriateness to the research have also been made to understand the concept of SEM-PLS.

CHAPTER FOUR

RESEARCH FINDINGS

4.1   Introduction

In this chapter, the statistical results of data analysis and research findings are presented. The study used both descriptive and inferential statistics to analyse data. For this purpose, the Statistical Package for Social Science (SPSS) and the structural equation modelling with partial least squares method are considered. This chapter starts with the data collection and response rate followed by data preparation and screening which includes missing value analysis, outlier identification, normality, and the multicollinearity test. In order to test common method bias which may affect the results, Harman's single factor test was performed. Further, the profile of firms and respondents together with descriptive statistics of the constructs are presented. The subsequent sections of this chapter describe the results of the study derived through SEM-PLS and include the measurement model for goodness of measures, structural model for hypotheses testing and the effects of moderators.

4.2   Data Collection and Responses Rate

The data collection began in mid-September, 2015; then, after several visits for retrieval of the questionnaires, the survey ended at the end of October, 2015. The whole survey process consisted of several visits to the premises of small firms in different locations within the study area. In the first visit, the researcher or his team dropped off the survey questionnaires to small firm owners or managers with a short description of the research

objective. In the subsequent visits, the entire completed questionnaires were collected from the respondents. Hence, the survey instruments were picked up within one and a half month (September-October, 2015) of dropping off.

As mentioned in chapter three, the total targeted sample size was 382 and the researcher distributed double of that amount, 764 questionnaires, to reduce the sampling error and to minimize the non-response rate. Out of 764 questionnaires, the researcher received 426 questionnaire within the survey time from three selected divisions. The response rate from Dhaka division was 54.04%, Chittagong division 55.14%, and Rajshahi division 62.30%. Hence, the overall response rate of this survey was 55.76%. Some previous studies in Bangladesh related to SME research found the response rate of 59% (Sarder et al., 1997), and 31.46% (Islam et al., 2011). According to Iacobucci and Churchill (2009), O'Sullivan and Abela (2007), response rate of 12 to 20 per cent is satisfactory. Therefore, the retrieved responses are considered sufficient for the analysis. Table 4.1 shows the overall summary of the response rate.

Table 4.1
Overall Summary of the Response Rate

Division	No of Small Business operating	Percentage of Business	Questionnaire distributed	Questionnaire received	Response rate (%)
Dhaka	331,391	55%	420	227	54.04
Chittagong	167,226	28%	214	118	55.14
Rajshahi	100,028	17%	130	81	62.30
Total	598,645	100%	764	426	55.76

Source: Calculated by the researcher

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4.3 Data Preparation and Screening

After collecting data through a structured questionnaire, the data preparation for analysis was performed. The responses were checked to ascertain if there were omissions, inconsistency, straight line response, or ambiguity. Out of the 426 retrieved questionnaires, 407 are valid while 19 are dropped because of inconsistent information, missing values, and outliers. In such instances, Kumar, Talib, and Ramayah (2013) recommend that such cases be thrown out.

4.3.1 Data Coding and Detection of Entry Error

The study used Statistical Package for Social Sciences (SPSS) version 22 to prepare the data. In order to detect the outlier, each case was given a serial number. Using SPSS variable view, first of all the demographic variables were labelled. In the next step, all the items in the questionnaire were labelled with a code as follows: finance items are labelled as FIN1-FIN11, financial literacy as FINLIT, market orientation MO1-MO12, managerial knowledge and experience as MKE1-MKE4, managerial skills MS1-MS14, government support as GS1-GS8, private organizations information support as POIS1-POIS2, private organizations training support as POTS1-POTS2, small firm financial growth as SFFG1-SFFG4, and small firm non-financial growth as SFNFG1-SFNFG3, all in separate columns, respectively. The decimal, width, values, type were also specified in accordance with data coding and entry procedure demonstrated by Coakes and Steed, (2009); and Green and Salkind (2010). After that, to detect data entry error, a frequency was run and some errors were corrected accordingly for 'out of range' entry error.

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4.3.2   Analysis of Missing Values

There are many analysis techniques that do not accept data with missing values (Hair et al., 2010). Therefore, after collecting the filled-up questionnaires, the researcher checked one by one manually to identify any missing value. Then, after the input into the SPSS, the researcher again checked for missing value through the descriptive analysis. The researcher excluded 6 questionnaires from the entire collection of questionnaires due to missing values.

Two (2) missing values were detected from the demographic variables of respondents and their businesses. In terms of total asset without land and building, two respondents had not answered. These two owner-managers of small firms might be hesitant to disclose their asset size. Other demographic variables related to the respondents and their businesses recorded no missing value. In finance variable, item number 4 (FIN4) was found with one (1) missing value. One (1) missing value was detected in the dimension of managerial skills, item no. MS8. In the moderating variable, government support item no. GS5 found one (1) missing value followed by small firm non-financial growth with one (1) missing value in item no. SFNFG3. No missing values were detected for the constructs financial literacy, market orientation, managerial knowledge and experience, private organizations support and small firm financial growth. Table 4.2 shows the missing value analysis and the number of total missing values. According to Cohen and Cohen (1983), missing value creates problems if the total value of missing is above 10 per cent. However, the current study found a total number of six (6) missing values, which is only 1.41 percent and negligible. Since the study received more

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Table 4.2
Missing Value Analysis

Particulars of respondents and their businesses

		PB	Gen.	EQ	BA	BT	TA LB	NOE	BL	Exp.		
N	Valid	426	426	426	426	426	424	426	426	426		
	Missing	0	0	0	0	0	2	0	0	0		

Finance

		FIN1	FIN2	FIN3	FIN4	FIN5	FIN6	FIN7	FIN8	FIN9	FIN10	FIN11
N	Valid	426	426	426	425	426	426	426	426	426	426	426
	Missing	0	0	0	1	0	0	0	0	0	0	0

Financial Literacy

N	Valid	426	
	Missing	0	

Market Orientation

		MO1	MO2	MO3	MO4	MO5	MO6	MO7	MO8	MO9	MO10	MO11	MO12
N	Valid	426	426	426	426	426	426	426	426	426	426	426	426
	Missing	0	0	0	0	0	0	0	0	0	0	0	0

Managerial Knowledge and Experience

		MKE1	MKE2	MKE3	MKE4
N	Valid	426	426	426	426
	Missing	0	0	0	0

Table 4.2 (Continued)

Managerial Skills

		MS1	MS2	MS3	MS4	MS5	MS6	MS7	MS8	MS9	MS10	MS11	MS12	MS13	MS14
N	Valid	426	426	426	426	426	426	426	425	426	426	426	426	426	426
	Missing	0	0	0	0	0	0	0	1	0	0	0	0	0	0

Government Support

		GS1	GS2	GS3	GS4	GS5	GS6	GS7	GS8
N	Valid	426	426	426	426	425	426	426	426
	Missing	0	0	0	0	1	0	0	0

Private Organizations Support

		POIS1	POIS2	POIS3	POIS4	POTS1	POTS2	POTS3	POTS4
N	Valid	426	426	426	426	426	426	426	426
	Missing	0	0	0	0	0	0	0	0

Small Firm Financial and Non-financial growth

		SFFG1	SFFG2	SFFG3	SFFG4	SFNFG1	SFNFG2	SFNFG3
N	Valid	426	426	426	426	426	426	425
	Missing	0	0	0	0	0	0	1

Note: PB = Position in business, Gen = Gender, EQ = Educational qualification, BA = Business age, BT = Business type, TALB = Total asset without land and building, NOE = Number of employees, BL = Business location, Exp. = Experience, FIN = Finance, FINL = Financial literacy, MO = Market orientation, MKE = Managerial knowledge and experience, MS = Managerial skills, MC = Managerial capability, GS = Government support, POIS = Private organizations information support, POTS = Private organizations training support, POS = Private organizations support, SFFG = Small firm financial growth and SFNFG = Small firm non-financial growth.

responses (426) than the total sample size (382), these six questionnaires were not included in the final data set and 420 questionnaires were retained for further analysis.

4.3.3   Identification of Outliers

An outlier is an observation point that is distant from other observations. Outliers are said to occur when there are extreme scores for some cases, which are significantly different from the rest of the respondents. In statistical data analysis, outliers adversely affect the outcomes (Hair, Hult, Ringle, & Sarstedt, 2014; Iacobucci & Churchill, 2004; Kumar et al., 2013). The study considered the Mahalanobis Distance (D^2) approach to detect outliers out of the numerous approaches of detecting univariate and multivariate outliers (Pallant, 2011; Tabachnick & Fidell, 2007). This approach evaluates the position of each observation and compares it with the centre of all observations on a set of variables (Hair et al., 2007).

To generate the Mahal distance, the study used SPSS version 22 and followed the linear regression parameters. SPSS creates a new column in the data set called 'MAH_1' for each case, which was compared with the Chi square value. As a rule of thumb, the maximum Mahalanobis distance should not exceed the critical chi-squared value with degrees of freedom equivalent to the number of predictors and alpha =.001; if not, the outliers may be a problem in the data (Pallant, 2011). The study used the Chi square table to find the chi square value. Table 4.3 shows the residual statistics from the SPSS output.

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Table 4.3
Residuals Statistics[a] from SPSS Output for testing the Mahalanobis Distance

	Minimum	Maximum	Mean	Std. Dev	N
Predicted Value	1.9982	4.7220	3.3661	.48456	420
Std. Predicted Value	-2.823	2.798	.000	1.000	420
Std Error of Predicted Value	.120	.330	.181	.031	420
Adjusted Predicted Value	1.6935	4.7867	3.3675	.49722	420
Residual	-1.52041	1.60278	.00000	.45475	420
Std. Residual	-3.103	3.272	.000	.928	420
Stud. Residual	-3.326	3.477	-.001	1.003	420
Deleted Residual	-1.74599	1.81051	-.00144	.53196	420
Stud. Deleted Residual	-3.373	3.532	-.001	1.006	420
Mahal. Distance	**25.0837**	**187.513**	**57.862**	**20.928**	**420**
Cook's Distance	.000	.045	.003	.005	420
Centered Leverage Value	.057	.452	.138	.050	420
a. Dependent Variable: SFFG					

According to Table 4.3, the maximum Mahal. Distance is 187.513, while the Chi square value is 104.215. Based on the criteria, 13 observations were detected as outliers. Table 4.4 shows the number of outliers with the case number. In the SPSS, the study also computes the probability. As per the criteria, a probability of less than 0.001 indicates an outlier. Therefore, the 13 cases were identified as outliers (see Table 4.4). Since the sample size is adequate for analysis and the number of questionnaires is still greater than the required sample size, the study dropped these 13 cases and 407 questionnaires were used for the final analysis. Therefore, it can be concluded that there is no presence of multivariate outliers in this dataset.

Table 4.4
Detection of Outlier

Number	Observation Cases	Mahalanobis Distance (D^2)	Probability
1	43	113.87	.000171
2	185	172.43	.000000
3	279	123.88	.000015
4	318	115.76	.000110
5	325	134.31	.000001
6	330	146.27	.000000
7	352	115.61	.000114
8	356	114.62	.000144
9	361	118.59	.000056
10	383	128.14	.000005
11	390	109.23	.000492
12	396	106.76	.000846
13	407	187.51	.000000

4.3.4 Test of Normality

As assessment of the normality of data is a prerequisite for several statistical tests particularly covariance based structural equation modelling (Chin et al., 2003; Hair et al., 2007), the normal data is an underlying assumption in parametric testing. Normality means "symmetrical, bell-shaped curve, which has the greatest frequency of scores in the middle with smaller frequencies towards the extremes" (Gravetter & Wallnau, 2007, p. 48). There are many ways to test the normality of data, for example, graphics and statistics where the normal probability plots (Q-Q Plot), boxplot, scattered plot under graphics form and Kolmogorov-Smirnov and Shapiro-Wilks, Skewness and Kurtosis in the statistics method are commonly used (Tabachnick & Fidell, 2007). The study followed the procedure provided in Pallant (2011) to assess the normality of data.

Two important statistical approaches were considered to assess the distribution of the data. As recommended by Hair et al., (2007), for skewness and kurtosis, data is not normally distributed when the z-value exceeds -/+2.58. The z-score is ascertained by

dividing the skewness and kurtosis' statistics by the respective standard error (Pallant, 2011). Table 4.5 shows the value of skewness and kurtosis statistics and the z scores. From Table 4.5, it is evident that the z-values for several items (un-bolded) exceed the benchmark, thereby indicating that some data have departed from normality.

Table 4.5
Skewness and Kurtosis Analysis

| | Mean | Std. Dev. | Skewness | | | Kurtosis | | |
			Statistics	SE	Z value	Statistics	SE	Z value
FIN1	2.14	1.018	.805	.121	6.653	.019	.241	**0.079**
FIN2	2.49	.882	.326	.121	2.694	-.690	.241	-2.863
FIN3	2.43	1.026	.423	.121	3.496	-.598	.241	**-2.481**
FIN4	2.77	.888	.067	.121	0.554	-.211	.241	**-0.876**
FIN5	2.34	.964	.189	.121	1.562	-.921	.241	-3.822
FIN6	2.39	.930	.109	.121	0.901	-.844	.241	-3.502
FIN7	2.50	.952	.253	.121	**2.091**	-.917	.241	-3.805
FIN8	2.39	1.051	.061	.121	**0.504**	-1.162	.241	-4.822
FIN9	2.42	.984	.317	.121	2.620	-.865	.241	-3.589
FIN10	2.44	1.020	.101	.121	**0.835**	-1.046	.241	-4.340
FIN11	2.46	1.026	.137	.121	**1.132**	-1.110	.241	-4.606
FINLIT	3.55	1.058	.318	.121	2.628	1.537	.241	6.378
MO1	3.20	.629	.474	.121	3.917	.673	.241	2.793
MO2	3.49	.806	.115	.121	**0.950**	-.465	.241	**-1.929**
MO3	3.13	.727	.152	.121	**1.256**	.063	.241	**0.261**
MO4	3.16	.673	.387	.121	3.198	.394	.241	**1.635**
MO5	3.22	.649	.136	.121	**1.124**	.645	.241	2.676
MO6	3.28	.651	.291	.121	**2.405**	.152	.241	**0.631**
MO7	3.15	.668	.310	.121	**2.562**	.861	.241	3.573
MO8	3.15	.701	.381	.121	3.149	.749	.241	3.108
MO9	3.29	.651	.321	.121	2.653	.171	.241	**0.710**
MO10	3.11	.706	.270	.121	**2.231**	-.035	.241	**-0.145**
MO11	3.20	.688	.168	.121	**1.388**	.444	.241	**1.842**
MO12	3.33	.639	.328	.121	2.711	.123	.241	**0.510**
MKE1	3.13	.733	.131	.121	**1.083**	-.425	.241	**-1.763**
MKE2	3.19	.717	.027	.121	**0.223**	-.455	.241	**-1.888**
MKE3	3.18	.709	.146	.121	**1.207**	-.226	.241	**-0.938**
MKE4	3.10	.725	-.121	.121	**-1.000**	-.134	.241	**-0.556**
MS1	3.18	.751	.069	.121	**0.570**	-.330	.241	**-1.369**
MS2	3.15	.787	-.114	.121	**-0.942**	-.434	.241	**-1.801**

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Table 4.5 (Continued)

	Mean	Std. Dev.	Skewness			Kurtosis		
			Statistics	SE	Z value	Statistics	SE	Z value
MS3	3.09	.768	.040	.121	**0.331**	-.522	.241	**-2.166**
MS4	3.13	.760	.124	.121	**1.025**	-.569	.241	-2.361
MS5	3.15	.719	.048	.121	**0.397**	-.046	.241	**-0.191**
MS6	3.15	.765	.202	.121	**1.669**	-.395	.241	**-1.639**
MS7	3.04	.704	.023	.121	**0.190**	-.752	.241	-3.120
MS8	3.18	.751	-.443	.121	-3.661	-.104	.241	**-0.432**
MS9	3.10	.712	.054	.121	**0.446**	-.552	.241	**-2.290**
MS10	3.14	.759	-.006	.121	**-0.050**	-.413	.241	**-1.714**
MS11	3.09	.768	.007	.121	**0.058**	-.593	.241	**-2.461**
MS12	3.11	.706	-.068	.121	**-0.562**	-.796	.241	-3.303
MS13	3.13	.776	-.062	.121	**-0.512**	-.338	.241	**-1.402**
MS14	3.02	.842	-.271	.121	**-2.240**	-.070	.241	**-0.290**
GS1	1.96	.992	.927	.121	7.661	.183	.241	**0.759**
GS2	2.15	.957	.560	.121	4.628	-.425	.241	**-1.763**
GS3	2.12	1.033	.830	.121	6.860	.093	.241	**0.386**
GS4	1.97	.957	.781	.121	6.455	-.158	.241	**-0.656**
GS5	2.02	1.005	.781	.121	6.455	-.197	.241	**-0.817**
GS6	2.01	.932	.654	.121	5.405	-.104	.241	**-0.432**
GS7	2.06	1.034	.949	.121	7.843	.305	.241	**1.266**
GS8	2.02	.866	.619	.121	5.116	.019	.241	**0.079**
POIS1	2.28	1.038	.380	.121	3.140	-.902	.241	-3.743
POIS2	2.45	1.039	.267	.121	**2.207**	-.759	.241	-3.149
POIS3	2.47	1.021	.369	.121	3.050	-.522	.241	-2.166
POIS4	2.53	1.045	.120	.121	**0.992**	-1.045	.241	-4.336
POTS1	2.51	1.073	.235	.121	**1.942**	-.811	.241	-3.365
POTS2	2.32	.957	.362	.121	2.992	-.778	.241	-3.228
POTS3	2.44	1.041	.352	.121	2.909	-.791	.241	-3.282
POTS4	2.42	1.033	.222	.121	**1.835**	-.728	.241	-3.021
SFFG1	3.37	.867	.140	.121	**1.157**	-.635	.241	-2.635
SFFG2	3.05	.788	.251	.121	**2.074**	-.608	.241	**-2.523**
SFFG3	3.46	.969	.008	.121	**0.066**	-.974	.241	-4.041
SFFG4	3.62	.860	-.132	.121	**-1.091**	-.505	.241	-2.095
SFNFG1	3.28	.816	.093	.121	**0.769**	-.299	.241	**-1.241**
SFNFG2	3.46	.966	-.133	.121	**-1.099**	-.579	.241	**-2.402**
SFNFG3	3.48	.933	-.246	.121	**-2.033**	-.407	.241	**-1.689**

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The study also adapted the Kolmogorov-Smirnov and Shapiro-Wilks Statistics to check data normality. According to the method, if the item(s) is/are significant at < 0.001, the data suffers from normality. SPSS version 22 was used to calculate the statistical values for Kolmogorov-Smirnov and Shapiro-Wilks statistics as shown in Table 4.6. The results of Table 4.6 reveal that all the variables are significant at <0.001, an indication of violation of normality assumption. Hence, based on the examination of the data distribution through two important statistical approaches, it is concluded that the data for this study is not normally distributed.

Table 4.6
Kolmogorov-Smirnov and Shapiro-Wilks Statistics

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
FIN1	.281	407	.000	.845	407	.000
FIN2	.288	407	.000	.851	407	.000
FIN3	.257	407	.000	.883	407	.000
FIN4	.227	407	.000	.891	407	.000
FIN5	.217	407	.000	.876	407	.000
FIN6	.216	407	.000	.879	407	.000
FIN7	.272	407	.000	.858	407	.000
FIN8	.205	407	.000	.872	407	.000
FIN9	.266	407	.000	.866	407	.000
FIN10	.199	407	.000	.882	407	.000
FIN11	.222	407	.000	.871	407	.000
FINLIT	.221	407	.000	.889	407	.000
MO1	.361	407	.000	.771	407	.000
MO2	.253	407	.000	.862	407	.000
MO3	.293	407	.000	.840	407	.000
MO4	.334	407	.000	.801	407	.000
MO5	.338	407	.000	.794	407	.000
MO6	.335	407	.000	.796	407	.000
MO7	.343	407	.000	.796	407	.000
MO8	.337	407	.000	.809	407	.000
MO9	.337	407	.000	.795	407	.000
MO10	.301	407	.000	.824	407	.000
MO11	.322	407	.000	.817	407	.000
MO12	.339	407	.000	.787	407	.000
MKE1	.273	407	.000	.837	407	.000

Table 4.6 (Continued)

	Kolmogorov-Smirnov			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
MKE2	.275	407	.000	.831	407	.000
MKE3	.293	407	.000	.829	407	.000
MKE4	.272	407	.000	.840	407	.000
MS1	.268	407	.000	.849	407	.000
MS2	.235	407	.000	.860	407	.000
MS3	.247	407	.000	.853	407	.000
MS4	.256	407	.000	.844	407	.000
MS5	.288	407	.000	.838	407	.000
MS6	.268	407	.000	.847	407	.000
MS7	.265	407	.000	.818	407	.000
MS8	.240	407	.000	.833	407	.000
MS9	.273	407	.000	.827	407	.000
MS10	.255	407	.000	.852	407	.000
MS11	.242	407	.000	.851	407	.000
MS12	.262	407	.000	.817	407	.000
MS13	.247	407	.000	.859	407	.000
MS14	.250	407	.000	.874	407	.000
GS1	.246	407	.000	.820	407	.000
GS2	.255	407	.000	.861	407	.000
GS3	.262	407	.000	.847	407	.000
GS4	.238	407	.000	.830	407	.000
GS5	.240	407	.000	.836	407	.000
GS6	.218	407	.000	.848	407	.000
GS7	.274	407	.000	.828	407	.000
GS8	.252	407	.000	.849	407	.000
POIS1	.230	407	.000	.870	407	.000
POIS2	.214	407	.000	.894	407	.000
POIS3	.235	407	.000	.894	407	.000
POIS4	.218	407	.000	.884	407	.000
POTS1	.207	407	.000	.898	407	.000
POTS2	.264	407	.000	.863	407	.000
POTS3	.250	407	.000	.882	407	.000
POTS4	.187	407	.000	.893	407	.000
SFFG1	.238	407	.000	.874	407	.000
SFFG2	.244	407	.000	.845	407	.000
SFFG3	.204	407	.000	.880	407	.000
SFFG4	.232	407	.000	.877	407	.000
SFNFG1	.255	407	.000	.871	407	.000
SFNFG2	.202	407	.000	.898	407	.000
SFNFG3	.228	407	.000	.892	407	.000

For analysing data, the study considered the PLS-SEM method. One of the significant advantages of this method is its assumption regarding the normality of data. PLS-SEM is regarded as a soft modeling method for its more relaxed assumptions which are required to fulfil the CB-SEM (Hair et al., 2011). According to Urbach and Ahlemann (2010), there are some arguments in favour of PLS as the statistical means in order to test the SEM models including fewer demands regarding the sample size, data does not require normal distribution, can be applied in a complex structural model with a large number of constructs and so on. Therefore, using the PLS-SEM overwhelmed the problem of normality and the results of the analysis were not disturbed with such a problem.

4.3.5   Test of Multicollinearity

Multicollinearity is the relationship between multiple independent variables (Hair et al., 2010). In statistics, this is a phenomenon where two or more predictor variables in a multiple regression model are highly correlated. In multiple regression analyses, such as SEM, the independent variables are assumed not to be linearly related because the higher linear multicollinearity creates the difficulties in interpreting the relationships. Therefore, determining the influence of each predictor variable on the outcome variable is vague due to the compounded inter-predictor relationships (Field, 2009; Hair et al., 2010). In addition to that, Field (2009) and Tabachnick and Fidell (2007) argued that the presence of such multicollinearity reduces the size of path coefficients (beta) and increases the standard error and therefore reduces the statistical significance (t-value). To test the multicollinearity problem that may exist in the data, the study first examined the inter construct correlation matrix to identify if there are any two predictor variables

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that are highly correlated as suggested by Hair et al. (2010) and Tabachnick and Fidell (2007). They recommended a benchmark of >0.9 as yardstick that suggests there is multicollinearity. The study constructed a correlation matrix that is shown in Appendix B and found no inter-predictor correlation among the variables. In fact, the highest correlation is 0.523; between small firm financial growth and small firm non-financial growth.

The study further examined the tolerance values and variance inflated factor (VIF) as suggested by Hair et al. (2017). The threshold values that suggested a serious multicollinearity are <0.20 and >5 for tolerance values and VIF respectively (Hair et al., 2017). Using SPSS version 22, the collinearity diagnostic was run. Accordingly, the study found the absence of multicollinearity among the constructs as the lowest tolerance value is 0.327, while the highest VIF is 3.057 as evidenced in Table 4.7.

Table 4.7
Collinearity Statistics

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.155	.330		-.471	.638		
	FINLIT	.298	.026	.475	11.411	.000	.952	1.050
	AFIN	.198	.040	.209	4.929	.000	.912	1.096
	AMO	.442	.059	.316	7.445	.000	.915	1.092
	AGS	.039	.033	.048	1.173	.241	.989	1.012
	AMKE	.039	.053	.034	.733	.464	.763	1.310
	AMS	.060	.061	.045	.984	.326	.787	1.270
	APOIS	-.021	.057	-.026	-.368	.713	.330	3.035
	APOTS	.091	.059	.108	1.528	.127	.327	3.057
a. Dependent Variable: SFFG								

4.3.6 Common Method Bias

CMV is a "variance that is attributable to the measurement method rather than to the constructs the measures represent" (Podsakoff, MacKenzie, Lee, & Podsakoff, 2003). CMV may result when the survey or interview of any study or research involves a single source for gathering responses (Richardson, Simmering, & Sturman, 2009). CMV creates a fake internal consistency which means there is an apparent correlation between the variables generated by their common source. Therefore, it is a threat for the validity of the relationship between variables. There are many reasons as stated by Podsakoff et al. (2003) for such biasness like common rater effect, consistency motif, social desirability, acquiescence biases, common scale format, item social desirability and scale length. However, a very common problem occurs when same respondents are asked to fill the questionnaire for both the cause and effect for example firm capability and its international performance. Common methods can create systematic measurement errors by which the observed relationships between constructs may be inflated or deflated and can generates both Type I and Type II errors (Chang, Van Witteloostuijn, & Eden, 2010).

Since, researchers have argued about the possibility of common method bias resulting from using a single-source survey (Gerhart, Wright, MAHAN, & Snell, 2000; Han, Chou, Chao, & Wright, 2006; Nishii, Lepak, & Schneider, 2008), the study takes a great care to deal with this problem. The study used a cross sectional survey method that indicates all kinds of data was collected from a single respondent within a firm which may create the problem of common method bias (Podsakoff et al., 2003). In order to assess the presence of common method bias, the study performed Harman's single

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factor test which is well recognized to test the CMV. This technique involves loading all the indicators into an exploratory factor analysis and subsequently examines the un-rotated component matrix in order to determine the number of influential factors that account for the variance in that variable. If the entire factors load into a single factor or most of the covariance among measures is reported for by a single factor, it is claimed that CMV is present. Under this technique, if the percentage of the variance for a single factor shows less than 50%, it indicates that there is no significant biases exist in the dataset.

For this purpose, an un-rotated factor analysis was conducted for all measurement items that extracted 13 factors with eigenvalues equal to one (Appendix A). The total 13 factors contributed 66.81 percent of the total variance. The first factor accounted for 12.67 percent of the variance which is lower than the cut-off value of 0.5. Therefore, it is concluded that the common method bias is not a major concern for this research.

4.4   Respondents' Profile

The study surveyed with a structured questionnaire among small firms operating in three important divisions of Bangladesh where most of the small firms (around 70 percent) are concentrated. The questionnaire starts with two screening questions about the age of business and their involvement with formal financial sectors. Therefore, all the respondents either are involved or tried to be involved with the formal financial sectors and their business age is more than three years.

The unit of analysis of this study is small firms and the respondents are owners or the managers where owners are absent from their businesses operation. Table 4.8 shows the profile of the respondents. According to Table 4.8, about 70 percent of the total respondents are the owners who are actively involved with their business operations and the rest 30 percent are managers who run the business for their employers. Almost all the respondents (96.56 percent) are male except 3.44 percent of female. Although the half of total population in Bangladesh is female, their participation in running a business is highly insignificant. It is also evident that the number of female entrepreneurs in almost every economy is very few and in developing countries most of the females are less likely to be entrepreneurs due to various social constraints and their inherent characteristics (Kelley, Singer, & Herrington, 2012).

In Bangladesh, most of the small firms are family based and their owner-managers lack proper and higher education. Current study found that around 41 percent of the respondents completed Higher Secondary Certificates (HSC) followed by 31.70 percent in bachelor degree. The level of education for secondary or less was around 20 percent. A small portion (around 6 percent) of respondents completed postgraduate degree and the respondents having diploma is negligible (1.72 percent).

The majority of firms has low business experience in terms of their age. Around 60 percent of the sample firms were 3 to 10 years old followed by 11 to 18 years' group (28.50 percent). 9.34 percent of the firms fall in between 19 to 26 years' group whereas less than 3 percent firms were more than 26 years old. The survey of the study included three major categories of small firms such as manufacturing, trading and services sectors. The results showed that more than half (58.72 percent) of the sample firms are

trading firms, 22.36 percent are service oriented firms and only 18.92 percent are in the manufacturing business. In Bangladesh, most of the small firms are trading business (Mamun et al., 2013) and therefore, the number of respondents from the trading sector is high.

Table 4.8
Respondents Profile

Demographics		Frequency (N = 407)	Percentage
Position in Business			
	Owner	283	69.53
	Manager	124	30.47
Gender			
	Male	393	96.56
	Female	14	3.44
Level of Education			
	Secondary or less	81	19.90
	HSC	166	40.79
	Diploma	7	1.72
	Bachelor	129	31.70
	Postgraduate	24	5.90
Age of business			
	3 - 10 years	243	59.71
	11- 18 years	116	28.50
	19 - 26 years	38	9.34
	27 - 34 years	9	2.21
	35 years and more	1	0.25
Type of business			
	Manufacturing	77	18.92
	Trading	239	58.72
	Service	91	22.36
Size of business (BDT) (Total fixed asset without land and Building)	0.5 million -10 million	354	86.98
	10 million - 20 million	19	4.67
	20 million - 30 million	10	2.46
	30 million - 40 million	13	3.19
	40 million and above	11	2.70
Number of employees			
	3-10	271	66.58
	11-20	65	15.97
	21-30	37	9.09

Table 4.8 (Continued)

Demographics		Frequency (N = 407)	Percentage
	31-40	15	3.69
	41 and above	19	4.67
Location of business			
	Rural	97	23.83
	Urban	243	59.71
	Semi-urban	67	16.46
Working experience			
	None	30	7.37
	Less than 2 years	98	24.08
	2 - 5 years	150	36.86
	5 - 10 years	86	21.13
	More than 10 years	43	10.57

In Bangladesh, a small firm is defined by two criteria, total asset size without land and building and number of employees. The range of asset without land and building is between BDT 0.5 million to 100 million and the range of employees is between 6 to 99. According to survey results, a large portion (around 87 percent) of the sample firms are in between BDT 0.5 million to 10 million. The 4.67 percent of the firms fall in the range of BDT 10 million to 20 million followed by 3.19 percent in BDT 30 million to 40 million. Only 2.7 percent of the total sample firms are above 40 million.

In terms of number of employees, the majority (around 67 percent) of the firms had less than 10 employees. It is worthy to mention that although the minimum number of employees should be 6 for trading business and 10 for services oriented firm, very few of the firms had less than these number. As these firms satisfy the other criteria, the asset size, they are considered as small firms.

Since the study conducted a survey in three broad divisions of Bangladesh and their 36 districts, the location of rural, urban and semi urban (also called Upazilla/sub-district)

area are considered. The rural area covers the village and the unit of local government that is also called Union. The majority of the respondents (around 60 percent) are from the urban areas, 23.83 percent are from the rural areas, and only 16.46 percent of them are from the semi-urban areas.

4.5   Assessment of Measurement Model (Outer model)

The measurement model started with the assessment of goodness of the measurement and the constituent of the model. In general, the quality of the measurement model depends on the reliability and validity of the measurement items that denote its constructs. In this research, all the measurement items of each variable are reflective both theoretically and statistically. According to Coltman et al. (2008) and Diamantopoulos and Siguaw (2006), all the reflective measurement items should exhibit a high positive inter-correlation and also theoretically should be manifested by the construct. As per their suggestions, the study examined the item correlations and found that all the measurement items are highly correlated within the variable. Appendix C furnished all the items correlations with each other within the same variable.

The study included all the variables and also the higher order constructs to assess the measurement model (see Figure 4.1). Besides, the mean and standard deviation of all the 65 items are estimated and shown in Appendix D. According to Hair et al. (2011), reflective measurement model should be evaluated through interpreting their reliability and validity. Therefore, the goodness of measurement model can be assessed through reliability, convergent, and discriminant validity (Chin, 2010).

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4.5.1 Indicator Reliability

The first criterion for convergent validity is to ensure the indicators reliability. In this research, 0.6 is considered as the cut-off value for the standardized loadings which is also considered significant for other previous studies (for example Gholami, Sulaiman, Ramayah, & Molla, 2013; Surienty, Ramayah, Lo, & Tarmizi, 2014). The PLS algorism was applied to calculate item loadings. Based on this cut-off value, a total of six items, one item from market orientation (MO2) and five items from managerial skills (MS5, MS7, MS8, MS12 and MS14), were deleted. Five items were deleted for poor loadings such as MO2 (0.177), MS5 (0.574), MS7 (0.409), MS8 (0.423), and MS14 (0.262) based on the criteria mentioned above.

However, one item from managerial skills MS12 was deleted although the loading value (0.603) is higher than the criteria. This is because deletion of MS12 led to an increase in the composite reliability and average variance extracted of managerial capability construct to the minimum acceptable value. Hence, the total of six items was deleted from the 65 items and finally 59 items were retained for the analysis. Table 4.9 depicts the entire retained items and their respective loadings. According to Table 4.9, the minimum value of factor loading was 0.640 for item MO1 and maximum value was 0.963 for GS7.

4.5.2 Internal Consistency Reliability

Standard algorism technique in Smart PLS was applied to calculate the composite reliability for all the latent constructs. Table 4.9 shows the values of composite reliability for all the constructs. According to Table 4.9, all the latent constructs have

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met and exceeded the minimum threshold value of 0.70 (Hair et al., 2011; Henseler et al., 2009). As stated above, Bagozzi and Yi (1988) suggested the cut-off value for CR as 0.6 whereas other scholars (Hair et al., 2014; Nunnally & Bernstein, 1994) recommended the same at 0.7. Managerial capability shows the minimum CR of 0.814 and government support has the highest CR of 0.942. It is important to note that some latent constructs have exceeded the 0.90 benchmark for desirable value, but is not a 'definite' undesirable value, as it did not exceed 0.95 as suggested by Hair et al. (2014). Finally, it can be said that the measurement model satisfied all the requirements of composite reliability.

Table 4.9
Internal Consistency Reliability and Convergent Validity

First order constructs	Higher Order Constructs	Item Type	Items	Loadings	AVE[a]	CR[b]
Finance		Reflective	FIN1	0.757	0.514	0.921
			FIN2	0.674		
			FIN3	0.693		
			FIN4	0.677		
			FIN5	0.718		
			FIN6	0.710		
			FIN7	0.702		
			FIN8	0.697		
			FIN9	0.737		
			FIN10	0.760		
			FIN11	0.750		
Financial literacy		Reflective	FINLIT	1.000	1.000	1.000
Government Support		Reflective	GS1	0.833	0.671	0.942
			GS2	0.865		
			GS3	0.834		
			GS4	0.790		
			GS5	0.778		
			GS6	0.799		
			GS7	0.874		
			GS8	0.771		
Market Orientation		Reflective	MO1	0.640	0.555	0.932
			MO3	0.770		
			MO4	0.722		
			MO5	0.709		
			MO6	0.773		

Table 4.9 (Continued)

First order constructs	Higher Order Constructs	Item Type	Items	Loadings	AVE[a]	CR[b]
			MO7	0.755		
			MO8	0.728		
			MO9	0.813		
			MO10	0.657		
			MO11	0.770		
			MO12	0.831		
Managerial Knowledge & Exp.		Reflective	MKE1	0.850	0.646	0.879
			MKE2	0.744		
			MKE3	0.803		
			MKE4	0.815		
Managerial Skills		Reflective	MS1	0.761	0.588	0.927
			MS2	0.856		
			MS3	0.701		
			MS4	0.731		
			MS6	0.767		
			MS9	0.811		
			MS10	0.698		
			MS11	0.691		
			MS13	0.860		
	Managerial Capability				0.692	0.814
Private Organizations Information Support		Reflective	POIS1	0.773	0.640	0.877
			POIS2	0.778		
			POIS3	0.846		
			POIS4	0.800		
Private Organizations Training Support		Reflective	POTS1	0.824	0.600	0.856
			POTS2	0.764		
			POTS3	0.828		
			POTS4	0.671		
	Private Org. Support				0.906	0.941
Financial Growth		Reflective	SFFG1	0.796	0.583	0.848
			SFFG2	0.763		
			SFFG3	0.806		
			SFFG4	0.681		
Non-Financial Growth		Reflective	SFNFG1	0.646	0.603	0.818
			SFNFG2	0.822		
			SFNFG3	0.846		

Note: Items MO2, MS5, MS7, MS8, MS12 and MS14 were deleted for loading <0.6.

[a] AVE = (summation of squared factor loadings)/(summation of squared factor loadings) * (summation of error variances).

[b] CR = (square of the summation of the factor loadings)/[(square of the summation of factor loadings) + (square of the summation of error variances)]
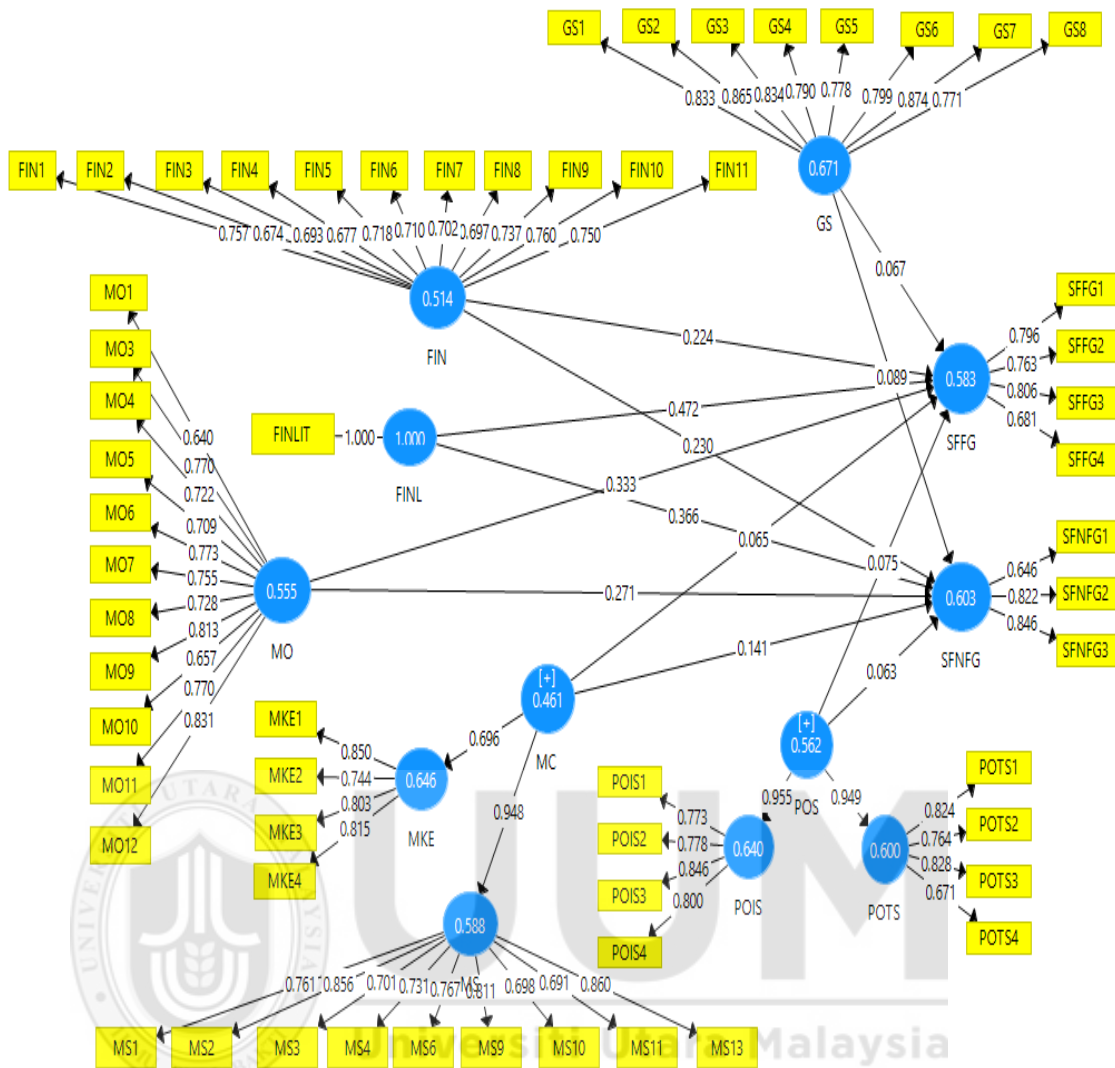
Note: FIN = Finance, FINL = Financial literacy, MO = Market orientation, MKE = Managerial knowledge and experience, MS = Managerial skills, MC = Managerial capability, GS = Government support, POIS = Private organizations information support, POTS = Private organizations training support, POS = Private organizations support, SFFG = Small firm financial growth and SFNFG = Small firm non-financial growth.

Figure 4.1
Measurement Model

4.5.3 Average Variance Extracted (AVE)

The study used Average Variance Extracted (AVE) to evaluate the convergent validity based on Hair et al. (2010) and Fornell and Larcker (1981) criteria. Result of the PLS algorism reveals that AVE values for all the constructs have met and exceeded the

minimum threshold value discussed above (see Table 4.9). The convergent validity in terms of AVE showed a satisfactory result as all the constructs had more than 0.5 of minimum threshold. The values of AVE ranged from 0.514 to 0.906.

4.5.4 Discriminant Validity

For variance-based SEM, the Fornell-Larcker criterion and the estimation of cross-loadings are the principal approaches for examining discriminant validity (Henseler, Ringle, & Sarstedt, 2015). Therefore, the study employed both the criteria to assess discriminant validity. Based on the Fornell-Larcker criterion, the results of the discriminant validity which is exhibited in Table 4.10 reveal that all the diagonal values of the constructs are greater than the corresponding off-diagonal constructs. Therefore, the results show adequate discriminant validity of the measurement model.

Table 4.10
Discriminant Validity

	1	2	3	4	5	6	7	8
1. FIN	0.717							
2. FINL	0.01	Single item						
3. GS	-0.024	-0.008	0.819					
4. MC	0.142	0.086	-0.032	0.679				
5. MO	-0.23	-0.01	-0.069	-0.029	0.745			
6. POS	0.018	-0.057	0.001	0.031	-0.004	0.75		
7. SFFG	0.162	0.471	0.033	0.128	0.269	0.053	0.763	
8. SFNFG	0.191	0.373	0.057	0.196	0.204	0.049	0.725	0.776

Note: Diagonals (bolded) indicates the squared root of average variance extracted (AVE) while the other entries represent the correlations among constructs. FIN = Finance, FINL = Financial literacy, GS = Government support, MC = Managerial capability, MO = Market orientation, POS = Private organizations support, SFFG = Small firm financial growth and SFNFG = Small firm non-financial growth.

In addition, the study also used another criterion, cross loading, for assessing discriminant validity which suggests that the loading of each indicator should be higher compared to other cross loading to ascertain discriminant validity (Götz et al., 2010;

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Hair et al., 2013). The loadings and cross loadings are estimated by running PLS-algorithm analysis. The result of the cross loadings is shown in Appendix E. The study found no item of its construct column that highly correlated with any other construct item. The results showed the satisfactory outcome and no items needed to be deleted for cross loadings. Based on Chin (1998) and Fornell and Larcker (1981) suggestions, the items are more loyal to their mother construct than in any other construct. Table 4.11 also shows that all the items loadings are significant (p<0.001).

Table 4.11
Significance of the Loadings

Constructs	Items	Loadings	Path Coefficient	Std. Error	T value
Finance	FIN1	0.757	0.757	0.020	37.178
	FIN2	0.674	0.674	0.028	24.427
	FIN3	0.693	0.693	0.027	25.652
	FIN4	0.677	0.677	0.026	26.564
	FIN5	0.718	0.718	0.023	31.851
	FIN6	0.710	0.710	0.022	31.653
	FIN7	0.702	0.702	0.025	27.650
	FIN8	0.697	0.697	0.029	23.947
	FIN9	0.737	0.737	0.022	33.990
	FIN10	0.760	0.760	0.018	41.356
	FIN11	0.750	0.751	0.023	32.677
Financial literacy	FINLIT	1.000	1.000	00000	00000
Government Support	GS1	0.833	0.834	0.382	2.182
	GS2	0.865	0.864	0.334	2.592
	GS3	0.834	0.835	0.374	2.229
	GS4	0.790	0.789	0.346	2.285
	GS5	0.778	0.778	0.331	2.349
	GS6	0.799	0.799	0.257	3.104
	GS7	0.874	0.875	0.383	2.283
	GS8	0.771	0.770	0.311	2.477
Market Orientation	MO1	0.640	0.556	0.036	17.446
	MO3	0.770	0.450	0.028	27.189
	MO4	0.722	0.801	0.026	27.436
	MO5	0.709	0.527	0.027	26.637
	MO6	0.773	0.630	0.014	54.239
	MO7	0.755	0.772	0.023	32.707
	MO8	0.728	0.714	0.024	30.169
	MO9	0.813	0.710	0.014	58.823
	MO10	0.657	0.770	0.036	18.487

Table 4.11 (Continued)

Constructs	Items	Loadings	Path Coefficient	Std. Error	T value
	MO11	0.770	0.757	0.020	38.365
	MO12	0.831	0.736	0.016	50.953
Managerial Knowledge & Experience	MKE1	0.850	0.556	0.029	18.966
	MKE2	0.744	0.450	0.036	12.439
	MKE3	0.803	0.801	0.022	36.926
	MKE4	0.815	0.527	0.034	15.699
Managerial Skills	MS1	0.761	0.763	0.019	40.870
	MS2	0.856	0.828	0.013	62.212
	MS3	0.701	0.699	0.027	26.288
	MS4	0.731	0.670	0.026	25.920
	MS6	0.767	0.752	0.019	39.165
	MS9	0.811	0.792	0.017	46.834
	MS10	0.698	0.655	0.024	27.000
	MS11	0.691	0.649	0.025	25.929
	MS13	0.860	0.839	0.013	64.853
Private Organization Information Support	POIS1	0.773	0.745	0.017	43.189
	POIS2	0.778	0.779	0.014	54.078
	POIS3	0.846	0.846	0.009	95.664
	POIS4	0.800	0.800	0.011	75.255
Private Organization Training Support	POTS1	0.824	0.825	0.009	93.377
	POTS2	0.764	0.764	0.014	55.481
	POTS3	0.828	0.828	0.009	89.199
	POTS4	0.671	0.671	0.019	35.513
Financial Growth	SFFG1	0.796	0.798	0.015	54.565
	SFFG2	0.763	0.762	0.018	43.307
	SFFG3	0.806	0.804	0.014	55.735
	SFFG4	0.681	0.683	0.023	30.389
Non-Financial Growth	SFNFG1	0.646	0.645	0.038	16.879
	SFNFG2	0.822	0.821	0.017	49.410
	SFNFG3	0.846	0.848	0.015	56.225

Note: FIN = Finance, FINL = Financial literacy, MO = Market orientation, MKE = Managerial knowledge and experience, MS = Managerial skills, MC = Managerial capability, GS = Government support, POIS = Private organizations information support, POTS = Private organizations training support, POS = Private organizations support, SFFG = Small firm financial growth and SFNFG = Small firm non-financial growth.

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4.6   Level of Resources and Financial and Non-financial Growth.

One of the objectives of the study is to measure the level of independent, moderator, and dependent variables. For this purpose, the study used descriptive statistics to estimate the level of constructs which is shown in Table 4.12. All the estimated values are compared with the average score of the scale. Since the study used 5-point Likert scale and Likert type scale to capture respondent's responses except financial literacy which measured through 10 questions equivalent to 10 marks, the study followed the mean value of the scale. The mean value (midpoint) of the scale is calculated by adding lowest and highest value divided by two (Biddix, n.d). Therefore, the mean score for financial literacy is 5 and for all other variables are 3. The mean value of finance is found to be 2.43, which is below the midpoint of 3 with the standard deviation of 0.70.

Table 4.12
Descriptive Statistics for Measuring Level of Constructs

	Range	Minimum	Maximum	Mean	Std. Deviation
FIN	3.27	1.00	4.27	2.433	.7040
FINL	8.00	1.00	9.00	3.552	1.058
MO	2.92	2.08	5.00	3.225	.4750
MC	2.33	2.06	4.39	3.125	.4612
GS	3.88	1.00	4.88	2.037	.8134
POS	3.38	1.00	4.38	2.426	.7718
SFFG	3.00	2.00	5.00	3.372	.6653
SFNFG	3.00	2.00	5.00	3.407	.7047

Note: FIN = Finance, FINL = Financial literacy, MO = Market orientation, MC = Managerial capability, GS = Government support, POS = Private organizations support, SFFG = Small firm financial growth and SFNFG = Small firm non-financial growth.

Financial literacy variable is measured with a short test through 10 different questions related to their financial literacy. This test is evaluated with 10 marks, 1 mark for each question. The result showed that respondents secured the average of 3.55 marks out of 10 marks which is also below the average. The mean value of other two independent

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variables market orientation and managerial capability shows above the midpoint of 3 with the standard deviation of less than 0.5.

The two moderating variables, government support and private organizations support have the mean values of 2.04 and 2.43, which are below the mid-point with standard deviation of 0.81 and 0.77 respectively. The descriptive statistics show that the score for mean value of financial growth and non-financial growth is above the mid-point. The average values are 3.37 and 3.41 with standard deviation of 0.66 and 0.70 respectively.

4.7   Assessment of Structural Model

The coefficient of determination (R^2), beta as well as the level of significance (t-values) of path coefficients are the main evaluation criteria for assessing the structural model (Hair et al., 2013; Henseler et al., 2009). To assess the structural model, first of all, the coefficient of determination (R^2) is used, based on Chin (1998) and Cohen (1988), to measure the variance explained in the outcome variable, by the predictor variables. Then, the significance and relevance of the structural model is evaluated based on the value of path coefficient, statistical t-values and standard error. This is done through the bootstrapping procedure in SmartPLS 3 for both the main effect model and the moderating effect.

Beside the basic measures, the study also reported the predictive relevance (Q^2) and the effect size (f^2) as suggested by Hair et al. (2014) and Soto-Acosta, Popa, and Palacios-Marqués (2016). The effect sizes (f^2) of each of the exogenous variable as well as the effect size of the moderating variables are calculated and evaluated using Cohen (1988)

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criteria. To determine the predictive relevance (Q^2) and effect size (q^2), the blindfolding procedure is used (Chin, 1998; Hair et al., 2011; Henseler et al., 2009).

4.7.1　Hypothesis Testing for Direct relationship

In this research, the path coefficients of the structural model have been examined and bootstrapping analysis is executed to assess the statistical significance of the path coefficients. Statistical t-values that are substantially different from 0 is said to be almost always statistically significant, however, it largely depends on the degree of freedom, confidence interval and directionality of hypothesis and therefore p value is used to determine if the paths are significant (Hair et al., 2014). To calculate statistical t-values and the standard error, the PLS bootstrapping resampling (Chin, 2010) is run. Bootstrap is the re-sampling technique that involves repeated random sampling with replacement from the original sample in order to produce a bootstrap sample to obtain standard error for hypotheses testing (Cordeiro, Machás, & Neves, 2010). This approach exemplifies a non-parametric approach for assessing the accuracy of the PLS estimates (Chin, 2010).

Each path coefficient's significance is derived by the bootstrapping techniques (Hair et al., 2011). Bootstrap results also assume the mean value and standard error for each path model coefficient that can be used to estimate the t-test for determining the significance of the path model relationship (Henseler et al., 2009). To estimate a parameter, Chin (1998) recommended 500 re-sampling for bootstrapping. However, Hayes (2009) suggested at least 1000 re-sampling and researchers can also use 5000 re-sampling for bootstrapping. The study used 1000 re-sampling for bootstrapping to test

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the significance of the regression coefficients. The p-value was manually calculated in Microsoft Excel Spreadsheet using the 'T.DIST' function as illustrated by Hair et al. (2014). For calculating the p-value, 95 percent confidence interval level is considered as it is acceptable in social science research (for example, Bickel, 2012; Cox & Hinkley, 1979; May, 2011).

The main objective of the research is to explore the impact of different kinds of resources (finance, financial literacy, market orientation, and managerial capability) on financial and non-financial growth of small firms. Based on this objective, the study developed eight hypotheses, four hypotheses with financial growth and four hypotheses with non-financial growth, for direct relationships and tested the relationships between independent and dependent variables (see Figure 4.2).
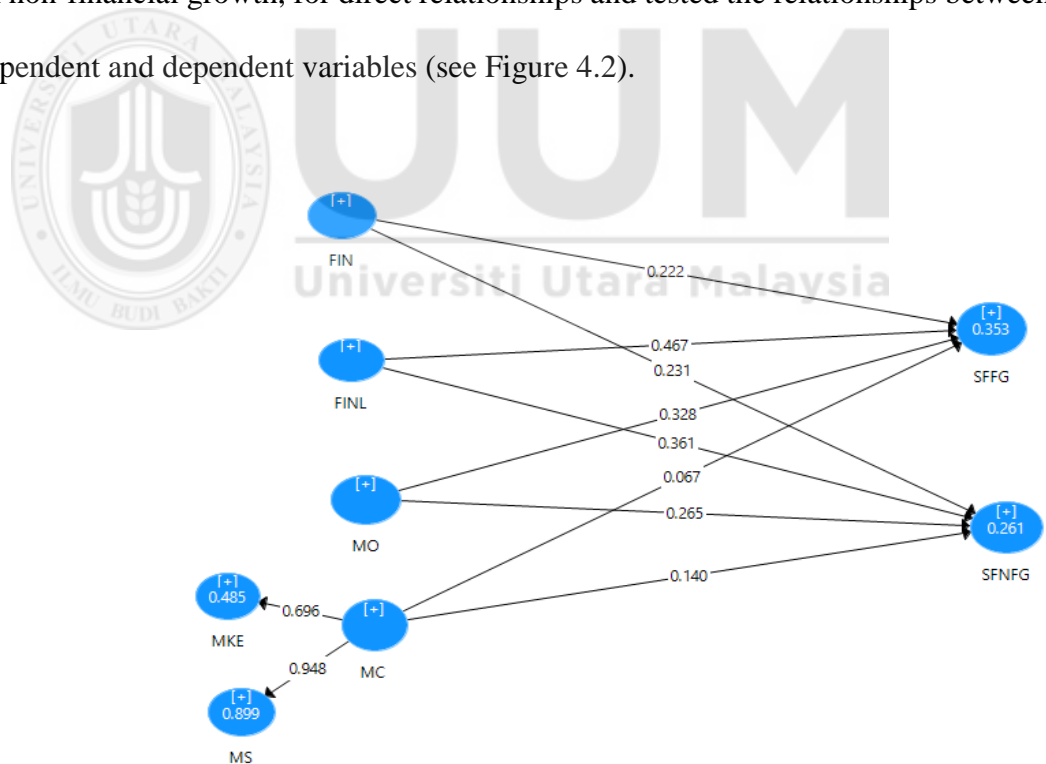
Note: FIN = Finance, FINL = Financial literacy, MO = Market orientation, MC = Managerial capability, MKE = Managerial knowledge and experience, MS = Managerial skills, SFFG = Small firm financial growth and SFNFG = Small firm non-financial growth.

Figure 4.2
Direct Path Relationships

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The study found that finance (β = 0.222, t = 5.327, p<0.01), financial literacy (β = 0.467, t = 13.641, p<0.01) and market orientation (β = 0.328, t= 8.168, p<0.01) had significant positive relationships with financial growth of small firm. However, the other independent variable, managerial capability (β = 0.067, t = 1.499), although showed positive relation but was not statistically significant with financial growth. Therefore, hypotheses H_{1a}, H_{2a} and H_{3a} are statistically significant and H_{4a} is insignificant. Table 4.13 summarizes the results of the direct effect between the four independent variables and small firm financial growth.

Table 4.13
Results of the Structural Model with Financial Growth (Hypotheses testing)

Hyp.	Relationship	Std. Bta	Std. Err.	t-value	P. Value	Decision	R^2
H1a	FIN -> SFFG	0.222	0.042	5.327	0.000**	Significant	
H2a	FINL -> SFFG	0.467	0.034	13.641	0.000**	Significant	
H3a	MO -> SFFG	0.328	0.04	8.168	0.000**	Significant	
H4a	MC -> SFFG	0.067	0.044	1.499	0.067	Insignificant	0.353

**p<0.01
FIN = Finance, FINL = Financial literacy, MO = Market orientation, MC = Managerial capability, SFFG = Small firm financial growth.

Table 4.14 depicts that all the independent variables such as finance (β = 0.231, t = 5.502, p<0.01), financial literacy (β = 0.361, t = 10.504, p<0.01), market orientation (β = 0.265, t = 6.184, p<0.01), and managerial capability (β = 0.140, t = 3.127, p<0.01) are positively related with non-financial growth of small firms and statistically significant. Thus, the results show that hypotheses H_{1b}, H2b, H_{3b} and H_{4b} are statistically significant. The overall path coefficient with two moderating variables is shown in Appendix F.

Table 4.14
Results of the Structural Model with Non-financial Growth (Hypotheses testing)

Hypothesis	Relationship	Std. Bta	Std. Err.	t-value	P. Value	Decision	R^2
H1b	FIN -> SFNFG	0.231	0.042	5.502	0.000**	Significant	
H2b	FINL -> SFNFG	0.361	0.034	10.504	0.000**	Significant	
H3b	MO -> SFNFG	0.265	0.043	6.184	0.000**	Significant	
H4b	MC -> SFNFG	0.14	0.045	3.127	0.000**	Significant	0.261

**p<0.01
FIN = Finance, FINL = Financial literacy, MO = Market orientation, MC = Managerial capability and SFNFG = Small firm non-financial growth.

4.7.2 Hypothesis Testing for Moderating effect

For the interaction effects of the moderator, the study used the product indicator approach as both the endogenous (small firm financial and non-financial growth) and moderator variables (Government support and private organizations support) are continuous variables following the suggestions of Henseler and Fassott (2010) and Hair et al. (2014). To test the significance of the interaction effect, the study used 1000 bootstrapping re-sampling based on the suggestion of Hayes (2009). There are two moderating variables in this study and the study developed 16 hypotheses for these two moderating variables, 8 hypotheses for the government support variable and 8 hypotheses for private organizations support variable in terms of financial and non-financial growth. The overall results showed that 2 hypotheses from 8 interaction effect of government support and 5 of the 8 hypotheses for private organizations support with financial and non-financial growth are statistically significant. The following sub-sections report the detail results for the moderating effect with financial and non-financial growth.

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4.7.2.1 Moderating Effect with Financial Growth

The interaction effect of government support with finance and financial growth (β = -0.187, t = 1.135), financial literacy and financial growth (β = -0.052, t = 1.195) and managerial capability and financial growth (β = -0.067, t = 1.085) are not significant as the t values are all below the minimum cut-off value of 1.96 and p-value >0.05. Therefore, hypotheses of H_{5a}, H_{5b} and H_{5d} are not statistically significant. However, hypothesis H_{5c}, the government support with market orientation and financial growth (β = -0.125, t = 3.143) showed the t value greater than the minimum cut-off value and statistically significant at 1 percent level of significance. Table 4.15 summarizes the results of the moderating effects of government and private organizations support with financial growth.

Table 4.15
Results of the Moderating Effect of Government and Private Organizations Support with Financial Growth (Hypotheses testing)

Hyp	Interaction effect	Std. Beta	Std. Error	t-Value	P. Value	Decision
H5a	GS*FIN -> SFFG	-0.187	0.165	1.135	0.128	Insignificant
H5b	GS*FINL -> SFFG	-0.052	0.043	1.195	0.116	Insignificant
H5c	GS*MO -> SFFG	-0.125	0.04	3.143	0.000**	Significant
H5d	GS*MC -> SFFG	-0.067	0.062	1.085	0.139	Insignificant
H6a	POS*FIN -> SFFG	0.141	0.034	4.130	0.000**	Significant
H6b	POS*FINL -> SFFG	-0.142	0.104	1.362	0.086	Insignificant
H6c	POS*MO -> SFFG	-0.206	0.036	5.759	0.000**	Significant
H6d	POS*MC -> SFFG	0.206	0.194	1.066	0.1435	Insignificant

**p<0.01
FIN = Finance, FINL = Financial literacy, MO = Market orientation, MC = Managerial capability, GS = Government support, POS = Private organizations support and SFFG = Small firm financial growth.

Figure 4.3 presents the interaction effect of market orientation and financial growth with government support. The graph of this interaction effect shows that government support is of minor importance when market orientation is low but it becomes more

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important with the increase of market orientation. Therefore, with high market orientation, firms can generate more financial growth if they receive higher support from the government. However, the negative beta value of the interaction effect shows that government support reduces the relationship between the constructs.
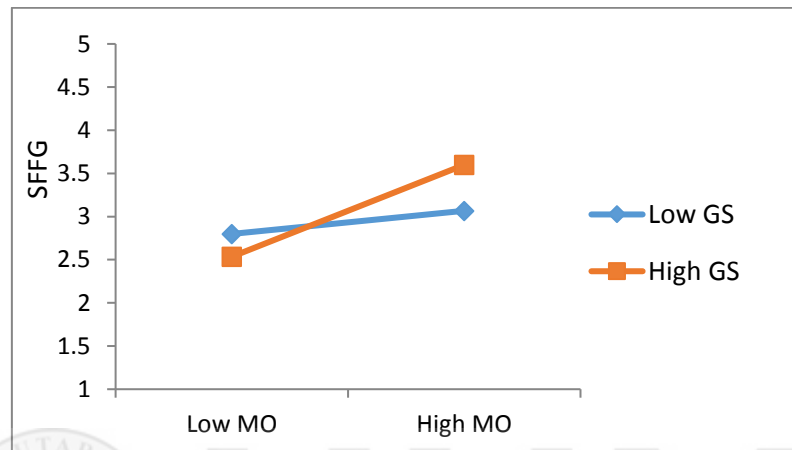
MO= Market Orientation, GS = Government support and SFFG = Small Firm Financial Growth

Figure 4.3
Moderating Effect of Government Support on the Relationship between Market Orientation and Small Firm Financial Growth.

The interaction effect of private organizations support with finance and financial growth ($\beta = 0.141$, $p<0.01$, $t = 4.130$), market orientation and financial growth ($\beta = -0.206$, $t = 5.759$) are found significant as the t values are above the minimum cut-off value of 1.96. Therefore, hypothesis H_{6a} and H_{6c} are statistically significant. Figure 4.4 and 4.5 present the interactions effect. Figure 4.4 shows that private organization support is of minor importance when finance is low but it becomes more important with the increase of finance. Therefore, with high financial access, firms can generate more financial growth if they receive higher support from private organizations.

FIN = Finance, POS = Private organizations support and SFFG = Small Firm Financial Growth

Figure 4.4
Moderating Effect of Private Organizations Support on the Relationship between Finance and Small Firm Financial Growth.

Figure 4.5 shows that private organization support is of minor importance when market orientation is low but it becomes more important with the increase of market orientation. Therefore, with high market orientation, firms can generate more financial growth if they receive higher support from private organizations. However, the negative beta value shows that private organizations support reduces the relationship between market orientation and small firm financial growth.

MO = Market Orientation, POS = Private organizations support and SFFG = Small Firm Financial Growth

Figure 4.5
Moderating Effect of Private Organizations Support on the Relationship between Market Orientation and Small Firm Financial Growth.

The interaction effects of private organizations support with financial literacy and financial growth (β = -0.142, t = 1.362) and managerial capability and financial growth (β = 0.206, t = 1.066) are not statistically significant as both the t values are below the minimum cut-off value and p-value were >0.5. Hence, hypotheses H6b and H6d are not significant.

4.7.2.2   Moderating Effect with Non-financial Growth

The interaction effects of government support with finance and non-financial growth (β = -0.106, t = 0.917), financial literacy and non-financial growth (β = 0.002, t = 0.038), and managerial capability and non-financial growth (β = -0.099, t = 1.444) are not significant as the t values are all below the minimum cut-off value of 1.96 and p-value were >0.05. Therefore, hypotheses H5e, H5f, and H5h are not supported. However, government support with market orientation and non-financial growth (β = -0.128, t = 2.826) shows the t value greater than the minimum cut-off value and H5g is statistically significant. Table 4.16 summarizes the results for the moderating effect of government support with non-financial growth.

Table 4.16
Results of the Moderating Effect of Government and Private Organizations Support with Non-financial Growth (Hypotheses testing)

Hyp.	Interaction effect	Std. Beta	Std. Error	t-Value	P. Value	Decision
H5e	GS*FIN-> SFNFG	-0.106	0.115	0.917	0.179	Insignificant
H5f	GS*FINL -> SFNFG	0.002	0.063	0.038	0.484	Insignificant
H5g	GS*MO-> SFNFG	-0.128	0.045	2.826	0.000**	Significant
H5h	GS*MC -> SFNFG	-0.099	0.04	1.444	0.074	Insignificant
H6e	POS*FIN -> SFNFG	0.199	0.037	5.433	0.000**	Significant
H6f	POS*FINL-> SFNFG	0.182	0.078	2.325	0.011*	Significant
H6g	POS*MO -> SFNFG	-0.158	0.036	4.459	0.000**	Significant
H6h	POS*MC-> SFNFG	-0.234	0.196	1.191	0.117	Insignificant

**p<0.01, *p<.05
FIN = Finance, FINL = Financial literacy, MO = Market orientation, MC = Managerial capability, GS = Government support, POS = Private organizations support and SFNFG = Small firm non-financial growth.

Figure 4.6 presents the interaction effect of market orientation and non-financial growth with government support. The graph of this interaction effect shows that government support is of minor importance when market orientation is low but it becomes more important with the increase of market orientation. Therefore, with high market orientation, firms can generate more non-financial growth if they receive higher support from the government. However, the negative beta value of the interaction effect shows that government support reduces the relationship between the constructs.
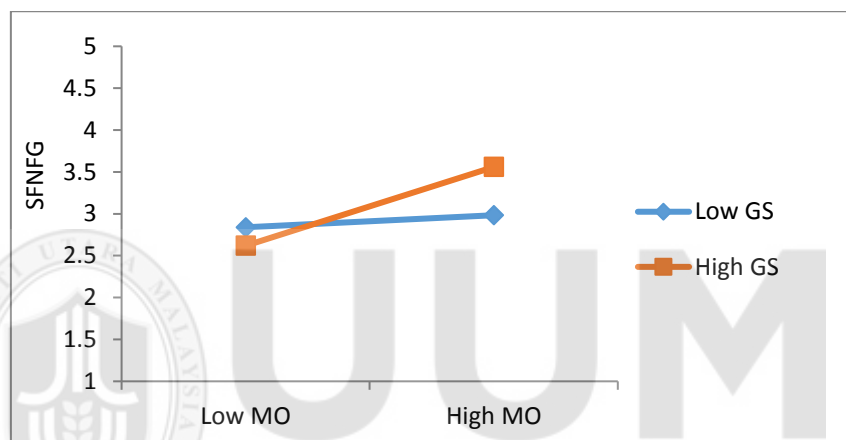
MO= Market Orientation, GS = Government support and SFNFG = Small Firm Non-financial Growth

Figure 4.6
Moderating Effect of Government Support on the Relationship between Market Orientation and Small Firm Non-financial Growth.

The interaction effects of private organizations support with finance and non-financial growth ($\beta = 0.199$, $p<0.01$, $t = 5.433$), financial literacy and non-financial growth ($\beta = 0.182$, $p<0.05$, $t = 2.325$) and market orientation and non-financial growth ($\beta = -0.158$, $t = 4.459$) are found statistically significant as all the t values are above the minimum cut-off value of 1.96. Therefore, hypotheses H_{6e}, H_{6f} and H_{6g} are supported. Figure 4.7 shows the interaction effect of private organizations support on the relationship between finance and small firm non-financial growth. The graph of this interaction effect shows that private organization support is of minor importance when finance is low but it

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becomes more important with the increase of finance. Therefore, with high financial access, firms can generate more non-financial growth if they receive higher support from private organizations.

Figure 4.8 highlights the interaction effect of private organizations support on the relationship between financial literacy and small firm non-financial growth. The graph of this interaction effect shows that the relationship between financial literacy and small firm non-financial growth is more positive for high private organizations support but it is very low for low support. Therefore, with high financial literacy owner-managers can achieve more non-financial growth if they receive higher support from private organizations.
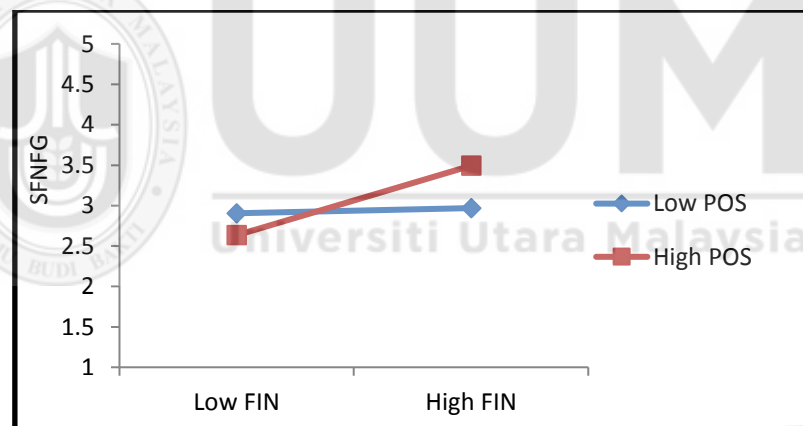
FIN = Finance, POS = Private organizations support and SFNFG = Small Firm Non-financial Growth
Figure 4.7
Moderating Effect of Private Organizations Support on the Relationship between Finance and Small Firm non-financial Growth.

Figure 4.9 shows the interaction effect of private organizations support with market orientation and small firm non-financial growth. According to Figure 4.9, private organization support is of minor import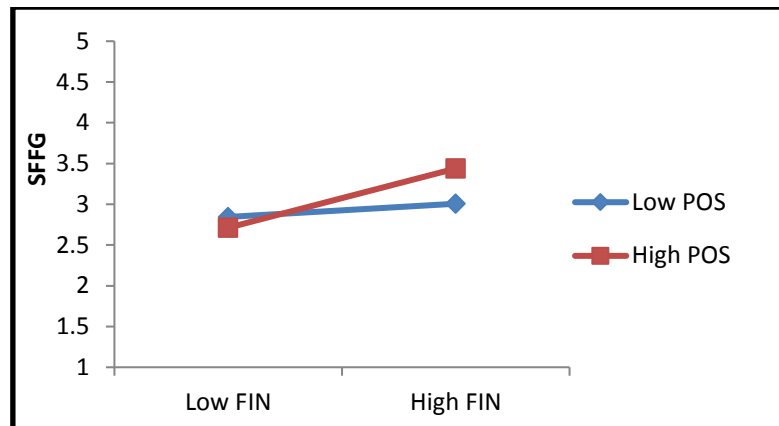ance when market orientation is low but it becomes more important with the increase of market orientation. Therefore, with high market orientation, firms can generate more non-financial growth if they receive higher support from private organizations. However, the negative beta value shows that private

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organizations support reduces the relationship between market orientation and small

firm non-financial growth.
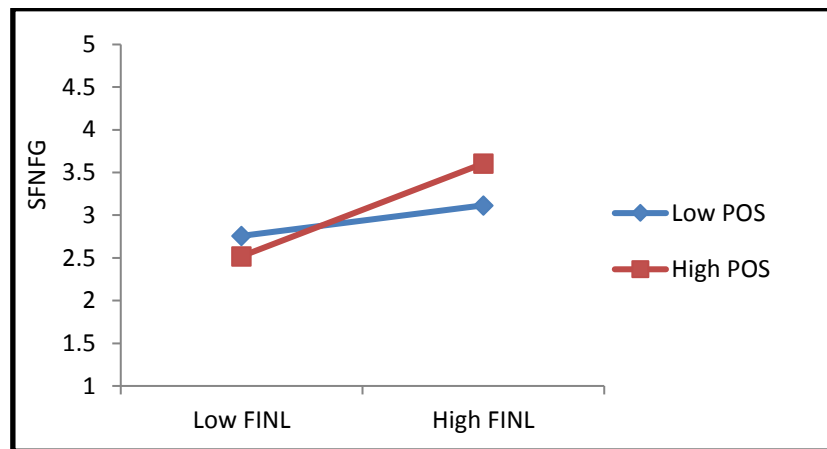
FINL = Financial Literacy, POS = Private organizations support and SFNFG = Small Firm Non-financial Growth

Figure 4.8
Moderating effect of Private Organizations Support on the Relationship between Financial Literacy and Small Firm Non-financial Growth.

The interaction effect of private organizations support with managerial capability and

non-financial growth (β = -0.234, t = 1.191) is not significant as the t value is below the

minimum cut-off value and p-value is >0.05. Hence, hypothesis H_{6h} is not supported.
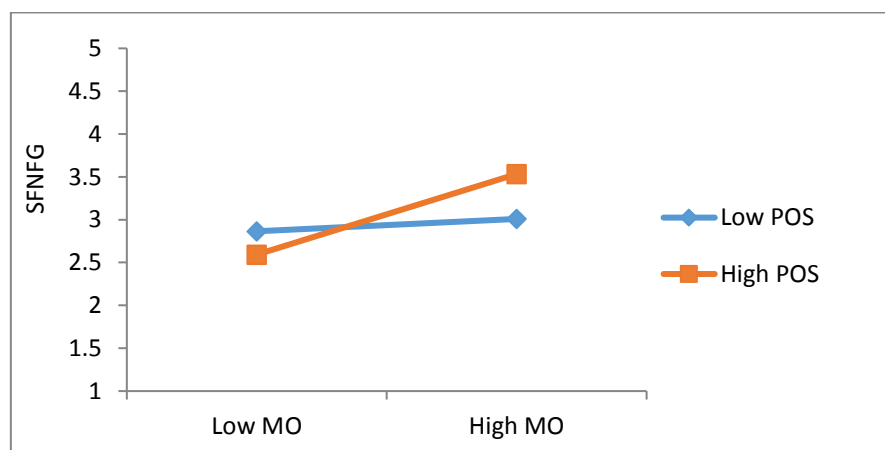
MO = Market Orientation, POS = Private organizations support and SFNFG = Small Firm Non-financial Growth

Figure 4.9
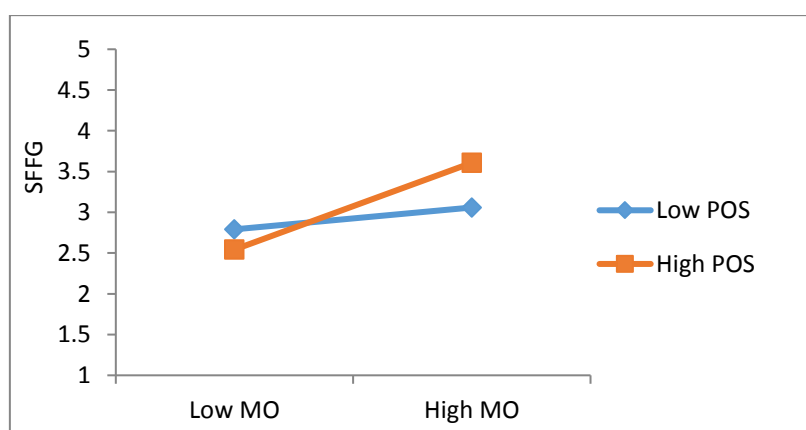*Moderating Effect of Private Organizations Support on the Relationship between Market Orientation and Small Firm Non-financial Growth.*

4.7.3   Assessment of Coefficient of Determination (R^2)

For the dependent variable, the study considered both financial and non-financial growth of small firms. During the assessment of the structural model for this study, the standard PLS algorism was calculated for the main effect model. The R^2 is found to be 0.353 for financial growth (Table 4.13) and 0.261 for non-financial growth (Table 4.14); these are substantial as recommended by Cohen (1988). The values of these R^2 indicate that the 35.3 percent of the variance in financial growth and 26.1 percent of the variance in non-financial growth can be explained by the four independent variables (finance, financial literacy, market orientation and managerial capability).

4.7.4   Effect Size (f_2) of the Main Effect Model

The study assessed effect size (f^2) with financial growth of small firm to show the substantive significance as shown in Table 4.17. According to the guideline of Cohen (1988), all the relationships with financial growth except for managerial capability show substantive impact. Among the 4 relationships, finance shows a small effect size (0.071), financial literacy (0.331) and market orientation (0.153) shows moderate effect sizes and managerial capability has an insignificant effect (0.006).

Table 4.17
Main Model Effect Size (f^2) with Financial Growth

Endogenous Construct	Exogenous Constructs	R^2 Incl.	R^2 Excl.	R^2 Inc - R^2 Excl	1- R^2 Incl.	Effect Size
Small Firm Financial Growth	Finance	0.353	0.307	0.046	0.647	0.071
	Financial Literacy	0.353	0.139	0.214	0.647	0.331
	Market Orientation	0.353	0.254	0.099	0.647	0.153
	Managerial Capability	0.353	0.349	0.004	0.647	0.006

The study also calculated the effect size of each exogenous variable with non-financial growth of small firm. In consideration of non-financial growth, only financial literacy shows moderate effect size (0.175) and the other three variables finance (0.067), market orientation (0.090) and managerial capability (0.026) have small effect sizes (Table 4.18).

Table 4.18
Main Model Effect Size (f^2) with Non-financial Growth

Endogenous Construct	Exogenous Constructs	R^2 Incl.	R^2 Excl.	R^2 Inc - R^2 Excl	1- R^2 Incl.	Effect Size
Small Firm Non-financial growth	Finance	0.261	0.211	0.050	0.739	0.067
	Financial Literacy	0.261	0.132	0.129	0.739	0.175
	Market Orientation	0.261	0.194	0.067	0.739	0.090
	Managerial Capability	0.261	0.242	0.019	0.739	0.026

4.7.5 Effect Size ($f2$) of the Moderating Effect Model

The R^2 value in the main effect model is 0.353 for financial growth and 0.261 for non-financial growth (Table 4.13 and 4.14). However, when the interacting terms are created and calculated, the standard PLS algorism, the R^2 value increased to 0.362 for financial growth and 0.267 for non-financial growth (Table 4.19). Hence, the R^2 included and the R^2 excluded are substituted in the f^2 formula to calculate the moderating effect size as shown in Table 4.19. According to Table 4.19, the moderating effect model has an insignificant effect size as the value of R^2 does not change much with the interacting variables of government and private organizations support. Based on the Cohen (1988) criteria, the effect size of government support (0.006) and private organization support (0.008) with financial growth and the effect size of government support (0.008) and private organization support (0.007) with non-financial growth are too small.

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Table 4.19
Effect Size of the Moderating Effect (f^2)

Endogenous Construct	Exogenous Constructs	R^2 Incl.	R^2 Excl.	R^2 Inc - R^2 Excl	1- R^2 Incl.	Effect Size
Small Firm Financial Growth	Government Support	0.362	0.358	0.004	0.638	0.006
	Private Organization Support	0.362	0.357	0.005	0.647	0.008
Small Firm Non-financial Growth	Government Support	0.267	0.261	0.006	0.733	0.008
	Private Organization Support	0.267	0.262	0.005	0.733	0.007

4.7.6   Predictive Relevance (Q^2)

The study accessed the predictive relevance (Q^2) using the blindfolding procedure and the cross-validated redundancy approach (Hair et al., 2014) as shown in Figure 4.10.
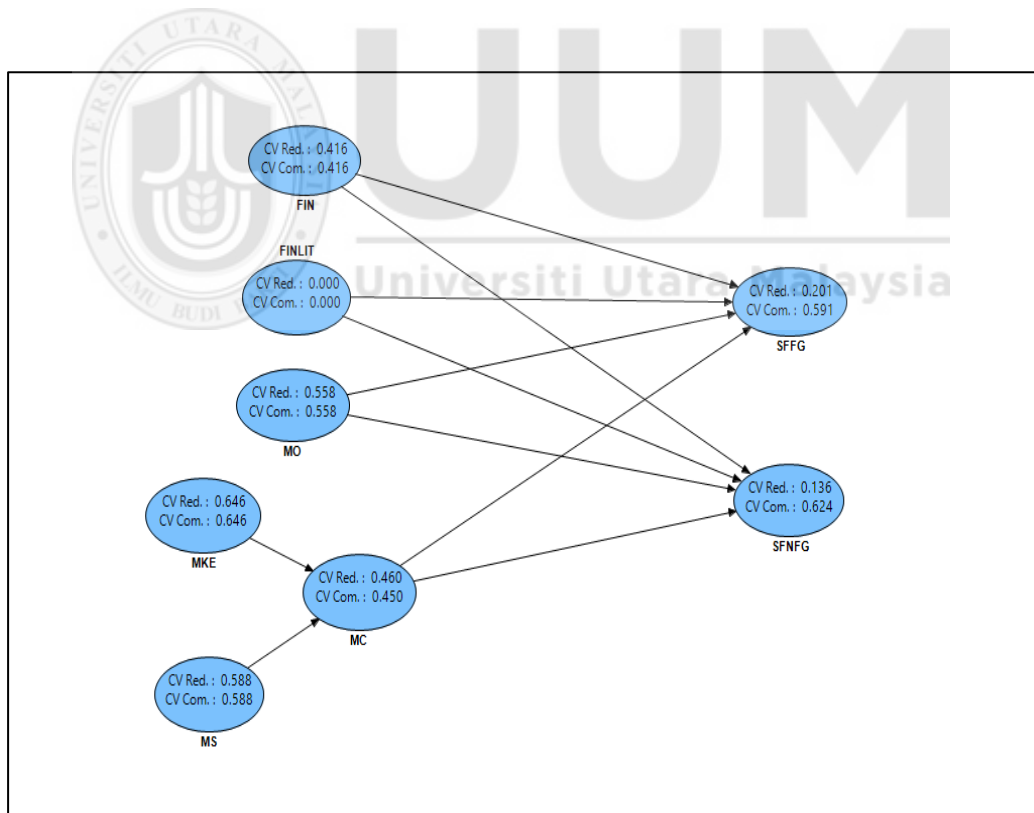
Figure 4.10
PLS Blindfolding Procedure

For the blindfolding setting, the study used omission distance (OD) of 7 as suggested by Hair et al. (2012). Thus, the results of Q^2 0.201 with financial growth and 0.136 with

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non-financial growth as shown in Table 4.20 indicate that the model has sufficient predictive relevance.

Table 4.20
Predictive Relevance (Q²)

Endogenous Latent Variable	R square	CV Red	CV Com
Small firm financial growth	0.353	0.201	-
Small firm non-financial growth	0.261	0.136	-

4.7.7 Effect Sizes (q²)

The effect size of the predictive relevance (q^2) is also calculated following the same procedure and criteria that are used in calculating and assessing the effect sizes (f^2) as suggested by Hair et al. (2014). The results of the q^2 calculations with financial growth are shown in Table 4.21. Like the f^2 result, financial literacy has the largest effect size compared to other constructs in the model and considered as moderate, with q^2 value of 0.155. The other three variables, finance (0.034), market orientation (0.121) and managerial capability (0.034) show a small effect size. Although the effect is small (Cohen, 1988), however, Chin et al. (2003) argued that even a small effect is important, if the resultant beta is significant.

Table 4.21
Effect sizes (q²) with Financial Growth

Endogenous Construct	Exogenous Constructs	Q² Incl.	Q² Excl.	Q² Inc - Q² Excl	1- Q² Incl.	Effect Size
Small Firm Financial Growth	Finance	0.201	0.174	0.027	0.799	0.034
	Financial Literacy	0.201	0.077	0.124	0.799	0.155
	Market Orientation	0.201	0.104	0.097	0.799	0.121
	Managerial Capability	0.201	0.174	0.027	0.799	0.034

Further, the study assessed the effect size (q^2) with non-financial growth which is shown in Table 4.22. Except for managerial capability which has a negative q^2 effect size (-0.005), all other constructs in the model show small effect sizes; finance (0.035), financial literacy (0.067) and market orientation (0.022). The non-effect exhibited in managerial capability can be attributed to its non-significant beta (Chin et al., 2003).

Table 4.22
Effect sizes (q^2) with Non-financial Growth

Endogenous Construct	Exogenous Constructs	Q^2 Incl.	Q^2 Excl.	Q^2 Inc - Q^2 Excl	1- Q^2 Incl.	Effect Size
Small Firm Non-financial Growth	Finance	0.136	0.106	0.03	0.864	0.035
	Financial Literacy	0.136	0.078	0.058	0.864	0.067
	Market Orientation	0.136	0.117	0.019	0.864	0.022
	Managerial Capability	0.136	0.140	-0.004	0.864	-0.005

4.8 Summary of Hypotheses Testing

This section summarized all the hypotheses established in the study with estimated results. The total of 24 hypotheses were examined. Out of these 24 hypotheses, the results supported fourteen (14) hypotheses. Table 4.23 represents the summary of hypotheses testing. Eight hypotheses were examined for the direct path analysis and seven were found supported. Whereas, for the moderating path, a total of sixteen hypotheses were examined and out of those only seven were found significant.

Table 4.23
Summary of Hypotheses Result

H. No.	Hypotheses (Direct path)	Results
H_{1a}	There is a significant relationship between finance and small firm financial growth.	Significant
H_{2a}	The financial literacy of the owner-manager is significantly related to financial growth of small firm.	Significant
H_{3a}	Market orientation strategy is significantly related to small firm financial growth.	Significant
H_{4a}	There is a significant relationship between managerial capability and small firm financial growth.	Insignificant

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Table 4.23 (Continued)

H. No.	Hypotheses (Direct path)	Results
H_{1b}	There is a significant relationship between finance and small firm non-financial growth.	Significant
H_{2b}	The financial literacy of owner-manager is significantly related to non-financial growth of small firm.	Significant
H_{3b}	Market orientation strategy is significantly related to small firm non-financial growth.	Significant
H_{4b}	There is a significant relationship between managerial capability and small firm non-financial growth.	Significant

H.No.	Hypotheses (Moderating path)	Results
H_{5a}	Government support significantly moderate the relationship between finance and small firm financial growth.	Insignificant
H_{5b}	Government support significantly moderate the relationship between financial literacy and small firm financial growth.	Insignificant
H_{5c}	Government support significantly moderate the relationship between market orientation and small firm financial growth.	Significant
H_{5d}	Government support significantly moderate the relationship between managerial capability and small firm financial growth.	Insignificant
H_{6a}	Private organizations support significantly moderate the relationship between finance and small firm financial growth.	Significant
H_{6b}	Private organizations support significantly moderate the relationship between financial literacy and small firm financial growth.	Insignificant
H_{6c}	Private organizations support significantly moderate the relationship between market orientation and small firm financial growth.	Significant
H_{6d}	Private organizations support significantly moderate the relationship between managerial capability and small firm financial growth.	Insignificant
H_{5e}	Government support significantly moderate the relationship between finance and small firm non-financial growth.	Insignificant
H_{5f}	Government support significantly moderate the relationship between financial literacy and small firm non-financial growth.	Insignificant
H_{5g}	Government support significantly moderate the relationship between market orientation and small firm non-financial growth.	Significant
H_{5h}	Government support significantly moderate the relationship between managerial capability and small firm non-financial growth.	Insignificant
H_{6e}	Private organizations support significantly moderate the relationship between finance and small firm non-financial growth.	Significant
H_{6f}	Private organizations support significantly moderate the relationship between financial literacy and small firm non-financial growth.	Significant
H_{6g}	Private organizations support significantly moderate the relationship between market orientation and small firm non-financial growth.	Significant
H_{6h}	Private organizations support significantly moderate the relationship between managerial capability and small firm non-financial growth.	Insignificant

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4.9 Summary

Chapter four established the procedure and results of the data analysis. The chapter began with data collection and response rate followed by data preparation and screening, where data was subjected to coding and data imputation in SPSS version 22 software. Then, the data was screened for entry error, where a few entry errors were detected and corrected. The data was checked for missing values and six questionnaires were omitted for information missing. After that, the data were checked for outliers, normality and multicollinearity using Mahalanobis distance, skewness and kurtesis z-scores and Variance Inflated Factor, respectively. The total of thirteen cases was identified as outliers and dropped from the sample for final analysis. The data demonstrated a non-normal distribution. However, there was no evidence of high correlation among the exogenous constructs in the model.

After making the data ready for the analysis, two models were assessed, the measurement model and the structural model. In order to assess the measurement model, the study examined the reliability of constructs indicators, internal consistency reliability, convergent and discriminant validity and found satisfactory results. After having satisfactory results in the measurement model, the structural model was examined. The direct and moderating hypotheses were tested, using a bootstrapping procedure (Hair et al., 2014). The total of eight direct hypotheses were tested through the structural model and found all except one statistically significant. Further, the study tested two moderating variables. The interaction effects showed that only seven out of sixteen hypotheses were significant. Additionally, the model was assessed through the coefficient of determination (R^2), the effect sizes (f^2), predictive relevance (Q^2) and effect sizes (q^2) and the model offered satisfactory results.

CHAPTER FIVE

DISCUSSION AND CONCLUSION

5.1   Introduction

This chapter commences with the recapitulation of the study followed by the summary of key findings. The chapter provides in detail the discussions of results that are presented in chapter four based on the four objectives of the study. This chapter also highlights the theoretical and practical implications based on the research findings. In addition to that, after generating some insights from the research findings, the study suggests a good number of directions for future research in the allied field. Finally, a summary of the entire study is presented through the conclusion of the chapter.

5.2   Recapitulation of the Study

There are different types of approaches and literature about small firm growth and performance although these are very fragmented and inconsistent. There is no specific theory to explain small firm growth and the factors constraining or stimulating the growth (Olaore, 2014). Researchers and other stakeholders in many developing and developed countries have developed different concept and theories on small firm growth and tried to identify various reasons that are responsible for this growth through some empirical investigations.

This study is motivated by several reasons. Although there are many evidences on firm growth, still the issue of small firm growth is suffering for the dearth of literature due

to the absence of any unified theory or model. Besides, most of the previous studies' work on firm growth focus on the manufacturing sector or large, medium and small firms together and mostly for developed countries. However, the growth patterns of large, medium, and small firms are not the same and therefore from the combined result, it is not possible to have true picture for small firm segment. In addition to that, Bangladesh economy is growing day by day with a number of good indicators including the size of GDP. However, the economy is suffering for many reasons. Among them high population, low per capita income, poverty level and unemployment are some of the remarkable issues. It is the small firm sector which dominates the total business sector in Bangladesh and which can reduce the poverty of large number of population through increasing per capita income by the creation of more jobs for skilled and unskilled people.

Above and beyond, in Bangladesh, the growth of small and cottage industries in terms of number of units have increased gradually. However, increasing the number of small firm does not necessarily mean that the sector is growing rather their successes and performances in terms of production, revenue, employment, value addition among others are also important. Moreover, although there are some evidences both from developed and developing countries on small and medium enterprise growth and its determinants, these factors may not applicable for Bangladesh.

Many of the previous researchers used different resources to show their impact on firm growth in different context as discussed in the literature review chapter and found some diverse relationships. Based on the concept of the theory of resource based view, the study used various resources namely, finance, financial literacy of owner-manager,

market orientation strategy and the managerial capability to examine their impact on financial and non-financial growth of small firm operating in Bangladesh. Since government and other private organisations in any country play a significant role in developing the small firm sector, the study also used government and private organizations support as the moderators to examine whether such supports moderate the relationships between resources and small firm financial and non-financial growth.

Considerable literature has been discussed in chapter two to understand the impact of such resources on small firm growth from different perspectives. The proposed research framework described in chapter three contains four important resources as independent variables, two moderating variables such as government and private organizations support and the growth of small firms as the dependent variable. The framework has been justified with proper explanations and arguments. As per the operational measurements, the study considered a total of 65 items for measuring the studied variables based on the scale developed by several previous studies. However, some modifications have been done by considering the contextual requirements.

The unit of analysis was the owner-manager of small firms operating in Bangladesh. The pre-testing of the questionnaire, pilot-testing to finalize it, data collection procedure and data preparation has been discussed thoroughly. A total of 407 sample size was used for the final analysis. The study used both descriptive and inferential statistics to analyse the data. For the purpose of analysis, the study considered the second generation technique such as the Structural Equation Modeling (SEM). In general, there are two different types of SEM, the covariance-based SEM which is also called CB-SEM and

the partial least squares SEM (PLS-SEM) also known as variance based SEM. The study considered the latter for some added advantages.

5.3   Summary of Key Findings

The current study focuses on multidimensional resources selected from both tangible and intangible categories that may affect small firm growth to provide a comprehensive literature and empirical evidences. The study also included two moderating variables between the relationships of different resources and small firm growth in an integrated framework to offer a good comprehensive literature. Thus, based on this holistic impression, the study endeavoured to answer four questions. The findings of the research related to these four questions presented in chapter four are summarised below for discussion.

- **Research question 1**

  What is the level of resources (finance, financial literacy of the owner-manager, market orientation strategy, and managerial capability), government and private organizations support, and financial and non-financial growth of small firms operating in Bangladesh?

The study found that the level of finance, financial literacy, government support and private organizations support were below the average which indicates that these were not substantial to boost sufficient growth. However, the level of market orientation and managerial capability showed an above average score which signifies that the sample firms were market oriented and their owner-managers had relevant capability to manage

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their firms. In addition to that, the financial and non-financial growth of sample firms also showed an above average score that represents a moderate level of growth.

- **Research question 2**

  Do finance, financial literacy of the owner-manager, market orientation strategy, and managerial capability influence the financial and non-financial growth of small firms?

The study examined the relationship between resources and small firm financial and non-financial growth through the structural model. The results revealed that finance, financial literacy, and market orientations have significant positive relationships with the financial growth of small firm. However, the study found an insignificant relationship between managerial capability and small firm financial growth. In terms of non-financial growth, the results showed that all the independent variables, finance, financial literacy, market orientations and managerial capability, were positively related and statistically significant.

- **Research question 3**

  Does government support moderate the relationships between resources (financial resources, financial literacy of the owner-manager, market orientation strategy, and managerial capability) and financial and non-financial growth of small firms?

The study performed the interaction effects of government support in order to test whether it moderates the relationships between resources and small firm financial and non-financial growth. The related findings showed that only two (GS*MO -> SFFG,

GS*MO-> SFNFG) out of eight interaction effects were significant and the rest were insignificant.

- **Research question 4**

  Do private organizations support moderate the relationships between resources (financial resources, financial literacy of the owner-manager, market orientation strategy and managerial capability) and financial and non-financial growth of small firms?

In addition to government support, the study also tested private organizations support as the moderator between the relationships of resources and small firm financial and non-financial growth. The findings revealed mixed results. Out of eight moderating effects, five (POS*FIN -> SFFG, POS*MO -> SFFG, POS*FIN -> SFNFG, POS*FINL-> SFNFG and POS*MO -> SFNFG) showed significant and the rest three showed insignificant results.

5.4 Discussion of Findings on the Level of Resources, Government and Private Organizations Support and Financial and Non-financial Growth (Objective 1).

The first objective of the study was to identify the level of resources (finance, financial literacy, market orientation, managerial capability of owner-managers), government and private organizations support and small firm financial and non-financial growth. The study examined the level through estimating their descriptive statistics. The following subsections discuss the level of these variables.

5.4.1   Level of Resources

5.4.1.1   Finance

The research finding showed that the level of finance is below the average (2.43 out of 5), which means that small firms in Bangladesh face severe problem in financing their business operations. Most of the small firms in Bangladesh are family-based and lack adequate financing for their start-up and other business operations. In addition, when small firms need additional capital for financing their expansion or growth, it is very difficult for them to manage funds immediately. In comparison to large or medium firms, their access to formal credit is very difficult. Therefore, many of them largely depend on informal financial sources for additional capital. However, money borrowed from informal sources, especially from money lenders or from multipurpose cooperative society, which are costlier compared to internal and external formal sources (Haider & Akhter, 2014; Hossain, 2013) and not easily available for every business. Moreover, money borrowed from friends and relatives usually are for short term and therefore long term needs cannot be fulfilled. Although small firms in Bangladesh can finance their operations by advances from customers or deferring to the suppliers, these are not significant compared to their larger financing need. This is also reflected in a recent study of Haider and Akhter (2014) in Bangladesh.

The result also shows that financing from formal financial sector is very difficult for small firms. In Bangladesh, commercial banks are the main source of external financing for small firms. However, most of the commercial banks are reluctant to finance small firms considering high risk perception, high monitoring and administrative cost, less credit worthiness, the absence of legal form of business, and so on. Even when banks

consider financing, impose so many conditions and their interest rate, documentation process, collateral or guarantee requirements are so high which small firm cannot afford. These findings also correlate with the previous study of Mamun et al. (2013). Hence, small firms cannot fulfil their actual financing need from the formal sector.

5.4.1.2 Financial Literacy

In this research, the level of financial literacy of owner-managers was found below the average score (3.55 out of 10) which indicates that financial literacy of owner-manager is very poor. Although there are different parameters to measure financial literacy, the study examined this level with a simple test including some multiple choice and true/false questions related to small business operations by considering owner-managers' level of understanding. From the respondents' profile, it is evident that around 60 per cent of them have educational qualification of below the higher secondary level. Since the owner-managers lack proper education, the financial literacy level also showed poor results. Choudhury (2014) in a study also found that small firms' owner-managers lack financial literacy that restrict financial access in Bangladesh. Most of the owner-managers of small firms operate businesses by using different terms or own languages related to the businesses although the level of financial literacy is not high.

In Bangladesh, there are very few instances for training or initiatives from the government or other private sector players to develop the financial literacy of small firm owner-managers. Although Bangladesh Bank undertakes some initiatives for improving the financial literacy of the mass people, students, and communities through

its various departments and also with the financial assistance of UKAID, these are insignificant and yet to be beneficial for small firm owner-managers (Habib, 2015).

5.4.1.3 Market Orientation

The study also examined the level of market orientation among small firms in Bangladesh. The finding of the study revealed that the level of market orientation was moderate with the mean score of above the midpoint (3.22 out of 5). This indicates that small firms in different sectors are trying to enhance business growth through market orientation. A recent study in Bangladesh also revealed that there is a significant presence of marketing activities in SMEs of Bangladesh (Hasan, 2014). Small firms try to understand the needs of customers, to some extent, and make efforts to provide customer satisfaction. In order to build long lasting relationship, in some cases, small firms provide after-sales services to the customers. Small firms in Bangladesh are very competitive (Mamun et al., 2013) and therefore to survive in the industry, the sales persons share information about competitors and try to respond quickly to different actions of the competitors. Besides, small firms try to produce competitive products or services.

The results also revealed that in order to ensure marketing success, small firms have good coordination across the inside of business and share business related information within every section/person. Every section/person participates in formulating marketing strategies and the creation of added value for customers. Although the result showed an above average score, the degree of the level does not imply most satisfactory marketing efforts. Still, the sector faced the lack of marketing strategy or market

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oriented activities in different areas. Zaman and Islam (2011) stated that most of the SME entrepreneurs in Bangladesh lack necessary marketing skills to prepare a well-planned marketing strategy as well as sufficient resources including research and development for implementing that strategy. Some other previous studies in Bangladesh also proved that small firms face several marketing problems (Abdin, 2015a; Choudhury, 2014; Islam, 2009; Miah, 2006; Moudud-Ul-Huq, Ahammad, & Khan, 2013) .

5.4.1.4 Managerial Capability

The study found that owner-managers of small firm had moderate level of managerial capability (3.12 out of 5). Although owner-managers were not highly capable to run the business, they could somehow manage business operations with existing knowledge and skills. The result indicates that owner-managers have some knowledge and experience to operate business activities. Respondents can produce some useful ideas and have some decision making power by which they can make business related decisions. Owner-managers of small firms in Bangladesh have the capacity, to some extent, to communicate business information and to deal with people.

The finding of the research also revealed that small firm owners or managers have the ability to effectively coordinate and organize teams and are able to motivate them for the benefits of the firm. Owner-managers have the capacity to monitor business and also look forward towards the outside environment. Besides, in order to accomplish firm goal, the level of inspiration and capacity of owner-managers to bring out the best from employees are high. In addition to that, owner-managers have capacity to

encourage the team in generating and implementing new ideas by taking proper responsibility. However, the result does not show a satisfactory level of the capability of owner-managers. Several previous studies also revealed that owner-managers of small firms in Bangladesh lack proper managerial capability that creates many other problems to operate the businesses (Islam, 2009; Roy & Chakraborty, (2014; Zaman & Islam, 2011)

5.4.2 Level of Government and Private organizations support

The study used government and private organizations support as the moderating variables. The results of the study showed that the level of both government and private organizations support were very poor with the mean value below the midpoint. Therefore, the results imply that although the government of Bangladesh and other private organizations have undertaken different supportive initiatives for ensuring small firm growth and development, these are very insignificant. Therefore, the result supported the finding of Mamun et al. (2013).

5.4.2.1 Level of Government support

The infrastructure provided by the government is not adequate for small firms to develop. In Bangladesh, electricity is one of the common barriers for small firm operation (Islam, 2013). The cumbersome process related to the licensing or other registration activities under government agencies or departments are not up to the mark. Government policy is not favourable for all kinds of small firms. For example, although there is some incentive package related to tax, many of the small firms fail to avail such

incentives. The law and order situation in Bangladesh is not good and local business environment is not supportive which may discourage small firm development. Small firms always desire to have proper skill development training and business related information from the government. However, there is no such remarkable training program available for small firms (Chowdhury et al., 2013). Hence, Chowdhury et al. (2013) suggested that small firms require more training and skill development program from the government. Moudud-Ul-Huq et al. (2013) also argued that the support of the government to the small and medium enterprises is not enough for their survival.

5.4.2.2 Level of private organizations support

The study revealed that the level of private organizations support (in terms of information and training) to small firms was also poor. Small firms require information related to products marketing, capital sources, technologies, government regulations, and others (Bakht & Basher, 2015). However, private organizations in Bangladesh are not able to provide sufficient information that can help small firms' development. Similarly, owner-managers require adequate training facilities from private organizations that may help their technical and interpersonal abilities. Previous studies have also identified the absence of such support. For example, Roy and Chakraborty (2014) revealed that many entrepreneurs in Bangladesh do not get sufficient support from the supportive organizations and many of them are not even aware of the programs available for them to participate. Chowdhury et al. (2013) claimed that small firms in Bangladesh do not get proper training from the government as well as from other supportive private organizations.

5.4.3 Level of Financial and Non-financial Growth of Small Firm

The results of the dependent variable in terms of financial and non-financial growth of small firms showed the mean value higher than the midpoint and indicated a moderate level of growth. The owner-managers of small firms in Bangladesh achieve such moderate growth through the interaction of multiple factors and resources. Although the educational qualifications of owner-managers are not so high, they use their managerial skills and experiences for business operations and to achieve growth. Due to technological innovation, owner-managers can have better access to market information than before by which they design better marketing plan for success. Readily available market is another important factor to make small firms grow. In Bangladesh, the number of population is very high with multiple demands that encourage them to produce goods or services in order to fulfil customers' needs. Hence, small firms can increase their sales and profits. Although a large portion of small firms do not get considerable support in terms of finance or training from the government or other private organizations, small firms are struggling to achieve firm growth by their own capacity and financial resources.

Although the average growth level is moderate, many of the small firms fail to achieve significant growth of their business in terms of both financial and non-financial aspects. There are many small firms that do not want to grow rather they want to a better lifestyle (Krasniqi & Mustafa, 2016) and therefore they are treated as the lifestylers. On the other hand, for small firms that want to grow, various factors or reasons hinder their growth (Muhammad, Muhammad, McElwee, McElwee, Dana & Dana, 2017). For example, the financial problem along with other multidimensional factors such as their capability,

high level of competition, products/service quality, better promotional activities, and others restrict their normal business growth.

5.5 Discussion of Findings on Direct Relationship (Objective 2)

Firms of any sizes, either big or small, use various kinds of resources for its operation in order to generate growth or their survival (Fraser, Bhaumik & Wright, 2015). Based on the concept of the theory of the growth of the firm (Penrose, 1959) and the theory of resource based view (Barney, 1991), the study formulated a second objective and used various resources namely, finance, financial literacy of owner-manager, market orientation strategy, and the managerial capability as the independent variables to test their direct impact on financial and non-financial growth of small firms operating in Bangladesh. Many of the previous researchers used such resources to show their impact on firm growth in different contexts as discussed in the literature review chapter and found some mixed relationships.

The study considered both financial and non-financial growth parameters to capture multiple growth measures. Financial measures alone are inadequate and therefore it has now been acknowledged that in order to provide a holistic view of firm growth or performance both financial and non-financial measures are important. In general, financial resources provide success to any type of business endeavor (Fraser et al., 2015). On the other hand, it is a fact that through non-financial performance, it is possible to represent the intangible values conceived by the firms (Ittner & Larcker, 2003). Therefore, the subsequent sections of this chapter present the discussion on

findings of direct relationships between resources and small firm financial and non-financial growth.

5.5.1 The Relationship between Finance and Small Firm Financial and Non-financial growth

In this study, the internal and external sources of finance including government refinancing schemes as well as the terms and barriers of financial institutions have been considered to mean the variable of finance. Different possible sources and the mechanisms (advances, deferred payments, second-hand equipment, leasing and factoring, etc.) were also included to capture various aspect of finance. The study examined the relationship between finance and small firm growth in terms of both financial and non-financial parameters in the context of Bangladesh. The findings revealed a strong positive and statistically significant association among such relationships. The finding indicates that when small firms are able to finance the required amount of fund for their business, it positively influences their financial and non-financial growth. Therefore, it can be said that financing is an integral part of operating small firms. Without sufficient access to finance which are the requirements for operation, the staying power of the firm and its potential for growth is endangered (Rahaman, 2011).

The findings of the study supported by the statement of many scholars where they stated that finance is one of the major resources that leads the growth or performance of small and medium enterprises (Fraser et al., 2015; Shariff, Peou, & Ali, 2010; Storey, 1994). It facilitates small firms to enter the market, to generate growth, reduce the riskiness of firm, help innovation, and to capture opportunities for future growth. This finding also

confirms the argument of RBV theory which suggests that financial resources are the most significant resources for growth and performance of firm (Wiklund et al., 2009). Moreover, financial resources have the highest form of liquidity and are relatively very easy to convert into other different types of resources (Dollinger, 2008). Small firms require finance to facilitate operations in order to achieve financial or non-financial growth although financing pattern may vary with the age and size of business. With sufficient financial resources, firms become more capable of experimenting with new things, which increases the innovation potential of firms as well as enables their businesses to pursue new growth opportunities. Therefore, Brinckmann et al. (2011) stated that in order to acquire and manage the other resources, business of any kinds need financial resources.

Finance is the important input to ensure the financial growth of small firms. To capture financial growth, the study considered sales, profit, total asset size, and capital position in business. The finding showed the positive association between finance and financial growth. Many of the previous studies also confirmed similar relationships in different contexts (Coluzzi, Ferrando, & Martinez-Carrascal, 2012; Guariglia et al., 2008, 2011; Musso & Schiavo, 2008; Osei-Assibey, 2015; Yazdanfar, 2012). The result supports the findings of Adomako et al. (2015) where they revealed that access to finance has a strong positive relationship with small and medium enterprises growth measured by sales, market share, and employment. The study of Rahaman (2011) also confirmed that both internal and external finance are statistically significant with financial and non-financial growth of small, medium and large firms.

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The study also considered non-financial growth and used employment, market share and the number of satisfied customers to measure such growth. The finding of the study also revealed that finance is significant and positively related to non-financial growth of small firms operating in Bangladesh. Many previous studies (Brown et al., 2011; Brown et al., 2005; Rahaman, 2011) also confirmed similar associations either for internal or external finance with firms' non-financial growth.

Most of the small firms in Bangladesh are labor intensive and their operations are simple or less technology driven. Thus, when firms invest capital for the expansion of business, some new employment is generated. Investment of fund increases the other activities of firms that require additional jobs. Many studies also advocated that access to finance increases the employment growth of firms. For example, a recent study of Ayyagari, Juarros, Martinez Peria, and Singh (2016) revealed that increased access to finance leads higher employment growth for micro, small and medium firms. A study done by Adomako et al. (2015) also exposed that access to finance has a strong positive relationship with employment and market share growth of small firms. Availability of required finance allow small firms to produce and distribute quality goods and services as per the need of customers that tend to increase the sales as well as the market share and customer satisfaction.

5.5.2 The Relationship between Financial literacy and Small Firm Financial and Non-financial growth

Building on the RBV logic, the study examined the relationship between financial literacy and small firm financial and non-financial growth. The findings of the study revealed that financial literacy of owner-managers in Bangladesh is positively related

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to both financial and non-financial growth of small firms and statistically significant. The finding of the study indicates that financial literacy is one of the important drivers to generate financial and non-financial growth of small firm in Bangladesh. Among other predictors of growth, it enables owner-managers of small firms to remove the obstacles of access to finance by ensuring financial and non-financial growth of the sector. Many previous studies also found positive relationship in different contexts in the area of small and medium enterprises sector (Bruhn & Zia, 2011; Christelis et al., 2010; Dahmen & Rodríguez, 2014; Drexler et al., 2014; Nyamboga et al., 2014; Siekei et al., 2013; Wise, 2013).

Generally, the owner-managers of small firms in Bangladesh start their businesses and accept all the responsibilities for the operations of firm. Therefore, the performance or growth of the firm largely depends on the qualities of the owner-managers and how they utilize their abilities for growth. Nowadays, the business environment in Bangladesh is very complex and most of the owner-managers of small firms face several problems while taking important financial decisions in order to operate their businesses (Choudhury, 2014). In this context, the finding of the study revealed that if owner-managers of small firms can achieve significant level of financial literacy, they can solve financial problems and can effectively manage overall firm financial resources to generate growth or performance of their firms.

Efficient financial decision made by owner-managers allows small firms to identify better financing sources in order to acquire least cost funds with better terms and condition, which can also help to establish control over expenditure. Such efficient decisions ultimately make the firm more profitable. Previous literature suggests that

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owner-managers with more financial knowledge can achieve better performance (Adomako et al., 2015; Bruhn & Zia, 2011; Siekei, 2013). Many scholarly evidences showed that a positive relationship exists between small firm growth and financial literacy (for example, Dahmen & Rodríguez, 2014; Lusimbo & Muturi, 2015). Bruhn and Zia (2011) also found that owner-managers with high financial literacy levels achieved better business performance and sales. Moreover, Adomako et al. (2015) concluded that financial literacy positively affects the sales growth of small firm. The results of this study also confirmed that owner-managers' financial literacy lead the small firm to achieve financial growth.

The study also found a strong positive relationship between financial literacy and non-financial growth of small firm operating in Bangladesh. Financial literacy improves the ability of the owner-manager related to financial aspects which is the requirement for non-financial growth. Some other studies also argued and revealed that owner-managers with sufficient financial literacy tend to have higher employment and market share growth of small firm (Adomako et al., 2015; Eniola & Entebang, 2015)

Financial literacy allows owner-managers of small firms to acquire significant knowledge and skills to take timely and accurate financial decisions. These facilitate the required production, service creation or buying of stock in time; these are necessary for generating sales or profit and business expansion. All activities involved in this process lead to the growth of business in terms of employment or market share. If customers get the desired goods on time, it also fulfills their satisfaction. Financially literate owner-managers can face market competition as they are capable of entering formal financial sources when they need funds and can satisfy their customers or

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increase market share. After all, financial literacy increases the strategic investment choice of firm to capture market opportunity to ensure non-financial growth.

5.5.3 The Relationship between Market Orientation and Small Firm Financial and Non-financial growth

By examining the relationship between market orientation and small firm financial and non-financial growth in Bangladesh, the study revealed that market orientation is significant and positively related to both financial and non-financial growth of small firms. Similar arguments were also provided by scholars that market orientation has both financial and non-financial significances for the firm (Langerak, 2003; Lee, Kim, Seo & Hight, 2015). The result implies that market orientation is an important determinant for small firm growth. The finding of the study supports the argument of scholars that market orientation is positively related to firm performance (Jaworski & Kohli, 1993; Narver & Slater, 1990). Like many other previous studies, this study also confirmed the positive association between market orientation and small firm growth (Buli, 2017; Dauda & Akingbade, 2010; Jaiyeoba, 2014). Therefore, the finding of the study provides evidence that financial and non-financial growth can be achieved through the adoption of market orientation strategy by small firms.

The financial growth of small firm largely depends on the marketing activities. Many researchers advocated that marketing concept is one of the critical success factors for small and medium enterprises (Baker & Sinkula, 2009; Jaiyeoba, 2014; Kajalo & Lindblom, 2015; Mahmoud, 2010; Nur et al., 2014; Shehu & Mahmood, 2014; Suliyanto & Rahab, 2012). The study found strong positive relationship between market orientation and small firm financial growth in Bangladesh. The finding of the

study indicates that small firms that are market oriented can increase their financial growth. Since the central target of market orientation is to satisfy the customers with their desired goods or services, a market oriented firm can increase its sales and profitability. The findings of many studies also indicated that market orientation has significant impact on customer orientation, firm commitment, the growth of the firm in terms of sales, financial and non-financial performance, return on assets and profitability (Jaworski & Kohli, 1993; Morgan et al., 2009; Narver & Slater, 1990; Ogbonna & Ogwo, 2013; Siguaw et al., 1994; Slater & Narver, 1994) as well as long-run financial performance (Ruekert, 1992).

Many small firms create forward linkage with other firms mostly with large firms to supply any specific products according to their needs. This kind of strategy helps them to ensure some permanent sales which increases their profitability as well. Large number of population also has different taste and preferences. By identifying these, small firms can produce new products or services or modify some existing products or services to satisfy customers' need. In addition to that, by sharing market information and information related to their competitors among themselves and inter- departments, small firms may formulate a new marketing strategy to generate more financial growth.

Similar to financial growth, market orientation has the greatest influence on firms' non-financial growth. The finding of the study revealed that market orientation of small firms in Bangladesh is strong and positively related to non-financial growth measured by employment, market share, and number of satisfied customer. With a market orientation strategy, small firms in Bangladesh can sell their products to existing customers or new customers in new markets to generate more sales. To support more

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sales, firms need to expand existing sales channel or create new ones and these require additional sales staff. When market orientation facilitates other activities, firms need to increase their number of employees. Therefore, the finding reveals that small firms in Bangladesh are able to generate employment growth through their market oriented activities.

Market orientation is also directed towards the satisfaction of customers by fulfilling their desired needs better than its competitors. Previous study done by Agarwal et al. (2003) also revealed that with financial performance, market orientation was positively related to non-financial performance like customer satisfaction, employee satisfaction, and service quality. Small firms in Bangladesh generate value created activities by introducing new products or services or developing quality with new technology to increase customer satisfaction. Due to technological innovation, nowadays, access to different relevant information and reaching customers has become easier for small firms to increase productivity and sales revenue that subsequently enhances market share of a firm. By increasing sales and customer satisfaction, small firms in Bangladesh are able to increase their market share.

5.5.4 The Relationship between Managerial Capability and Small Firm Financial and Non-financial growth

Managerial capability is regarded as one of the significant resources that can lead any firm to grow (Beck & Wiersema, 2013). Since personal attributes of an owner or its manager are highly responsible for the successful operations of a firm, the study examined the relationship between managerial capability of owner-managers and small firm financial and non-financial growth in the context of Bangladesh. The results of the

study revealed that managerial capability of owner-managers is positively related but statistically insignificant with financial growth and significant with non-financial growth of small firms. There are many evidences that managerial capability positively affects small and medium enterprises' growth or performance (for example, Helfat & Martin, 2015; Ruiz-Jiménez & Fuentes-Fuentes, 2016).

The finding of an insignificant relationship between managerial capability and small firm financial growth indicates that to achieve financial growth, managerial capability is required but it is not that important in the context of Bangladesh. Most of the owners or managers of small firms in Bangladesh are not highly educated or properly trained to gain relevant managerial skills or knowledge (Roy & Chakraborty, 2014). They may not be familiar with the concept of managerial capability, but inherently or through the societal and business interactions, they are able to manage their firms to ensure business expansion or financial growth. One plausible clarification for such insignificant relationship could be that most of the small firms in Bangladesh are operated by single owners or the managers are responsible for every activity of the business even beyond his/her job description. Therefore, sometimes it is difficult for them to distinguish the managerial activities with the other tasks of the firm.

The finding of the study is consistent with some other previous studies in different perspectives. For example, Nur et al. (2014) found a positive but very insignificant relationship between management capability and small and medium enterprises performance. Uche (2015) confirmed that managerial capabilities in terms of competence and knowledge was not significantly related to the growth of an organization. Man and Wafa (2011) affirmed that no significant relationship exists

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between distinctive capability of manager and performance of SMEs in terms of sales, assets, and others. In a small firm, generally the owner is the manager or sometimes the owner hires a person to act as the manager. Firms operated by a single person should possess a certain number of managerial capabilities to perform every functional activity of the business and all kinds of managerial capabilities may not be required to operate the business.

Since, most of the problems of SMEs related to the marketing, finance, operations, production, distribution, personnel management, quality control, bookkeeping, etc., are essentially managerial problems (Pansiri & Temtime, 2008), it is quite difficult for small firm owners or managers to acquire all the managerial skills at one time to facilitate financial growth. The causes of different managerial problems in small firms are the lack of adequate skills, education, and relevant training. For example, many owner-managers of small firms merge their personal expenditure with the business expenses. They cannot even calculate their production cost, revenue, and profit accurately. As a result, sometimes, the profitability may not reflect the true picture of the firm.

Although the finding showed insignificant relation between managerial capability and financial growth, the result revealed a positive and significant association with non-financial growth. This finding suggests that managerial capability has an outstanding influence on the non-financial growth of small firms in Bangladesh. The result obtained in the study is consistent with some previous studies done by Hazlina Ahmad et al. (2010); Ferreira and Azevedo (2007); and Yahya et al. (2011). The owner or manager of a small firm who has an entrepreneurial spirit and possesses a good set of

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management capabilities can effectively coordinate all kinds of resources to achieve the non-financial growth of a firm. Hence, Yahya et al. (2011) argued that skills related to management expertise, business operation, human relations, product design and services quality are most significant to explain the non-financial success of small and medium enterprises.

With good managerial capabilities, a small firm owner or manager can make effective decision, communicate business information effectively, coordinate, motivate and organise his/her team, make connection with outside environment of the firm and so on. These help them to grow and expand their business which subsequently creates a positive impact on employment creation and market share enhancement. The finding of the study supports the result of Ferreira and Azevedo (2007) where they revealed that entrepreneurial capability with other resources positively affects small firm employment growth. Managerial capabilities increase the confidence and decision making capacity of the manager, reduces information asymmetry and underinvestment, enhances product or service quality and can increase firm market share and customer satisfaction.

5.6   Discussion of Findings on Moderators (Objectives 3 & 4)

The study used government and private organizations support as the moderators with the assumptions that these would moderate the relationships between different resources and small firm financial and non-financial growth. However, the findings of the study revealed conflicting and mixed results that are discussed in the subsequent sections.

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5.6.1 The Moderating Role of Government Support between Resources and Small Firm Financial and Non-financial Growth (Objective 3)

Using government support as the moderator, the study examined the total of eight interaction effects between resources and small firm financial and non-financial growth. However, all the interaction effects except government support with market orientation and small firm financial and non-financial growth failed to moderate the hypothesized relationships. Based on the results, it can be said that the small business sector in Bangladesh does not depend on the assistance provided by the government. This result is consistent with the study done by Man (2014) in Malaysia who revealed that small and medium enterprises sector does not depend on the government support for their business operations and such supports do not play a significant role in enhancing the performance of small and medium enterprises. Fajnzylber, Maloney, and Montes-Rojas (2009) also found that access to government support does not influence the business profitability in Mexico.

In reality, small firms operating in Bangladesh do not get sufficient assistances from the government as per their requirements (Mamun et al., 2013). The infrastructures which are the basic precondition for the success of any business are not enough for small firms to develop. The telecommunication system still lags that of other developing countries. The unavailability of required amount of infrastructure, electricity, natural gas, water and government support services among others create more difficulties for small business growth in Bangladesh. According to the Centre for Policy Dialogue (2013), until 2013, only 60 per cent of the total population of Bangladesh had access to electricity supply. Therefore, there is a large gap between electricity supply and demand. Even those who have access, frequent load shedding

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jeopardizes their production and business operations. For such consequences, many small firms use diesel generators to support business operations that increase their operating cost or cost of production.

Government assistance related to developing business strategies and obtaining licenses and permits (also known as legal knowledge assistance) are essential for small firm growth or performance. However, in Bangladesh, the cumbersome process related to the licensing or business registration activities under the government agencies or departments are not up to the mark. Due to the difficulties of obtaining trade licenses from government departments or awkward registration process, many small firms operate their activities without business registration and trade license, lack of such documents restrict them from having access to the formal financial sector (Mamun et al., 2013). Small business sector in Bangladesh is more heterogeneous, vulnerable, and scattered and therefore the sector deserves more government support and policy. However, government policy of Bangladesh is not favourable for all kinds of small firms. For example, although there is some incentive package related to tax, many of the small firms fail to avail such incentives. Nepotism is one of the major reasons for this variation.

The law and order situation and the legal system in Bangladesh are not good and the local business environment is not supportive which also restricts small firm development. For some political reasons (i.e., strike, blocked, political unrest, extortion, and others), sometimes small firms face forced shutdown of business operations even for a long time which seriously jeopardizes their business growth. Small firms always desire to have proper skill development training and business related information from

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the government. However, in Bangladesh, there is no such remarkable program available for them. Hence, Moudud-Ul-Huq et al. (2013) claimed that the training and skill development support of the government to the small and medium enterprises in Bangladesh is not enough for their survival.

Availability of information related to financial products and services, marketing, raw materials, business development services, customers' needs, technology and others are more important for small firm growth. However, unfortunately, most of the small firms especially those operating in the semi-urban or rural areas are not aware of these supports or even if they know, many of them do not have the proper access. There are many financial products and services available for small firms but most of the entrepreneurs could not avail it due to the lack of available information. Besides, many of the owner-managers do not know about different sources of refinancing or pre-financing schemes available in Bangladesh. Thus, they borrow from the local moneylenders and micro finance institutions which increases their cost of borrowing.

There is no doubt that access to finance positively influences the financial and non-financial growth of small firms. With this position, if small firms receive substantial amount of support from the government, their financial and non-financial growth is supposed to increase. However, the study revealed that government support does not play such a role to moderate this relation. The study considered the non-financial support of the government and found that these supports are not adequate or appropriate for small firm growth in Bangladesh. Government failed to provide need based support and unable to fulfil the required support that small firms desire. The findings also showed that the activities related to business operations to achieve financial and non-

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financial growth solely depend on the owner-managers' own integrity or capability rather than government support.

The study hypothesized that adequate government support moderate the relationship between financial literacy and small firms' financial and non-financial growth. However, the results do not support the study's hypotheses. The finding revealed that government support is not relevant or sufficient to moderate the relationships between financial literacy and financial and non-financial growth of small firm. Government failed to provide relevant information about financial products and services, and training or skill development program that can moderate such relationships. Therefore, Chowdhury et al. (2013) suggested that small firms require training and skill development programs from the government but the government is unable to offer such requirements.

As discussed earlier, scholars argued that market oriented firms can enhance their business growth. The study also confirmed such statement. In these circumstances, government support may lead the growth to a more advanced level. However, government support as moderator between the relationship of market orientation and small firm financial and non-financial growth showed the conflicting result. The study revealed that government support negatively moderate the relationship between market orientation and small firm financial and non-financial growth. The results indicate that government support are not relevant, need based and useful for facilitating the growth of small firms. This kind of support services may not available in time when necessary.

Small firms need more information about the availability of indigenous and foreign raw materials, production process, product pricing, competitors' position, products or service marketing, updated technology and others for achieving marketing success. However, in this regard, government failed to provide up-to-date information and the back dated information may negatively impact on their growth. Small firm sector in Bangladesh is unorganized and very heterogenous. Therefore, their needs are very multifaceted and every firm in the sector has unique marketing problems which government failed to fulfil. Thus, the existing support of the government may be irrelevant for many businesses.

For small businesses, it is the owner or manager who is responsible for achieving the overall growth or performance. The owner or the manager who is capable of managing the operation effectively and efficiently can ensure firm growth. With their existing capability, if they receive enough government support, they can achieve better performance. However, the interaction effect of government support showed insignificant results. The results revealed that the existing supports received from the government are not useful for their financial and non-financial growth. The support services that directly or indirectly can enhance the growth of firms are not adequate and appropriate for their requirement (Roy & Chakraborty, 2014). Therefore, rather than depending on the government support, owner-managers of small firms are struggling continuously for their financial and non-financial growth.

Finally, it can be said that the government of Bangladesh has failed to contribute significantly to the small business sector for its growth and development. Although, the government and some other related departments or agencies have undertaken different

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supportive initiatives for ensuring small firm growth and development, these are very insignificant compared to their requirements (Mamun et al., 2013). Some of the existing supports may be not relevant or need based and are not useful to cater for the small business demand. The findings of the study believe the argument of Moudud-Ul-Huq et al. (2013) where they stated that the support of the government to the small and medium enterprises is not enough for their survival and suggested that the government should take care of the small business sector with more need based, accurate, relevant, and informative support services.

5.6.2 The Moderating Role of Private Organizations Support between Resources and Small Firm Financial and Non-financial Growth (Objective 4)

Although the study expected private organizations support moderate the relationships between resources and small firm financial and non-financial growth, the findings revealed mixed results. Out of eight, a total of five interaction effects were found as per the desired of the hypotheses. The results showed that private organizations support moderate the relationships between finance and financial growth, market orientation and financial growth, finance and non-financial growth, financial literacy and non-financial growth and market orientation and non-financial growth. However, for the other three relationships, the results indicated that private organizations support is not useful to moderate their associations. Therefore, the results revealed that although private organizations support moderate the relationships in some cases, it has failed to moderate in some other cases.

Access to finance is the life blood for the success of small firms in any country (Fraser et al., 2015). When small firms are able to finance their required amount of capital, they

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can ensure financial and non-financial growth for their firms. In this circumstance, if they get adequate support from the private organizations, they can foster more growth. The findings of the study have also exposed similar results. As expected, the results revealed that private organizations support in terms of information and training enhanced the positive relationships between finance and small firm financial and non-financial growth. For facilitating the growth or expansion, small firms need different information related to capital availability, financial products and services, cost of capital, terms and condition of lenders, re-financing and pre-financing schemes of government, documents needed and preparation, proper financial plan and others. They are getting such information from private organizations that are working for their development. Previous study also acknowledged that access to information is the essential tool for the entrepreneurs to make the business successful (Hernandez et al., 2012).

Financial literacy correlates with business performance as it improves the ability of the owner-manager regarding financial aspects of the business. With required financial literacy, if owner-managers of small firms receive sufficient information and training support from the private organizations, it is supposed to increase their financial growth. However, the study revealed that private organizations support is not useful to moderate the positive relationship between financial literacy and small firm financial growth. The finding of the study indicates that small firms do not depend on private organizations for enhancing financial growth; rather, they utilize their existing literacy level to achieve financial success. This is mainly due to the lack of relevant information and useful training programs that may lead the financial growth of firms. Therefore, it can

be said that information and training that are provided should be based on the requirements of firms and useful to enhance their financial growth.

Although private organizations support has failed to moderate the positive relationship between financial literacy and small firm financial growth, it improves the positive relationship of financial literacy and small firm non-financial growth. The information and the training received from private organizations increase their technical and interpersonal abilities that facilitates to improve the product and service quality to gain customer satisfaction or extend market share. Although financial literacy level of the owner-managers is weak, they are able to enhance the non-financial growth. Access to information facilitates the ability of firms to grab opportunities for business start-up and success. Therefore, information related to products marketing, technologies, government regulations, etc., and the training support that enhances their financial capability helps small businesses in their development and growth.

In a competitive environment, to gain marketing success, firms should get proper access to market related information such as demand in the market, available products, its pricing, demand supply gap, number of customers and their test and preferences and others. Similarly, to make them competitive and capable, they need some training that improves their marketing capacity. However, the results showed that private organizations failed to improve the positive relationships between market orientation and small firm financial and non-financial growth rather it depletes. This is due to the fact that small firms in Bangladesh are not getting such useful and relevant information and training from private organizations which are required to enhance their financial and non-financial growth.

Although many private organizations in Bangladesh provide different support services to the small firm sector, there is no such remarkable services related to the marketing activities of small firm. The information and the training provided by private organisations may be not need based and not correlated with the requirements of small firms. Due to the heterogeneity of the sector, private organization could not address the unique need of the sector. One interesting issue is that the cost of private organizations support services are so high which small firms cannot afford and when they accept it the higher cost reduces their financial growth and subsequently the non-financial growth.

Small firms in Bangladesh are struggling to survive with their self-knowledge and skills related to market, trying to get market information by their own efforts and trained by themselves rather than depending on the private organizations. Sometimes, they receive some information that is not useful for them or even inaccurate that may hinder their growth. Entrepreneurs can achieve better success receiving the support services from the market experts with different skills and knowledge and organizations in return get the financial benefits as well as the market reputation (Ravn, 2010; Webb et al., 2010). However, in the context of the current study, private organizations that have sufficient expertise are not able to facilitate small firms to attain marketing success that can help them to improve financial and non-financial growth.

The study also hypothesized that private organizations support moderate the relationships between managerial capability and small firm financial and non- financial growth. However, the findings of the study revealed that private organizations are not able to play a proper role in moderating such relationships. Relevant information and

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proper training are highly essential for enhancing firm financial and non-financial growth. However, unfortunately, small firms in Bangladesh do not receive such support from the private organizations. There are some services of private organizations which can best fit the growth and survival of small firms, but many of the small firms cannot afford it due to higher cost or due to the lack of information that they are not aware of these supports. Thus, the finding implies that owner-managers of small firms in Bangladesh are fully dependent on their existing capabilities rather than the private organizations for enhancing financial and non-financial growth of their firms.

5.7   Contribution and Implication

5.7.1   Theoretical Contribution

As per the theory of resource based view, resources are the primary determinants of firm growth or performance and these are the foundation of a firm that offer the direction of firm strategy to lead firm performance (Grant, 1991). This indicates that firms endowed with heterogeneous resources would be able to generate a superior performance (Federico et al., 2012). In the last decades, a large number of studies have been conducted on firm growth with an increasing interest in small firms. Other than the area of large firms, most of the studies on business growth are based on small and medium-sized firms. However, in consideration of factors or resources that affect small firm growth is suffering from the dearth of literature due to the absence of any unified theory or model (Dobbs & Hamilton, 2007; Olaore, 2014). These shortcomings may be due to an overemphasis on growth outcomes as opposed to understanding the antecedents of small firm growth (Eijdenberg et al., 2015).

Although few evidences are available in literature about the resources and factors that affect small firm growth or performance, these studies discussed the resources in an isolated fashion. Hence, the current study focused on multidimensional resources in a single frame selected from both tangible and intangible categories to provide comprehensive literature and empirical evidences. The study also included two moderating variables (government support and private organizations support) between the relationships of different resources (finance, financial literacy of the owner-manager, market orientation strategy and managerial capability) and small firm growth in order to enrich the prevailing literature and supplement the theory of resource based view.

In the literature review chapter, it was found that a large body of literature described different resources and their impact on growth of firms. However, majority of them considered different resources separately to examine their impact on firm growth. The resource-based view has an intra-organizational focus and argued that performance is a function of firm-specific resources and other capabilities such as strategic or managerial capabilities (Barney, 1991; Wernerfelt, 1984). Therefore, the current study used financial resources, strategic resources and owner-manager knowledge and skills in terms of financial literacy and capabilities in an integrated framework to give new shape to the underlying theory. Thus, the more complex integrated framework offers a more complete understanding of the determinants of growth and their interrelationships.

Using various resources into an integrated model can help to identify the importance of resources as a predictor of growth. From the current research, it is observed that resources like finance, financial literacy, and market orientation are more important

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predictors of financial and non-financial growth. Thus, more competitive advantages can be generated by combining the tangible and intangible resources that can facilitate the firm to achieve more growth. The theory of Resource based view focuses the performance differences of firms based on their resources (Peteraf & Barney, 2003). This indicates that if all firms can have access to the same resources, there will be no growth differences. Every firm may be capable of investing in their firms with the required financial resources, but in terms of strategies and capabilities, all of them cannot be the same. It is argued that strategies and capabilities are imperfectly competitive due to different expectations, luck of entrepreneurs, market uncertainties, information asymmetries regarding the future value of a strategic resources and the ability of entrepreneurs to gain and utilize such capabilities (Theriou, Aggelidis, & Theriou, 2009).

The study considered both financial and non-financial growth in the same frame to show how resources, strategies and the knowledge or skills of owner-manager in terms of literacy and capabilities affect such growth. Therefore, from the study findings it can be said that financial resources, strategic resources and the capabilities in terms of financial literacy and managerial capability play a role in enhancing the financial and non-financial growth of a firm. On the other hand, the study considered all kinds of small firms that included manufacturing, trading and service sector, which also contribute to the resource-based theory in a fashion that these resources influence the growth of all kinds of small firms.

The study used government and private organizations support as the moderators between the resources and small firm growth. The findings revealed that government

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support was not able to enhance the positive relationships between different resources and small firm growth even it depletes the positive relationship between market orientation and small firm financial and non-financial growth. The discussion section presented in detail the ineffectiveness of the government support. Here, it can be highlighted that the support services designed and delivered by the government are not useful for small firms as these are not relevant, accurate, or insufficient and even not as per the requirements of small firms. Since various scholars argued that government support influences the growth or performances of small firms, it can be concluded that if the government provides accurate and sufficient support services according to their need, with existing positive relationships between resources and growth, government support would enhance the growth of small firms further. In such a case, it would be able to supplement the theory of resource-based view.

In addition to government support, the study also used private organizations support as moderator and found that support services in terms of information and training received from the private organizations are able to enhance the positive relationships between finance and financial growth, finance and non-financial growth and financial literacy and non-financial growth. However, these support services deplete the relationship between market orientation and small firm financial and non-financial growth. It is clear that resources enhance growth and at the same time, if small firms receive information or training support from the private organizations, the growth of the firm becomes stronger. On the other hand, information and training support which are not relevant and time or need based may reduce the positive association between the constructs. Therefore, from the current study, it can be said that as per the resource-based view, various resources influence the growth of firm. In addition, firms depend on some

external support to generate more growth. Thus, the inclusion of this variable contributes to the resource-based view as it supplements the direction of this theory. The current study offers two fold effects that give the theory of resource based view a new shape. The first effect showed that the more distinctive combination of resources the firm possesses, the higher will be the performance. In this regard, the strategy and the capability also help the firm to generate more competitive advantages to attain more financial and non-financial growth. In addition to that, with the existing resources, if firms get the required support from the external environment such as from the government and other supportive private organizations, it will enhance more growth. Therefore, the current model suggests a synergic integrated effort with the combination of different tangible and intangible resources, government and private organizations to contribute to the financial and non-financial growth.

In conclusion, this study has contributed to the resource-based theory by considering various tangible and intangible resources, government and private organizations support and financial and non-financial growth of small firms together into a single research domain. The integrated framework that classifies the resources into financial resources, strategic resources and knowledge and skills based resources such as capability and financial literacy are required to achieve competitive advantage to enhance firm growth. Hence, the tangible and intangible resources are included in the model to give it a wider sense. Using government and private organization support also supplements the theory of resource-based view. Finally, the study validated the existing theory using a larger sample from three broad categories of small firms i.e., manufacturing, trading, and service sector of a developing country such as Bangladesh.

5.7.2 Practical Implication

Apart from the theoretical contributions, some important implications can be drawn for the owner-manager, practitioners, and policy makers. Based on the findings of the study, this section presents some essential key points derived for small firm owner-manager, government, private organizations, practitioners, as well as policy makers.

Government and its related departments that are working for the betterment of the sector can take the lessons for their future course of action. As it is proven that different tangible and intangible resources are highly significant for financial and non-financial growth of small firm, the government should undertake sufficient initiatives to help small firms in acquiring such resources. In order to build their financial literacy and managerial capabilities, the government and its related departments or agencies should design several training programs and make them aware to participate. In addition, the government should make the financial sector vibrant including the increase of re-financing schemes for larger access to finance. Besides, the government should provide sufficient information related to financial products and services, market demand, new market search, and so forth. Moreover, the government should develop encouraging policies that will be friendly enough to facilitate small firm growth and development.

The financial institutions (especially banks and non-bank financial institutions) or any other lenders who want to lend money in the small business segment can generate the idea from this research about firm growth and the importance of resources that may lead or impede the growth. This kind of idea may help them in their credit appraisal decision. For example, financial literacy and managerial capability of owner-managers

are important for enhancing growth. When lenders can see that the owner or their manager has good knowledge or skills on financial literacy and high level of managerial capability, they can consider the firm as more credit worthy which would help them to take credit decisions easily. In addition, a good market oriented firm can gain marketing success and its consequence can generate more growth or performance. In this regard, lenders can consider such firms as credit worthy.

The practitioners including researchers and policy makers can easily use the research outputs for further research as well as for designing policy initiatives. Based on the importance of financial resources, strategy and capability as well as the role of governments and private organizations, policy makers can take initiatives to strengthen the sector for overall economic development. They can even make some plans for start-up businesses about the types of resources they need before going to the final operations.

The theory of resource-based view postulates that any firm can achieve competitive advantages by controlling resources that are valuable, rare, imperfectly imitable, and non-substitutable. It is the responsibility of the owner-managers to use the resources efficiently and more effectively than their competitors. To do this, owner-managers need different knowledge and skills. They can take the lesson from this study which revealed the importance of such knowledge and skills. Therefore, they can check their strength regarding the types of knowledge, skills, abilities, capabilities, and competencies they have and what are the requirements to achieve business success. If they find out their deficiencies, they can decide what kind of training programs will make them perfect to attain firms' goals. Besides, from the current research output,

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small business owner-managers can have lessons to identify the types of resources that are fostering or hindering their normal business growth and adoption of these would help them design their future business plan or it could be used as an early warning signal.

Private organizations that are trying to provide support services must have some idea about the requirement of small firms. As far as financial literacy and the managerial capability are concerned, private organizations which are providing business development support can get the idea about the most critical problems which must be addressed before launching any knowledge and skill development programs to enhance their financial literacy and managerial capability. In addition to that for fostering marketing activities of small firms, private organisations should offer relevant, accurate and need based support services. Moreover, based on the findings, different stakeholders related to the sector can define the possible roles they can play or are supposed to play which may help small business owners or managers to accelerate their future business growth and performance.

5.8   Recommendations

Based on the concept of 'the theory of the growth of the firm' and 'resource based view', the study examined how resources affect the growth of small firms operating in Bangladesh. Based on the concept of the resources, the four important resources (finance, financial literacy of the owner-manager, market orientation strategy and the managerial capability) have been used to develop the research framework. In addition to that, government and private organizations support has been considered as the

moderators. The study employed the quantitative research approach and used structured questionnaires as the research instrument. For data analysis, the study applied the Partial Least Squares to Structural Equation Modeling (PLS-SEM) approach. Based on the findings, the study formulates a set of recommendations, as listed below, for policy initiatives.

5.8.1   Finance

The findings of the study revealed that finance is one of the important predictors for small firms' financial and non-financial growth. Thus, small firms should emphasize on the availability of required funds to ensure their business growth. However, from the study's finding, it is evident that the level of finance is very low. This indicates that small firms in Bangladesh face severe problems while trying to get both internal and external financial access. In this regard, to increase funds availability, owner-managers of small firms should increase their integrity and trust worthiness so that they can arrange funds by receiving advance payment, accessing and delaying credit payment, getting loans from friends and relatives, arranging lease facility as well as factoring services. With internal finance, small firms have to rely on external finance to facilitate business expansion and growth. However, the study's finding revealed that they face constraints while trying to get access to formal financing sources, because financial institutions generally do not like to deal with the small firm sector. Even if they get some access, financial institutions impose many conditions including high collateral and interest rate.

In these circumstances, financial institutions and the government should come forward with affordable financial packages for small business development in Bangladesh. Although the Bangladesh Bank and the SME Foundation have taken some initiatives but these are insufficient relative to the larger demand. Thus, they should intensify their efforts with refinancing and pre-financing schemes to provide low cost funds to the commercial banks and enable them to finance small enterprises at a lower interest rate with less collateral requirements. Moreover, financial institutions have the scope to reduce the interest rate by searching for low cost funds and make the terms and conditions easy for greater access to formal sources.

5.8.2 Financial Literacy

Financial literacy is identified as the most significant resource among study variables for enhancing small firm financial and non-financial growth in Bangladesh. Therefore, owner-managers of small firms should acquire relevant financial literacy to achieve and manage financial resources effectively to facilitate firms' growth. However, from the finding, it is evident that the level of financial literacy among small firms' owner-managers is very low. In this context, owner-managers should highly concentrate on building such literacy through exercising and participating in financial knowledge and skills development programs available for them. In addition to their own efforts, the government and other private organizations should provide more training to the owner-managers to enhance their efficiency level regarding financial literacy. Besides, different trade bodies can also offer some effective training to develop their financial skills and knowledge. Moreover, all other stakeholders including central bank and the SME Foundation should design some cost free or low cost literacy development

programs and encourage them to participate as it may enhance their literacy level and subsequently foster firm growth in the future.

5.8.3   Market Orientation

The study examined the relationship between market orientations and small firm financial and non-financial growth and found that market orientation strategy significantly and positively affects small firms' financial and non-financial growth. This finding implies that firms that are market oriented can achieve better growth and success for their firms. Therefore, small firms' owner-managers should increase their efforts in designing and implementing the competitive marketing strategy for achieving significant growth of their firms. The finding revealed that at present owner-managers have tried to establish and implement market orientation concept to gain the marketing benefits. However, they should be more careful in designing the marketing strategy in order to have better competitive advantages. In this context, without the help of the government and other supportive organizations, it is not possible for them to have better access into the market. Therefore, the government should provide authentic and up-to-date information related to the market demand, demand supply gap, competitors' products, raw materials availability, appropriate technologies, opportunities in international market, and others. Some private organizations including different business bodies should also come forward in this regard to achieve marketing success of small firms in Bangladesh.

5.8.4   Managerial Capability

The finding also revealed that managerial capability is an important predictor for small firm non-financial growth in Bangladesh although it showed an insignificant result with financial growth. Hence, owner-managers should develop relevant and required capabilities that help them to manage overall businesses growth and success. Since most of the problems that small firms face are related to managerial problems, there is no alternative to building certain knowledge and skills to effectively and efficiently run the business operations and to maintain external relationships. Owner-managers of small firms should participate in some capability development programs currently available to them. Considering the overall contributions of small firms in the economy, the government and other stakeholders should undertake some capabilities development programs and provide trainings that are suitable for their capability enhancement. In addition to that, financial institutions may provide different support services to small entrepreneurs for better management of their businesses such as consultancy services and counselling.

5.8.5   Government Support

The finding of the study proves that the government support has failed to enhance the relationships between resources and small firm growth in Bangladesh and even deplete the relationship between market orientation and small firm financial and non-financial growth. This indicates that government support is not useful in facilitating small firms' growth in Bangladesh and small firms do not depend on government support; rather, they try to enhance their growth using their own resources, strategies, and capabilities.

Although the government and central bank have some initiatives for facilitating small firm growth in Bangladesh, these are not sufficient compared to the larger demand. Since small firm development is one of the priority sectors of the government, the government and other related agencies should come forward with a good number of initiatives for the development of this sector. Government should provide adequate infrastructure including road, electricity and water facilities. Government policy should be favourable including tax facilities. Government and other relevant authorities should ease the licensing and registration process by establishing separate counters for small firms in various departments across the country.

Besides, the government should maintain a good law and order situation so that small firms can easily operate their business. In addition to that, the government should provide different free or low cost training programs to develop the skills and capabilities of small firms' owner-managers and should encourage them to participate. In addressing the marketing activities of small firm, government should provide accurate and need based information including proper training that improve the marketing skills of owner-manager of small firms. Moreover, the government should provide relevant information related to their business in time and also create a good local business environment that will encourage business development.

5.8.6   Private Organizations Support

In terms of private organizations support, the results revealed that private organizations support can enhance positive relationships in some cases, but it failed to enhance such relationships in some other cases. However, the findings showed that the level of private

organizations support were very low. Hence, different private organizations should come forward with a good number of initiatives for facilitating small firm growth in Bangladesh. Banks and other financial institutions may design and implement some information distribution center and training programs that are useful for owner-managers of small firms for their firm growth. Besides, different business bodies may provide relevant information about capital sources, product marketing, technologies, government regulations etc. and offer some training programs for small firm development. Moreover, NASCIB can arrange some seminars with different stakeholders, trade fair for product marketing as well as making links with other large firms to facilitate small firm growth in Bangladesh.

5.9   Limitations of the Study

While the research design was established properly to address the research objectives and attention was given to the critical elements of the study, this research is still not free from some limitations. Although the study revealed some useful findings, there are a few limitations that need to be acknowledged.

The study followed the cross-sectional study rather than a longitudinal approach. The study considered different resources and small firm financial and non-financial growth at one point of time and did not observe the impact of these resources on small firm growth over time. On the other hand, the longitudinal study provides the researcher a better position to draw causal conclusions. Therefore, the results of the study may not be assumed to be in a similar fashion and consistent over time.

The scope of study was limited to three broad divisions of Bangladesh out of seven divisions. Most of the small firms are concentrated in these three divisions and the nature of small firms all over Bangladesh is the same; the results have been generalized. However, the characteristics of firms or their owner-managers in terms of financial resources accumulation, strategy adoption, financial literacy, and managerial capability may differ based on the location and region. Therefore, the generalization of the findings may be limited in a true sense for the whole country. Similarly, the findings of the study cannot be generalised for other countries as the scope is only for Bangladesh and the nature of small firms differ all over the world in terms of various characteristics.

The study used a structured questionnaire that was based on a self-report by the small firm owner or its manager. Therefore, the question of common method variance was inevitable. This is a problem in research where the variability of response overlaps due to data being collected from a single source. Although the study did not face such a problem, the researcher may consider this issue a possible limitation of the study.

Nevertheless, although these limitations imply that the explanation of the results should be used with some caution, the findings presented in this study offered some new insights and a better understanding of various resources and their impact, government support, private organizations support, financial and non-financial growth in the context of small firms. Therefore, the society might get the benefits by using the research outputs carefully.

5.10   Directions for Future Research

Although the study has some limitations, this research can be extended in several ways. Firstly, since this research followed the cross-sectional study, researchers are encouraged to do the longitudinal study to observe the changes of growth and the impact of resources on growth. This kind of study will be useful to assess the causal relationship over a certain period.

Secondly, the applicability of the model can be tested from a global perspective by comparing it across different cultural context since the nature of small firms in different countries varies in several ways. It would give a wide-ranging picture regarding the impact of various resources on small firm growth.

In addition to that, the study considered both tangible and intangible category of resources and included four different resources in the framework as well as government and private organizations support as moderators to examine their impact on growth. The replication of this research by adding some other variables like resource capabilities, and other moderating variable such as NGO support, would generate a new dimension to explore the relationships between resources and small firm financial and non-financial growth from a different lens.

Moreover, researchers can extend this model to find out the impact of various resources on the growth of micro enterprises or even for medium businesses. The same research can also be done by getting the sample from different sectors (manufacturing, trading

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and service sector) separately in order to identify whether there are any differences among the sectors.

5.11   Conclusion

Researchers of both developed and developing countries who work on small firms recognize its contributions towards the economic growth. Although there are many studies on determinants or factors affecting SME growth, the literature is scant in the consideration of factors or resources that affect small firm growth. Based on the concept of 'the theory of the growth of the firm' and 'resource based view', the current study intends to examine how the resources affect the growth of small firms operating in Bangladesh. The four important resources (finance, financial literacy of the owner-manager, market orientation strategy and the managerial capability) have been used to develop the proposed research framework in order to examine their impact on financial and non-financial growth of small firms especially in the context of Bangladesh. In addition to that, the government and private organizations support has been considered as the moderators to examine if such support moderate the relationships between resources and small firm financial and non-financial growth.

The study employed quantitative research approach and used structured questionnaire as the research instrument. For data collection, a cross sectional survey design was adopted and the unit of analysis was the small firms operating in Bangladesh and the owner-managers of small firms were the respondents. The study employed non-probabilistic sampling technique in data collection since there is no comprehensive list or directory for small firms available in Bangladesh. The total sample size of 407 was

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finally considered for analysis. For data analysis, the study applied the Partial Least Squares to Structural Equation Modeling (PLS-SEM) approach.

The results of the study revealed that finance, financial literacy, and market orientations have significant positive relationships with financial growth of small firm. Therefore, the stakeholders including the owner-managers of small firms should be highly concerned about the availability of finance, designing market orientation strategy, as well as to achieve effective financial literacy in order to ensure the financial growth of firms. In terms of non-financial growth, the results showed that all the resources were positively related and statistically significant. Hence, to generate higher employment given the urgent need to address unemployment, enhancing market share and to increase satisfied customers for sustainable growth, greater emphasis should be placed on these resources.

The study also revealed that government support does not play a role in enhancing the relationships between resources and small firm financial and non-financial growth rather deplete the relationship between market orientationa and small firm financial and non-financial growth. There are many reasons for such a failure such as the ineffective support services of the government, not relevant or need based, information and training support provided by the government or its related departments are not useful to cater to small firms' demand or even owner/managers may fail to participate in some useful programs due to the lack of information and restricted access. Nevertheless, this result might merit further investigation as to why this phenomenon occurs.

On the other hand, the results showed that private organizations support enhanced the relationships between finance and financial growth, finance and non-financial growth and financial literacy and non-financial growth. However, such support deplete the relationship between market orientation and small firm financial and non-financial growth. The other results indicated that private organizations support is not useful to enhance these positive relationships. Hence, along with government support, private organizations should also come forward with a good number of support services that can foster the growth of small firms.

Finally, it can be said that resources used in this integrated model are able to give a more holistic picture in the theory of resource-based view. Because of that, the more complex integrated framework offers a more complete understanding of the determinants of growth and their interrelationships. From the findings of the study, it is evident that if small firms have better access to financial resources, develop effective marketing strategy, and gain the required financial literacy and managerial capability and at the same time get proper and adequate support from the government and private organizations, they will contribute more to the economy by achieving their financial and non-financial growth.

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APPENDICES

Appendix A: Common Method Variance

Compon ent	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulativ e %	Total	% of Variance	Cumulativ e %	Total	% of Variance	Cumulativ e %
1	8.235	12.669	12.669	8.235	12.669	12.669	6.544	10.068	10.068
2	7.207	11.087	23.756	7.207	11.087	23.756	6.370	9.800	19.868
3	5.709	8.783	32.539	5.709	8.783	32.539	5.839	8.983	28.851
4	5.216	8.025	40.564	5.216	8.025	40.564	5.664	8.713	37.565
5	4.659	7.168	47.732	4.659	7.168	47.732	4.649	7.153	44.717
6	2.973	4.573	52.305	2.973	4.573	52.305	3.958	6.089	50.807
7	2.040	3.138	55.443	2.040	3.138	55.443	2.673	4.112	54.919
8	1.447	2.226	57.669	1.447	2.226	57.669	1.402	2.158	57.076
9	1.388	2.135	59.804	1.388	2.135	59.804	1.401	2.155	59.231
10	1.283	1.974	61.778	1.283	1.974	61.778	1.276	1.963	61.194
11	1.173	1.805	63.583	1.173	1.805	63.583	1.234	1.898	63.092
12	1.101	1.693	65.276	1.101	1.693	65.276	1.226	1.886	64.978
13	1.002	1.541	66.818	1.002	1.541	66.818	1.196	1.840	66.818
14	.978	1.504	68.322						
15	.928	1.428	69.750						
16	.874	1.345	71.095						
17	.871	1.341	72.436						
18	.853	1.312	73.747						
19	.812	1.249	74.996						
20	.796	1.225	76.221						
21	.746	1.148	77.369						
22	.721	1.109	78.478						
23	.711	1.094	79.571						
24	.696	1.071	80.642						
25	.639	.983	81.626						
26	.612	.941	82.567						
27	.606	.932	83.499						
28	.594	.914	84.413						
29	.565	.870	85.283						
30	.527	.811	86.094						
31	.507	.780	86.874						
32	.477	.734	87.608						
33	.466	.718	88.325						
34	.444	.683	89.008						
35	.431	.663	89.672						
36	.412	.635	90.306						

37	.408	.627	90.933		
38	.382	.588	91.522		
39	.355	.547	92.068		
40	.349	.538	92.606		
41	.332	.510	93.116		
42	.328	.504	93.620		
43	.319	.491	94.111		
44	.297	.457	94.569		
45	.283	.435	95.003		
46	.263	.404	95.408		
47	.251	.386	95.793		
48	.246	.378	96.171		
49	.232	.357	96.528		
50	.225	.346	96.874		
51	.219	.337	97.211		
52	.216	.333	97.544		
53	.205	.316	97.859		
54	.186	.286	98.146		
55	.184	.284	98.429		
56	.166	.255	98.685		
57	.153	.235	98.920		
58	.147	.226	99.146		
59	.132	.203	99.348		
60	.126	.194	99.542		
61	.096	.147	99.690		
62	.085	.130	99.820		
63	.058	.090	99.910		
64	.030	.046	99.956		
65	.029	.044	100.000		

Extraction Method: Principal Component Analysis.

Appendix B: Construct Correlations

		FINLIT	FIN	MO	GS	SFFG	SFNFG	APOS	AMC
FINLIT	Pearson Correlation								
	Sig. (2-tailed)								
	N	407							
FIN	Pearson Correlation	.005	1						
	Sig. (2-tailed)	.916							
	N	407	407						
MO	Pearson Correlation	-.010	-.237**	1					
	Sig. (2-tailed)	.837	.000						
	N	407	407	407					
GS	Pearson Correlation	-.007	-.016	-.091	1				
	Sig. (2-tailed)	.881	.749	.068					
	N	407	407	407	407				
SFFG	Pearson Correlation	.468**	.149**	.251**	.011	1			
	Sig. (2-tailed)	.000	.003	.000	.829				
	N	407	407	407	407	407			
SFNFG	Pearson Correlation	.374**	.158**	.173**	.044	.523**	1		
	Sig. (2-tailed)	.000	.001	.000	.374	.000			
	N	407	407	407	407	407	407		
POS	Pearson Correlation	-.057	.013	-.010	.008	.054	.045	1	
	Sig. (2-tailed)	.250	.797	.846	.872	.280	.366		
	N	407	407	407	407	407	407	407	
MC	Pearson Correlation	.087	.121*	-.038	-.029	.121*	.181**	.055	1

	FINLIT	FIN	MO	GS	SFFG	SFNFG	APOS	AMC
Sig. (2-tailed)	.080	.014	.443	.561	.014	.000	.265	
N	407	407	407	407	407	407	407	407

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

Appendix C: Item Correlations

Finance

		FIN1	FIN2	FIN3	FIN4	FIN5	FIN6	FIN7	FIN8	FIN9	FIN10	FIN11
FIN1	Pearson Correlation	1										
	Sig. (2-tailed)											
	N	407										
FIN2	Pearson Correlation	.497**	1									
	Sig. (2-tailed)	.000										
	N	407	407									
FIN3	Pearson Correlation	.504**	.393**	1								
	Sig. (2-tailed)	.000	.000									
	N	407	407	407								
FIN4	Pearson Correlation	.413**	.393**	.541**	1							
	Sig. (2-tailed)	.000	.000	.000								
	N	407	407	407	407							
FIN5	Pearson Correlation	.497**	.314**	.475**	.365**	1						
	Sig. (2-tailed)	.000	.000	.000	.000							
	N	407	407	407	407	407						
FIN6	Pearson Correlation	.398**	.548**	.526**	.494**	.506**	1					
	Sig. (2-tailed)	.000	.000	.000	.000	.000						
	N	407	407	407	407	407	407					
FIN7	Pearson Correlation	.454**	.463**	.554**	.501**	.355**	.492**	1				
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000					
	N	407	407	407	407	407	407	407				
FIN8	Pearson Correlation	.578**	.367**	.392**	.392**	.588**	.433**	.474**	1			
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000				
	N	407	407	407	407	407	407	407	407			

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		FIN1	FIN2	FIN3	FIN4	FIN5	FIN6	FIN7	FIN8	FIN9	FIN10	FIN11
FIN9	Pearson Correlation	.527**	.417**	.385**	.409**	.520**	.384**	.537**	.651**	1		
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000			
	N	407	407	407	407	407	407	407	407	407		
FIN10	Pearson Correlation	.536**	.478**	.353**	.337**	.483**	.468**	.502**	.520**	.563**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000		
	N	407	407	407	407	407	407	407	407	407	407	
FIN11	Pearson Correlation	.529**	.422**	.508**	.479**	.471**	.494**	.493**	.455**	.469**	.542**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	
	N	407	407	407	407	407	407	407	407	407	407	407

**. Correlation is significant at the 0.01 level (2-tailed).

Market Orientation

		MO1	MO2	MO3	MO4	MO5	MO6	MO7	MO8	MO9	MO10	MO11	MO12
MO1	Pearson Correlation	1											
	Sig. (2-tailed)												
	N	407											
MO2	Pearson Correlation	-.099*	1										
	Sig. (2-tailed)	.046											
	N	407	407										
MO3	Pearson Correlation	.349**	.152**	1									
	Sig. (2-tailed)	.000	.002										
	N	407	407	407									
MO4	Pearson Correlation	.426**	-.046	.448**	1								
	Sig. (2-tailed)	.000	.354	.000									
	N	407	407	407	407								
MO5	Pearson Correlation	.353**	.133**	.574**	.475**	1							
	Sig. (2-tailed)	.000	.007	.000	.000								
	N	407	407	407	407	407							
MO6	Pearson Correlation	.555**	.068	.566**	.416**	.492**	1						
	Sig. (2-tailed)	.000	.169	.000	.000	.000							

		MO1	MO2	MO3	MO4	MO5	MO6	MO7	MO8	MO9	MO10	MO11	MO12
	N	407	407	407	407	407	407						
MO7	Pearson Correlation	.372**	.171**	.619**	.406**	.599**	.540**	1					
	Sig. (2-tailed)	.000	.001	.000	.000	.000	.000						
	N	407	407	407	407	407	407	407					
MO8	Pearson Correlation	.343**	.281**	.561**	.387**	.528**	.472**	.575**	1				
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000					
	N	407	407	407	407	407	407	407	407				
MO9	Pearson Correlation	.416**	.123*	.573**	.637**	.532**	.509**	.558**	.543**	1			
	Sig. (2-tailed)	.000	.013	.000	.000	.000	.000	.000	.000				
	N	407	407	407	407	407	407	407	407	407			
MO10	Pearson Correlation	.296**	.148**	.799**	.328**	.385**	.552**	.513**	.440**	.468**	1		
	Sig. (2-tailed)	.000	.003	.000	.000	.000	.000	.000	.000	.000			
	N	407	407	407	407	407	407	407	407	407	407		
MO11	Pearson Correlation	.407**	.158**	.599**	.463**	.525**	.505**	.580**	.716**	.548**	.518**	1	
	Sig. (2-tailed)	.000	.001	.000	.000	.000	.000	.000	.000	.000	.000		
	N	407	407	407	407	407	407	407	407	407	407	407	
MO12	Pearson Correlation	.420**	.150**	.676**	.631**	.513**	.585**	.585**	.514**	.747**	.540**	.583**	1
	Sig. (2-tailed)	.000	.002	.000	.000	.000	.000	.000	.000	.000	.000	.000	
	N	407	407	407	407	407	407	407	407	407	407	407	407

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Managerial Skills

		MS1	MS2	MS3	MS4	MS5	MS6	MS7	MS8	MS9	MS10	MS11	MS12	MS13	MS14
MS1	Pearson Correlation	1													
	Sig. (2-tailed)														
	N	407													
MS2	Pearson Correlation	.596**	1												
	Sig. (2-tailed)	.000													
	N	407	407												
MS3	Pearson Correlation	.543**	.540**	1											
	Sig. (2-tailed)	.000	.000												
	N	407	407	407											
MS4	Pearson Correlation	.455**	.538**	.347**	1										
	Sig. (2-tailed)	.000	.000	.000											
	N	407	407	407	407										
MS5	Pearson Correlation	.500**	.666**	.479**	.470**	1									
	Sig. (2-tailed)	.000	.000	.000	.000										
	N	407	407	407	407	407									
MS6	Pearson Correlation	.543**	.540**	.458**	.649**	.505**	1								
	Sig. (2-tailed)	.000	.000	.000	.000	.000									
	N	407	407	407	407	407	407								
MS7	Pearson Correlation	.255**	.264**	.439**	.234**	.284**	.276**	1							
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000								
	N	407	407	407	407	407	407	407							
MS8	Pearson Correlation	.261**	.360**	.271**	.215**	.329**	.296**	.120*	1						
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.015							
	N	407	407	407	407	407	407	407	407						
MS9	Pearson Correlation	.522**	.606**	.600**	.586**	.581**	.559**	.251**	.288**	1					
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000						
	N	407	407	407	407	407	407	407	407	407					
MS10	Pearson Correlation	.429**	.518**	.379**	.494**	.489**	.561**	.233**	.172**	.547**	1				
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.001	.000					

		MS1	MS2	MS3	MS4	MS5	MS6	MS7	MS8	MS9	MS10	MS11	MS12	MS13	MS14
	N	407	407	407	407	407	407	407	407	407	407				
MS11	Pearson Correlation	.521**	.516**	.445**	.457**	.515**	.400**	.111*	.211**	.577**	.392**	1			
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.025	.000	.000	.000				
	N	407	407	407	407	407	407	407	407	407	407	407			
MS12	Pearson Correlation	.502**	.429**	.450**	.296**	.410**	.435**	.248**	.211**	.346**	.349**	.391**	1		
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000			
	N	407	407	407	407	407	407	407	407	407	407	407	407		
MS13	Pearson Correlation	.598**	.958**	.538**	.533**	.690**	.565**	.274**	.380**	.601**	.530**	.514**	.466**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000		
	N	407	407	407	407	407	407	407	407	407	407	407	407	407	
MS14	Pearson Correlation	.184**	.195**	.290**	.357**	.153**	.182**	.227**	.298**	.197**	.391	.187**	.224**	.184**	1
	Sig. (2-tailed)	.000	.000	.000	.253	.002	.098	.000	.048	.000	.067	.000	.012	.000	
	N	407	407	407	407	407	407	407	407	407	407	407	407	407	407

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).
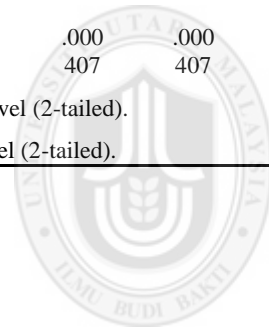
Managerial Knowledge and Experience

		MKE1	MKE2	MKE3	MKE4
MKE1	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	407			
MKE2	Pearson Correlation	.474**	1		
	Sig. (2-tailed)	.000			
	N	407	407		
MKE3	Pearson Correlation	.624**	.462**	1	
	Sig. (2-tailed)	.000	.000		
	N	407	407	407	
MKE4	Pearson Correlation	.591**	.503**	.510**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	407	407	407	407
**. Correlation is significant at the 0.01 level (2-tailed).					

Government Support

		GS1	GS2	GS3	GS4	GS5	GS6	GS7	GS8
GS1	Pearson Correlation	1							
	Sig. (2-tailed)								
	N	407							
GS2	Pearson Correlation	.692**	1						
	Sig. (2-tailed)	.000							
	N	407	407						
GS3	Pearson Correlation	.775**	.687**	1					
	Sig. (2-tailed)	.000	.000						
	N	407	407	407					
GS4	Pearson Correlation	.619**	.732**	.605**	1				
	Sig. (2-tailed)	.000	.000	.000					
	N	407	407	407	407				
GS5	Pearson Correlation	.671**	.578**	.762**	.495**	1			
	Sig. (2-tailed)	.000	.000	.000	.000				
	N	407	407	407	407	407			
GS6	Pearson Correlation	.493**	.691**	.533**	.487**	.428**	1		
	Sig. (2-tailed)	.000	.000	.000	.000	.000			
	N	407	407	407	407	407	407		
GS7	Pearson Correlation	.630**	.753**	.632**	.635**	.701**	.577**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000		
	N	407	407	407	407	407	407	407	
GS8	Pearson Correlation	.546**	.638**	.550**	.775**	.432**	.463**	.568**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	
	N	407	407	407	407	407	407	407	407
**. Correlation is significant at the 0.01 level (2-tailed).									

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Private Organizations Information Support

		POIS1	POIS2	POIS3	POIS4
POIS1	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	407			
POIS2	Pearson Correlation	.467**	1		
	Sig. (2-tailed)	.000			
	N	407	407		
POIS3	Pearson Correlation	.546**	.554**	1	
	Sig. (2-tailed)	.000	.000		
	N	407	407	407	
POIS4	Pearson Correlation	.472**	.484**	.592**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	407	407	407	407

**. Correlation is significant at the 0.01 level (2-tailed).

Private Organizations Training Support

		POTS1	POTS2	POTS3	POTS4
POTS1	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	407			
POTS2	Pearson Correlation	.469**	1		
	Sig. (2-tailed)	.000			
	N	407	407		
POTS3	Pearson Correlation	.616**	.523**	1	
	Sig. (2-tailed)	.000	.000		
	N	407	407	407	
POTS4	Pearson Correlation	.416**	.392**	.362**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	407	407	407	407

**. Correlation is significant at the 0.01 level (2-tailed).

Small Firm Financial Growth

		SFFG1	SFFG2	SFFG3	SFFG4
SFFG1	Pearson Correlation	1			
	Sig. (2-tailed)				
	N	407			
SFFG2	Pearson Correlation	.494**	1		
	Sig. (2-tailed)	.000			
	N	407	407		
SFFG3	Pearson Correlation	.540**	.466**	1	
	Sig. (2-tailed)	.000	.000		
	N	407	407	407	
SFFG4	Pearson Correlation	.343**	.354**	.450**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	407	407	407	407

**. Correlation is significant at the 0.01 level (2-tailed).

Small Firm Non-Financial Growth

		SFNFG1	SFNFG2	SFNFG3
SFNFG1	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	407		
SFNFG2	Pearson Correlation	.270**	1	
	Sig. (2-tailed)	.000		
	N	407	407	
SFNFG3	Pearson Correlation	.399**	.535**	1
	Sig. (2-tailed)	.000	.000	
	N	407	407	407
**. Correlation is significant at the 0.01 level (2-tailed).				

Appendix D: Descriptive Statistics of 65 Items

	N	Minimum	Maximum	Mean	Std. Deviation
FIN1	407	1	5	2.14	1.018
FIN2	407	1	4	2.49	.882
FIN3	407	1	5	2.43	1.026
FIN4	407	1	5	2.77	.888
FIN5	407	1	4	2.34	.964
FIN6	407	1	4	2.39	.930
FIN7	407	1	4	2.50	.952
FIN8	407	1	5	2.39	1.051
FIN9	407	1	5	2.42	.984
FIN10	407	1	5	2.44	1.020
FIN11	407	1	4	2.46	1.026
FINLIT	407	1	9	3.55	1.058
MO1	407	2	5	3.20	.629
MO2	407	2	5	3.49	.806
MO3	407	1	5	3.13	.727
MO4	407	2	5	3.16	.673
MO5	407	1	5	3.22	.649
MO6	407	2	5	3.28	.651
MO7	407	1	5	3.15	.668
MO8	407	1	5	3.15	.701
MO9	407	2	5	3.29	.651
MO10	407	2	5	3.11	.706
MO11	407	1	5	3.20	.688
MO12	407	2	5	3.33	.639
MKE1	407	2	5	3.13	.733
MKE2	407	2	5	3.19	.717

		N	Minimum	Maximum	Mean	Std. Deviation
MKE3		407	2	5	3.18	.709
MKE4		407	1	5	3.10	.725
MS1		407	1	5	3.18	.751
MS2		407	1	5	3.15	.787
MS3		407	1	5	3.09	.768
MS4		407	2	5	3.13	.760
MS5		407	1	5	3.15	.719
MS6		407	2	5	3.15	.765
MS7		407	2	5	3.04	.704
MS8		407	1	5	3.18	.751
MS9		407	2	5	3.10	.712
MS10		407	1	5	3.14	.759
MS11		407	1	5	3.09	.768
MS12		407	2	5	3.11	.706
MS13		407	1	5	3.13	.776
MS14		407	1	5	3.02	.842
GS1		407	1	5	1.96	.992
GS2		407	1	5	2.15	.957
GS3		407	1	5	2.12	1.033
GS4		407	1	5	1.97	.957
GS5		407	1	5	2.02	1.005
GS6		407	1	5	2.01	.932
GS7		407	1	5	2.06	1.034
GS8		407	1	5	2.02	.866
POIS1		407	1	5	2.28	1.038
POIS2		407	1	5	2.45	1.039
POIS3		407	1	5	2.47	1.021
POIS4		407	1	5	2.53	1.045
POTS1		407	1	5	2.51	1.073
POTS2		407	1	4	2.32	.957
POTS3		407	1	5	2.44	1.041
POTS4		407	1	5	2.42	1.033
SFFG1		407	2	5	3.37	.867
SFFG2		407	2	5	3.05	.788
SFFG3		407	2	5	3.46	.969
SFFG4		407	1	5	3.62	.860
SFNFG1		407	1	5	3.28	.816
SFNFG2		407	1	5	3.46	.966
SFNFG3		407	1	5	3.48	.933
Valid (listwise)	N	407				

Appendix E: Cross Loadings

	FIN	FINL	GS	MKE	MO	MS	POIS	POTS	SFFG	SFNFG
FIN1	**0.757**	0.012	-0.107	0.123	-0.101	0.073	0.03	0.063	0.109	0.152
FIN2	**0.674**	-0.021	0.021	0.134	-0.145	0.124	0.062	0.015	0.088	0.154
FIN3	**0.693**	-0.011	-0.045	0.037	-0.148	0.029	-0.062	-0.041	0.087	0.095
FIN4	**0.677**	-0.081	0.028	0.019	-0.099	0.056	0.081	0.074	0.103	0.178
FIN5	**0.718**	0.089	-0.057	0.174	-0.142	0.08	-0.094	-0.015	0.167	0.147
FIN6	**0.71**	-0.04	-0.037	0.138	-0.156	0.07	-0.008	-0.022	0.071	0.096
FIN7	**0.702**	0.004	-0.001	0.038	-0.188	0.091	0.031	-0.026	0.085	0.05
FIN8	**0.697**	-0.026	-0.028	0.19	-0.176	0.03	-0.016	0.074	0.016	0.029
FIN9	**0.737**	0.059	0.025	0.137	-0.192	0.046	0.039	0.093	0.128	0.123
FIN10	**0.76**	-0.007	0.03	0.174	-0.322	0.13	0.045	0.062	0.149	0.192
FIN11	**0.75**	0.053	-0.045	0.116	-0.125	0.052	-0.079	-0.089	0.137	0.113
FINL	0.01	**1**	-0.008	0.138	-0.01	0.046	-0.006	-0.106	0.471	0.373
GS1	0.02	0.014	**0.833**	-0.034	-0.092	-0.055	0.013	0.001	-0.014	-0.006
GS2	0.02	-0.014	**0.865**	0.004	-0.111	0.007	0.042	0.051	0.009	0.028
GS3	-0.004	0.018	**0.834**	-0.01	-0.067	-0.029	0.014	-0.014	0	0.023
GS4	-0.048	-0.061	**0.79**	0.073	-0.081	0.05	-0.02	0.018	-0.014	0.017
GS5	-0.009	0.02	**0.778**	-0.069	0.006	-0.068	-0.021	-0.059	0.048	0.042
GS6	-0.034	0.016	**0.799**	-0.063	-0.054	-0.051	0	-0.014	0.025	0.065
GS7	0.023	0.007	**0.874**	-0.059	-0.119	-0.053	0.046	0.022	0.004	0.027
GS8	-0.046	-0.059	**0.771**	0.066	-0.065	0.041	0.001	0.03	0.032	0.047
MKE1	0.091	0.113	-0.075	**0.85**	0.042	0.396	0.005	0.003	0.15	0.203
MKE2	0.141	0.112	-0.007	**0.744**	0.022	0.317	0.107	0.063	0.119	0.11
MKE3	0.138	0.042	-0.037	**0.803**	-0.036	0.309	-0.027	-0.048	0.054	0.127
MKE4	0.161	0.173	0.038	**0.815**	0.029	0.358	-0.093	-0.087	0.176	0.254
MO1	-0.15	-0.032	-0.001	0.043	**0.64**	-0.055	0.086	0.052	0.199	0.209
MO3	-0.205	-0.074	-0.124	0.027	**0.77**	-0.069	-0.014	-0.085	0.077	0.053
MO4	-0.12	-0.001	0.021	0.041	**0.722**	0.045	-0.007	-0.037	0.255	0.195
MO5	-0.191	0.005	-0.074	0.028	**0.709**	-0.031	0.14	0.105	0.121	0.128
MO6	-0.065	-0.039	-0.096	0.022	**0.773**	0.003	-0.061	-0.056	0.245	0.22
MO7	-0.238	-0.031	-0.074	-0.029	**0.755**	-0.06	0.066	0.045	0.194	0.105
MO8	-0.279	0.107	-0.069	0.032	**0.728**	-0.058	0.036	-0.097	0.212	0.104
MO9	-0.192	0.04	-0.094	0.024	**0.813**	-0.022	-0.017	-0.047	0.232	0.172
MO10	-0.161	-0.062	-0.062	0.033	**0.657**	-0.085	-0.087	-0.125	0.115	0.073
MO11	-0.217	-0.02	-0.048	-0.026	**0.77**	-0.089	0.077	0.037	0.189	0.102
MO12	-0.159	-0.031	-0.009	-0.046	**0.831**	-0.04	-0.031	-0.07	0.19	0.145
MS1	0.043	0.067	-0.054	0.455	-0.057	**0.761**	-0.039	-0.037	0.019	0.064
MS2	0.075	0.044	-0.019	0.357	0.003	**0.856**	0.045	0.009	0.07	0.137
MS3	0.086	0.005	-0.105	0.308	-0.015	**0.701**	0.097	0.063	0.106	0.082
MS4	0.096	-0.004	0.013	0.267	-0.02	**0.731**	0.129	0.06	0.043	0.143
MS6	0.112	0.11	0.039	0.396	-0.054	**0.767**	0.051	-0.012	0.103	0.122
MS9	0.135	0.016	-0.035	0.28	-0.048	**0.811**	0.089	0.049	0.121	0.134
MS10	0.033	-0.046	-0.009	0.283	-0.054	**0.698**	0.01	-0.002	-0.01	0.046
MS11	0.075	0.026	0.001	0.238	-0.051	**0.691**	0.032	0.042	0.094	0.142

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	FIN	FINL	GS	MKE	MO	MS	POIS	POTS	SFFG	SFNFG
MS13	0.078	0.074	-0.031	0.364	-0.022	**0.86**	0.036	-0.002	0.079	0.151
POIS1	0.039	-0.05	-0.044	0.015	0	-0.001	**0.773**	0.642	0.015	0.019
POIS2	-0.057	0.017	0.012	-0.035	-0.004	0.035	**0.778**	0.628	0.006	0.102
POIS3	-0.005	-0.004	0.023	-0.016	0.044	0.037	**0.846**	0.656	0.148	0.059
POIS4	0.046	0.017	0.024	0.02	0.025	0.13	**0.8**	0.675	0.058	0.028
POTS1	0.1	-0.055	0.055	0.029	-0.024	0.072	0.684	**0.824**	0.053	0.11
POTS2	-0.017	-0.127	0.027	-0.042	-0.118	-0.012	0.578	**0.764**	-0.017	-0.032
POTS3	-0.019	-0.101	-0.082	-0.044	0.032	-0.039	0.702	**0.828**	-0.021	0.007
POTS4	0.016	-0.044	-0.012	-0.018	0.01	0.052	0.54	**0.671**	0.075	-0.011
SFFG1	0.084	0.351	0.039	0.173	0.314	0.083	0.032	-0.037	**0.796**	0.604
SFFG2	0.093	0.418	0.041	0.017	0.142	0.09	0.092	0.064	**0.763**	0.517
SFFG3	0.21	0.315	0.028	0.114	0.201	0.061	0.096	0.075	**0.806**	0.591
SFFG4	0.111	0.358	-0.012	0.18	0.153	0.041	-0.002	-0.02	**0.681**	0.497
SFNFG1	0.021	0.261	0.163	0.183	0.12	0.068	0.025	-0.035	0.444	**0.646**
SFNFG2	0.239	0.292	-0.039	0.198	0.187	0.14	0.096	0.07	0.578	**0.822**
SFNFG3	0.148	0.317	0.049	0.136	0.161	0.127	0.021	0.011	0.652	**0.846**

FIN = Finance, FINL = Financial literacy, GS = Government support, MKE = Managerial knowledge and experience, MO = Market orientation, MS = Managerial skills, POIS = Private organizations information support, POTS = Private organizations training support, SFFG = Small firm financial growth and SFNFG = Small firm non-financial growth.

Appendix F: Path Coefficient with Moderators

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (|O/STDEV|)
FIN -> SFFG	0.225	0.231	0.041	5.535
FIN -> SFNFG	0.23	0.241	0.041	5.583
FINL -> SFFG	0.467	0.466	0.035	13.438
FINL -> SFNFG	0.362	0.359	0.035	10.396
GS -> SFFG	0.067	0.057	0.054	1.237
GS -> SFNFG	0.09	0.078	0.06	1.495
MC -> SFFG	0.068	0.068	0.042	1.626
MC -> SFNFG	0.142	0.141	0.044	3.268
MO -> SFFG	0.333	0.333	0.04	8.414
MO -> SFNFG	0.272	0.275	0.042	6.424
POS -> SFFG	-0.002	0	0.04	0.052
POS -> SFNFG	0.008	0.01	0.045	0.182

FIN = Finance, FINL = Financial literacy, GS = Government support, MC = Mnagerial capability, MO = Market orientation, POS = Private organizations support, SFFG = Small firm financial growth and SFNFG = Small firm non-financial growth.

RESEARCH QUESTIONNAIRE

Relationship between Resources and Small Firm Growth in Bangladesh with the Moderating Effects of Government and Private Organizations Support.

Dear Respondents,

As a PhD student of Universiti Utara Malaysia (UUM), I am seeking your kind help and cooperation regarding the research on small business growth in Bangladesh. This is an academic research to examine the impact of various resources on small firm growth. It would be highly appreciated if you kindly and sincerely fill-up this questionnaire with honesty and utmost care. Your valuable answer will help me to derive some accurate results which will ultimately reflect true picture of the research objectives.

The questionnaire consists of five sections. It is my earnest request to go through every question to answer properly. It is important to note that the study will not mention any name of your business and all the information you provide solely use for the research purpose with high confidentiality. Please provide your honest opinion about you, your business and some kinds of external support.

Thank you for your time and willingness to participate in this survey.

Sincerely,

Md. Mosharref Hossain
PhD student (95879)
School of Economics, Finance and Banking
College of Business (COB)
Universiti Utara Malaysia
Sintok, Kedah
Phone: 01714497131
Email: mosharref04@yahoo.com

Screening Questions

1. Has your business used any external financing sources or tried to get access

    for any external source? ☐   Yes   ☐   No

2. The age of your business is-   ☐ Less than 3 years   ☐ More than 3

    years

If your answer for first question is 'Yes' and for second question is 'more than three years', please go to the next section.

Section B

1. Your position in Business: ☐ Owner   ☐ Manager

2. Your gender: ☐ Male   ☐ Female

3. Lavel of Education

    ☐ Secondary or less ☐ HSC ☐ Diploma ☐ Bachelor ☐ Postgraduate

4. Age of your Business: ☐ Years

5. Type of your Business:

        ☐ Manufacturing   ☐ Trading   ☐ Service

6. Size of your business in terms of total fixed asset excluding land and building

(in BDT): ....

7. Total number of employees:..................................

8. Location of your business: ☐ Rural   ☐ Urban   ☐ Semi

    Urban

9. Working experience related to this business (number of years)?

        ☐ No   ☐ 2 or less   ☐ 2-5   ☐ 5-10   ☐ More than 10

Section C

Firm Resources

This section presents some resources that may influence the growth of your firm. Please read each of the statement and put tick [√] in appropriate box based on your knowledge and experience. You should only tick in one box for each statement.

Finance

To what extend do you agree or disagree about the following issues related with financing in your business? Please rate the statements according to the following scale.

Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

	Items	1	2	3	4	5
1	Capital was not the problem to start this business					
2	My business does not lack additional capital when necessary					
3	I can arrange loan from friends or relatives in my business.					
4	My business has access to commercial banks' loans including the refinancing scheme of government.					
5	My business can use alternative sources of finance (advances, deferred payments, second-hand equipment, leasing and factoring) when necessary					
6	Financial institutions do not require many conditions for financing my business					
7	Financial institutions do not require high collateral to get loan for my business					
8	Financial institutions do not charge high interest rate to get loan for my business					
9	Assess to finance in formal financial sector is not difficult for my business as financial institutions do not neglect to deal with small enterprises					
10	My business keeps proper financial record to attract lenders					
11	My business can control finance using proper financial record					

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Financial Literacy

Please read the following questions carefully and put tick [√] in appropriate answer.

1.	The chance of winning a lottery in Dhaka international trade fare is 10 percent. If 1,000 people visit the fare and buy the ticket in one day, how many people are expected to win the lottery in that day? (A) 100 (B) 10 (C) 11 (D) Do not know
2.	If 5 people have the equal share of BDT 2 million inheritance, how much will each of them get? (A) BDT 400,000 (B) BDT 200,000 (C) BDT 40,000 (D) Do not know
3.	Suppose you have BDT 100 in a savings account and the interest rate is 2% per year. After 2 years, how much do you think you would have in the account? (A) More than BDT 102 (B) Exactly BDT 102 (C) Less than BDT 102 (D) Do not know
4.	If you inherit BDT 10,000 today and your neighbour inherits BDT 10,000 three years from now, you are actually receiving more money than your neighbour. (A) True (B) False (C) Do not know
5.	An investment with a high return is likely to have high risk (A) True (B) False (C) Do not know
6.	Stocks and bonds have many similarities with each other. (A) True (B) False (C) Do not know
7.	Diversification in investment is important because it usually increases investment return (A) True (B) False (C) Do not know
8.	If you already have life insurance, you do not need medical insurance. (A) True (B) False (C) Do not know
9.	Inflation can increase the real return of your investment. (A) True (B) False (C) Do not know
10.	Which of the following normally has the highest risk? (A) Savings account (B) Bonds (C) Stocks (D) Do not know

Market Orientation

To what extend do you agree or disagree about the following issues related with market orientation in your business? Please rate the statements according to the following scale.

Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

	Items	1	2	3	4	5
1	My business seeks to create value-added customer product/service					
2	My business always tries to understand the needs of customers					
3	My business makes every effort to provide customer satisfaction					
4	My business has attempted to measure customer satisfaction					
5	My business provides after-sales services for customers					
6	Sales persons of my business share information about our competitors					
7	My business responses quickly to any actions of the competitors					
8	My business has a target to create the product /service competitiveness					
9	There is a good coordination across the inside of my business					
10	My business share business related information within every section/person					
11	In my business, there is cooperation between every section/person in formulating marketing strategy.					
12	Every section/person of my business participate in the creation of added value for customers.					

Managerial Capability

What is the level of your managerial capability in terms of the following statements? Please rate the statements as per the following scale.

Very Low	Low	Moderate	High	Very High
1	2	3	4	5

	Items	**1**	**2**	**3**	**4**	**5**
1	My knowledge to run this business					
2	My experience to perform the business activities					
3	My ability to understand and learn quickly and easily					
4	My knowledge to produce useful ideas for my business					
5	My decision-making power backed by evidence					
6	My consideration and sensitivity in dealing with people					
7	My capacity to communicate business information effectively					
8	My creation of collaborative behaviours within a team					
9	My ability to motivate others					
10	My technical, cognitive and interpersonal skills that enable me to effectively coordinate and organise my team.					
11	My active participation and monitoring ability					
12	My connection with outside environment of the business					
13	My capacity to bring out the best in my employees and workers					
14	My inspiration to the people to be committed to my business					
15	My support to my team to accomplish the goal					
16	My capacity to encourage my team to generate and implement their own ideas					
17	My capability to encourage my staff to take responsibility for the team's performance					
18	My intention for long term development and progress of my team members					

This section presents some external support either from the government or from private organizations that may influence the growth of your business. Please read each of the statement carefully and put tick [√] in appropriate box based on your knowledge and experience. You should only tick in one box for each statement.

Government Support

To what extend do you agree or disagree about the following issues related with the government support to your business? Please rate the statements as per the following scale.

Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

	Items	1	2	3	4	5
1	Government provides adequate infrastructure (road, electricity, water, telephone, etc.) to run this business.					
2	Government is helpful with license application and registration process.					
3	Government gives tax incentives for this business.					
4	Government policy is favourable to run this business.					
5	Government helps to maintain law and order situation to this business.					
6	Government provides skill training programs where my business can participate					
7	Government provides relevant information/ knowledge to assist my organization					
8	Government bodies/agencies create a local business environment that encourages business development					

Private Organizations Support

In Bangladesh commercial banks; some non-bank financial institutions; National Association of Small and Cottage Industries of Bangladesh (NASCIB); some business bodies like The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI), Dhaka Chamber of Commerce & Industry (DCCI), Bangladesh Women Chamber of Commerce and Industry (BWCCI); Women Entrepreneur Association of Bangladesh (WEAB), Micro Industries Development Assistance and Services (MIDAS); Jubo Unnoyan Adidaptar, business consulting organizations, and others provide different kinds of support for developing small business sector. To what extend do you agree or disagree about the following issues related with the private organizations support to your business? Please rate the statements as per the following scale.

Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
1	2	3	4	5

	Items	1	2	3	4	5
	From Private organization/s, I get					
1	Information on the market of my products					
2	Information on capital sources					
3	Information on technologies to support my business					
4	Information on government regulations that is relevant to my business					
5	Training support to improve my technical job abilities.					
6	Training support to improve my interpersonal abilities.					
7	Training support to understand this business.					
8	Training support to enhance my personal productivity.					

Section E

This section presents some growth measurement variables of small businesses.

Small Firm Financial and Non-Financial Growth

How is the growth level of your business over the last two years (2013-2014) in terms of the following variables? Please rate the variables as per the following scale.

Highly Decreased	Decreased	Neutral	Increased	Highly Increased
1	2	3	4	5

	Items	1	2	3	4	5
1	Sales volume					
2	Profit volume					
3	Total asset size					
4	Capital position					
5	Market size					
6	Employment					
7	Number of satisfied customers					
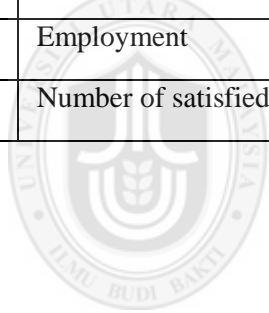
বাংলাদেশে সম্পদ এবং ক্ষুদ্র ব্যবসায়ের প্রবৃদ্ধির সম্পর্কের উপর সরকারী এবং বেসরকারী প্রতিষ্ঠানের সহায়তার প্রভাব

গবেষণার প্রশ্নাবলী

প্রিয় উত্তরদাতা

ইউনিভার্সিটি উতরা মালয়েশিয়ার একজন পি.এইচ.ডি ছাত্র হিসাবে বাংলাদেশে ক্ষুদ্র ব্যবসায়ের প্রবৃদ্ধির উপর গবেষণার ব্যাপারে আপনার সাহায্য ও সহযোগিতা কামনা করছি। ক্ষুদ্র ব্যবসায়ের প্রবৃদ্ধির উপর বিভিন্ন সম্পদের প্রভাব পরীক্ষা করার জন্য ইহা একটি একাডেমিক গবেষণা। এটা অত্যন্ত প্রশংসার দাবীদার হবে যদি আপনি আন্তরিকভাবে সততা ও পরম যত্নের সাথে প্রশ্নাবলীটা পূরণ করেন। আপনার মূল্যবান উত্তর আমাকে সঠিক ফলাফল বের করতে সাহায্য করবে যাহা উক্ত গবেষণার উদ্দেশ্যাবলী সঠিকভাবে প্রতিফলিত করবে।

প্রশ্নাবলীতে পাঁচটি বিভাগ আছে। সঠিক উত্তরের জন্য প্রতিটি প্রশ্ন পড়ার জন্য আপনাকে অনুরোধ করছি। এটা উল্লেখ্য যে, উক্ত গবেষণায় আপনার ব্যবসায়ের নাম উল্লেখ করা হবে না এবং আপনি প্রদত্ত সকল তথ্য গোপন রাখা হবে ও শুধুমাত্র গবেষণার উদ্দেশ্যে ব্যবহার করা হবে। আপনি আপনার ব্যবসা এবং ব্যবসা বহির্ভূত কিছু বাইরের সহায়তার উপর আপনার সঠিক মতামত পেশ করুন। আপনার সময় এবং এই জরিপে অংশগ্রহণের জন্য আপনাকে ধন্যবাদ।

বিনীত

মোঃ মোশাররেফ হোসেন
পি.এইচ.ডি ছাত্র (৯৫৮৭৯)
স্কুল অব ইকোনমিক্স, ফাইন্যান্স এন্ড ব্যাংকিং
কলেজ অব বিজনেস
ইউনিভার্সিটি উতরা মালয়েশিয়া, সিনটক, কেদাহ
ফোন ঃ০১৭১৪৪৯৭১৩১
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বিভাগ ' ক '

বাছাই করন প্রশ্ন

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১। আপনার ব্যবসা কি কখনো প্রাতিষ্ঠানিক অর্থায়নের উৎস ব্যবহার করেছে অথবা প্রাতিষ্ঠানিক অর্থায়নের জন্য আপনি

কখনো চেষ্টা করেছেন কি ?　　　　☐ হ্যাঁ　　　☐ না

২। আপনার ব্যবসায়ের বয়স -　☐ তিন বছরের কম　　☐ তিন বছরের বেশী।

আপনার ১ম প্রশ্নের উত্তর যদি হ্যাঁ হয় এবং ২য় প্রশ্নের উত্তর যদি তিন বছরের বেশী হয় তাহলে দয়া করে পরবর্তী বিভাগে যান।

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১.　ব্যবসায়ে আপনার অবস্থান:　　☐ মালিক　　☐ ম্যানেজার　　☐ উভয়।

২.　আপনার লিঙ্গ:　　　　　☐ পুরুষ　　☐ মহিলা ।

৩.　আপনার শিক্ষাগত যোগ্যতা:　☐ মাধ্যমিক বা কম　☐ এইচ এস সি　☐ ডিপ্লোমা

　　　　　　　　　　　　☐ স্নাতক　　☐ স্নাতকোত্তর।

৪.　আপনার ব্যবসায়ের বয়স:　☐ বছর।

৫.　আপনার ব্যবসায়ের ধরণ:　☐ ম্যানুফ্যাকচারিং　☐ ব্যবসা　☐ সেবামূলক ।

৬.　জমি এবং ভবন ব্যতিরেকে আপনার ব্যবসায়ের মোট স্থায়ী সম্পত্তি (টাকায় উল্লেখ করুন):

৭.　আপনার ব্যবসায়ের মোট কর্মচারীর সংখ্যা: -------------- জন।

৮.　আপনার ব্যবসায়ের অবস্থান:　☐ গ্রাম　　☐ শহর　　☐ আধা শহর ।

৯.　এই ব্যবসা সম্পর্কিত আপনার পূর্ব অভিজ্ঞতা (কত বছর):

　☐ নাই　☐ দুই বছরের কম　☐ ২-৫ বছর　☐ ৫-১০ বছর　☐ দশ বছরের বেশী।

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বিভাগ 'গ'

এই বিভাগে কিছু সম্পদের উপস্থাপনা আছে যাহা আপনার ব্যবসায়ের প্রবৃদ্ধিকে প্রভাবিত করতে পারে। আপনার জ্ঞান এবং অভিজ্ঞতার আলোকে প্রতিটি বিবৃতি পড়ে যথাযথ ঘরে টিক (√) চিহ্ন দিন। প্রত্যেকটি বিবৃতির জন্য শুধুমাত্র একটি ঘরে টিক দিন।

অর্থায়ন: দয়াকরে নিচের মাপকাঠি অনুযায়ী প্রত্যেকটি বিবৃতিতে আপনার মতামত দিন।

দৃঢ়ভাবে ভিন্নমত	ভিন্নমত	নিরপেক্ষ	একমত	দৃঢ়ভাবে একমত		
১	২	৩	৪	৫		

	আইটেম সমূহ	১	২	৩	৪	৫
১	ব্যবসা শুরু করার সময় আমার মূলধনের সমস্যা ছিল না।					
২	আমার ব্যবসা প্রয়োজনের সময় অতিরিক্ত মূলধনের যোগান দিতে পারে।					
৩	ব্যবসায়ের জন্য বন্ধু বান্ধব বা আত্নীয় স্বজনদের কাছ থেকে আমি ঋণের ব্যবস্থা করতে পারি।					
৪	সরকারের পূণ অর্থায়ন প্রকল্পসহ বানিজ্যিক ব্যাংক গুলোতে ঋণের জন্য আমার ব্যবসায়ের প্রবেশাধীকার আছে।					
৫	প্রয়োজনের সময় আমার ব্যবসা বিকল্প অর্থায়নের উৎস সমূহ (যেমন- অগ্রিম গ্রহন, বিলম্বে অর্থ প্রদান, সেকেন্ড হ্যান্ড সরঞ্জাম, ইজারা, ফ্যাক্টরিং, ইত্যাদি) ব্যবহার করতে পারে।					
৬	আমার ব্যবসায়ে আর্থিক প্রতিষ্ঠান সমূহ থেকে অর্থায়নের সময় তারা খুব বেশী শর্তারোপ করেনা।					
৭	আমার ব্যবসায়ে আর্থিক প্রতিষ্ঠান সমূহ থেকে ঋণ নেয়ার ক্ষেত্রে তারা উচ্চহারে জামানত চায়না।					
৮	আমার ব্যবসায়ে আর্থিক প্রতিষ্ঠান সমূহ থেকে ঋণ নেয়ার সময় তারা উচ্চ সুদের হার চার্জ করে না।					
৯	প্রাতিষ্ঠানিক অর্থায়ন আমার ব্যবসায়ের জন্য কঠিন নয় কারন আর্থিক প্রতিষ্ঠান সমূহ ক্ষুদ্র ব্যবসায়ে ঋণ দিতে অপারগ নন।					
১০	ঋণদাতাদের আকর্ষনীয় করার জন্য আমার ব্যবসা যথাযথভাবে আর্থিক লেনদেনের হিসাব রাখে।					
১১	যথাযথভাবে আর্থিক লেনদেনের হিসাব রাখার মাধ্যমে আমার ব্যবসা ব্যবসায়িক টাকা পয়সা নিয়ন্ত্রন করতে পারে।					

আর্থিক স্বাক্ষরতা: দয়া করে নিচের প্রশ্নগুলো সতর্কতার সহিত পড়ুন এবং সঠিক উত্তরের পাশে টিক (√) চিহ্ন দিন।

১	ঢাকায় আন্তর্জাতিক বানিজ্য মেলায় একটি লটারীতে জেতার সম্ভাবনা ১০ শতাংশ। একদিনে যদি ১০০০ জন মানুষ মেলায় যায় এবং লটারীর টিকেট কিনে উক্ত দিনে কত জন ব্যক্তি লটারীতে জিততে পারে। ক) ১০ জন। খ) ১০০ জন। গ) ১০০০ জন। ঘ) জানিনা।
২	উত্তরাধিকারের ২ মিলিয়ন টাকায় যদি ৫ জন মানুষের সমান ভাগ থাকে তবে প্রত্যেকে কত টাকা করে পাবে। ক) ২০০,০০০ টাকা। খ) ৪০০,০০০ টাকা। গ) ৪০,০০০ টাকা। ঘ) জানিনা।
৩	মনে করুন কোন সঞ্চয়ী হিসাবে আপনার ১০০ টাকা জমা আছে এবং বাৎসরিক সুদের হার ২ শতাংশ। ২ বছর পরে কত টাকা পাবেন বলে আপনি মনে করেন। ক) ১০২ টাকার বেশী। খ) ১০২ টাকার সমান। গ) ১০২ টাকার কম। ঘ) জানিনা।
৪	আপনি আজ ১০,০০০ টাকার উত্তরাধিকারী এবং আপনার প্রতিবেশী তিন বছর পরে ১০,০০০ টাকার উত্তরাধিকারী হবে, আপনি প্রকৃত পক্ষে আপনার প্রতিবেশী থেকে বেশি পরিমান টাকা পাচ্ছেন। ক) সত্য। খ) মিথ্যা। গ) জানিনা।
৫	বেশি লাভের বিনিয়োগে বেশি পরিমান ঝুঁকি থাকে। ক) সত্য। খ) মিথ্যা। গ) জানিনা।
৬	শেয়ার এবং বন্ড একে অপরের সাথে অনেক মিল আছে । ক) সত্য। খ) মিথ্যা। গ) জানিনা।
৭	বিনিয়োগ বহুমুখীকরন গুরুত্বপূর্ণ কারন ইহা সাধারনত বিনিয়োগে লাভের পরিমাণ বাড়ায়। ক) সত্য। খ) মিথ্যা। গ) জানিনা।
৮	আপনার যদি ইতিমধ্যে জীবনবীমা থাকে তাহলে আপনার চিকিৎসা বীমার দরকার নাই। ক) সত্য। খ) মিথ্যা। গ) জানিনা।
৯	মুদ্রাস্ফীতি আপনার বিনিয়োগের প্রকৃত লাভের পরিমান বৃদ্ধি করতে পারে। ক) সত্য। খ) মিথ্যা। গ) জানিনা।
১০	নিচের কোনটায় সাধারনত সর্বোচ্চ ঝুঁকি আছে। ক) সঞ্চয়ী হিসাব। খ) বন্ড। গ) শেয়ার। ঘ) জানিনা।

বাজার পরিচিতিকরণ: আপনার ব্যবসায়ের বাজার পরিচিতি সম্পর্কিত নিচের বিবৃতি সমূহে আপনি কতটুকু একমত বা ভিন্নমত পোষন করেন। দয়া করে নিচে প্রদর্শিত মাপকাঠি অনুযায়ী আপনার অভিমত ব্যক্ত করুন।

দৃঢ়ভাবে ভিন্নমত	ভিন্নমত	নিরপেক্ষ	একমত	দৃঢ়ভাবে একমত
১	২	৩	৪	৫

	আইটেম সমূহ	১	২	৩	৪	৫
১	আমার ব্যবসা সবসময় গ্রাহকের মানের পণ্য তৈরী করতে/সেবা দিতে চায়।					
২	আমার ব্যবসা সবসময় গ্রাহকের চাহিদা বুঝতে চেষ্টা করে।					
৩	আমার ব্যবসা গ্রাহকের সন্তুষ্টির জন্য সর্বাত্মক চেষ্টা করে।					
৪	গ্রাহকের সন্তুষ্টি পরিমাপের জন্য আমার ব্যবসা উদ্যোগ নিয়েছে।					
৫	আমার ব্যবসা গ্রাহকদের বিক্রয়োত্তর সেবা প্রদান করে থাকে।					
৬	আমার ব্যবসায়ের বিক্রয় কর্মীগণ আমাদের প্রতিযোগিদের তথ্য বিনিময় করে থাকে।					
৭	প্রতিযোগিদের যে কোন ধরনের কার্যাবলীতে আমার ব্যবসা দ্রুত সাড়া দেয়।					
৮	প্রতিযোগিতামূলক পণ্য তৈরীতে/সেবা দিতে আমার ব্যবসায়ের লক্ষ রয়েছে।					
৯	আমার ব্যবসায়ের ভিতরে সবার মধ্যে একটা ভাল সমন্বয় আছে।					
১০	আমার ব্যবসায়ে প্রতিটি সেকশন/প্রত্যেকে একে অপরের সাথে ব্যবসা সম্পর্কিত তথ্য বিনিময় করে।					
১১	আমার ব্যবসায়ে বাজারজাত করন কৌশল তৈরীতে প্রতিটি সেকশন/প্রত্যেকে পূর্ণ সহযোগিতা করে।					
১২	গ্রাহকের মানের পণ্য তৈরীতে/সেবা প্রদানে আমার ব্যবসায়ের প্রতিটি সেকশন/ প্রত্যেকে অংশগ্রহণ করে।					

ব্যবস্থাপকীয় দক্ষতা: নিম্নের বিবৃতি সমূহ অনুযায়ী আপনার ব্যবস্থাপকীয় দক্ষতা কতটুকু ? দয়া করে নিচের মাপকাঠি অনুযায়ী বিবৃতি সমূহ পরিমাপ করুন।

খুবই কম	কম	মোটামুটি	বেশী	খুব বেশী
১	২	৩	8	৫

	আইটেম সমূহ	১	২	৩	8	৫
১	এই ব্যবসা চালানোর মত আমার জ্ঞান					
২	ব্যবসায়িক কাজকর্ম সম্পাদনের জন্য আমার অভিজ্ঞতা।					
৩	খুব দ্রুত এবং সহজে শেখা এবং বুঝার মত আমার সামর্থ।					
8	ব্যবসায়ের জন্য গুরুত্বপূর্ণ ধারনা তৈরীতে আমার জ্ঞান।					
৫	প্রমান সাপেক্ষ সিদ্ধান্ত গ্রহনের ক্ষেত্রে আমার সামর্থ।					
৬	মানুষের সঙ্গে আচরনের ক্ষেত্রে আমার বিবেচনা ও সংবেদনশীলতা।					
৭	যথাযথ ভাবে ব্যবসায়িক তথ্য আদান প্রদানে আমার দক্ষতা।					
৮	একটি টিমের মধ্যে আমার সহযোগিতা মূলক আচরণ।					
৯	আমার অন্যদেরকে মটিভেটকরার যোগ্যতা।					
১০	আমার প্রযুক্তিগত, অন্তর্নিহিত জ্ঞান, এবং আন্তব্যক্তি সম্পর্কিত দক্ষতা যাহা আমাকে আমার টিম যথাযথভাবে সমন্বয় ও সংগঠিত করতে সক্ষম করে।					
১১	আমার সক্রিয় অংশগ্রহণ এবং ব্যবসা দেখাশুনা করার সামর্থ।					
১২	ব্যবসায়ের বাহিরের পরিবেশের সাথে আমার যোগাযোগ।					
১৩	আমার কর্মকর্তা ও শ্রমিকদের থেকে সর্বোত্তমটা আদায় করে আনার ক্ষমতা।					
১৪	ব্যবসায়ের প্রতি প্রতিশ্রুতিবদ্ধ করতে মানুষকে আমার অনুপ্রানিত করার ক্ষমতা।					
১৫	ব্যবসায়ের লক্ষ অর্জনে টিমের প্রতি আমার সহায়তা।					
১৬	নিজস্ব ধারনা সৃষ্টি এবং বাস্তবায়নের জন্য টিমকে উৎসাহিত করার মত আমার দক্ষতা।					
১৭	টিম পারফরম্যান্সের জন্য কর্মীদেরকে দায়িত্ব নিতে উৎসাহিত করার মত আমার সামর্থ।					
১৮	টিমের সদস্যদের দীর্ঘমেয়াদী উন্নয়ন ও অগ্রগতির জন্য আমার ইচ্ছা/আগ্রহ।					

বিভাগ ' ঘ '

এই বিভাগে ব্যবসায়ের বাহিরের সরকারী কিংবা বেসরকারী প্রতিষ্ঠানের কিছু সহযোগিতা তুলে ধরা হয়েছে যাহা আপনার ব্যবসায়ের প্রবৃদ্ধিকে প্রভাবিত করতে পারে। দয়া করে প্রত্যেকটি বিবৃতি যত্ন সহকারে পড়ুন এবং আপনার জ্ঞান ও অভিজ্ঞতার ভিত্তিতে যথাযথ স্থানে টিক (√) চিহ্ন দিন।

সরকারী সহযোগিতা:- সরকারী সহযোগিতা সংক্রান্ত নিম্নের বিবৃতি সমূহের সাথে আপনি কতটুকু একমত বা ভিন্নমত পোষণ করেন। দয়াকরে নিচের মাপকাঠি অনুযায়ী আপনার মতামত দিন।

দৃঢ়ভাবে ভিন্নমত	ভিন্নমত	নিরপেক্ষ	একমত		দৃঢ়ভাবে একমত	
১	২	৩	৪		৫	

	আইটেম সমূহ	১	২	৩	৪	৫
১	সরকার এই ব্যবসা চালানোর জন্য পর্যাপ্ত অবকাঠামো (যেমন- রাস্তা, বিদ্যুৎ, পানি, টেলিফোন, ইত্যাদি) প্রদান করে।					
২	ব্যবসা নিবন্ধন কিংবা লাইসেন্সের প্রক্রিয়ার ক্ষেত্রে সরকার অত্যন্ত আন্তরিক।					
৩	সরকার এই ব্যবসার জন্য ট্যাক্স ইনসেনটিভ দেয়।					
৪	এই ব্যবসা চালানোর জন্য সরকারী নীতি সমূহ অনুকূল।					
৫	এই ব্যবসা করতে সরকার আইন শৃঙ্খলা পরিস্থিতি বজায় রাখতে সাহায্য করে।					
৬	সরকার আমাদের দক্ষতা বৃদ্ধির জন্য প্রশিক্ষণ প্রদান করে থাকে যেখানে আমি অংশগ্রহন করতে পারি।					
৭	সরকার প্রয়োজনীয় জ্ঞান ও তথ্য প্রদান করে আমার ব্যবসাকে সহায়তা করে।					
৮	সরকারী প্রতিষ্ঠান বা সংস্থা সমূহ স্থানীয় ব্যবসায়িক পরিবেশ তৈরী করে যাহা আমাকে ব্যবসা উন্নয়নে উৎসাহিত করে।					

বেসরকারী প্রতিষ্ঠানের সহায়তা ঃ- বাংলাদেশে ক্ষুদ্র ব্যবসায়ের উন্নয়নে বানিজ্যিক ব্যাংক সমূহ, কিছু অ-ব্যাংকিং আর্থিক প্রতিষ্ঠান, বেসরকারী সংস্থা (এন জি ও), জাতীয় ক্ষুদ্র ও কুটির শিল্প সমিতি বাংলাদেশ (NASCIB), কিছু ব্যবসায়িক সংস্থা যেমন, দি ফেডারেশন অব বাংলাদেশ চেম্বারস অব কমার্স এন্ড ইন্ডাস্ট্রি (FBCCI), ঢাকা চেম্বার অব কমার্স এন্ড ইন্ডাস্ট্রি (DCCI), বাংলাদেশ উইমেন চেম্বার অব কমার্স এন্ড ইন্ডাস্ট্রি (BWCCI), বাংলাদেশ নারী উদ্যোক্তা সমিতি (WEAB), মাইক্রো ইন্ডাস্ট্রি ডেভোলপমেন্ট এ্যাসিসট্যান্স এন্ড সার্ভিসেস (MIDAS), যুব উন্নয়ন অধিদপ্তর, ব্যবসা পরামর্শদানকারী প্রতিষ্ঠান ও অন্যান্য প্রতিষ্ঠান সমূহ বিভিন্ন ধরনের সহযোগিতা প্রদান করে থাকে।

আপনার ব্যবসায়ে বেসরকারী সংস্থা কর্তৃক সহায়তা সম্পর্কিত নিচের বিবৃতি সমূহের সাথে আপনি কতটুকু একমত বা ভিন্নমত পোষণ করেন। দয়াকরে নিচের মাপকাঠি অনুযায়ী আপনার মতামত দিন।
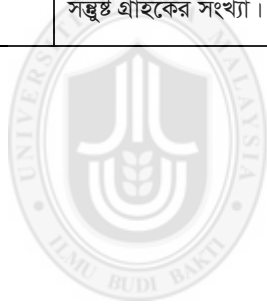
দৃঢ়ভাবে ভিন্নমত	ভিন্নমত	নিরপেক্ষ	একমত		দৃঢ়ভাবে একমত	
১	২	৩	৪		৫	

	আইটেম সমূহ	১	২	৩	৪	৫
বেসরকারী প্রতিষ্ঠান বা প্রতিষ্ঠান সমূহ থেকে আমি পেয়ে থাকি -						
১	আমার পণ্য বাজারজাত করন সংক্রান্ত তথ্য।					
২	মূলধনের উৎস্য সম্পর্কিত তথ্য।					
৩	ব্যবসা সহয়তা সংক্রান্ত প্রযুক্তি সমূহের তথ্য।					
৪	আমার ব্যবসা সম্পর্কিত সরকারী নীতিমালা সমূহের তথ্য।					
৫	আমার প্রযুক্তিগত কাজের সামর্থের উন্নয়নে প্রশিক্ষন সহায়তা।					
৬	আমার আন্তঃব্যক্তিগত সামর্থের উন্নয়নের জন্য প্রশিক্ষন সহায়তা।					
৭	এই ব্যবসা বোঝার মত প্রশিক্ষন সহায়তা।					
৮	আমার ব্যক্তিগত উৎপাদনশীলতার উন্নয়নের জন্য প্রশিক্ষন সহায়তা।					

বিভাগ 'ঙ '

এই বিভাগে ক্ষুদ্র ব্যবসায়ের প্রবৃদ্ধি পরিমাপক কিছু ভেরিয়েবল উপস্থাপন করা হল।

ক্ষুদ্র ব্যবসায়ের প্রবৃদ্ধি ঃ- নিম্নের ভেরিয়েবল গুলোর সাপেক্ষে গত দুই বছরে (২০১৩-২০১৪) আপনার ব্যবসায়ের প্রবৃদ্ধি কেমন ছিল। দয়াকরে নিচের মাপকাঠি অনুযায়ী পরিমাপ করুন।

অনেক কমে গেছে	কমে গেছে	নিরপেক্ষ	বেড়েছে	অনেক বেড়েছে
১	২	৩	৪	৫

	ভেরিয়েবলসমূহ	১	২	৩	৪	৫
১	বিক্রয়ের পরিমান।					
২	লাভের পরিমান।					
৩	মোট সম্পদের পরিমান।					
৪	মূলধনের পরিমান।					
৫	বাজারে আপনার ব্যবসায়ের অবস্থান (মার্কেট শেয়ার)।					
৬	কর্মচারীর সংখ্যা।					
৭	সন্তুষ্ট গ্রাহকের সংখ্যা।					

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