Fintech Affecting Characteristics of Financial Information: An Empirical Investigation into the Case of Saudi Arabia

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***Abstract*— Small and medium enterprises (SMEs) play a vital role in the modern economic system in providing alternative employment opportunities to the unemployed and efficiently and cost-effectively contributing to countries' economies. Over the years, SMEs have been acknowledged as substantial contributors to the economic growth of countries around the globe, providing a foundational platform for innovation in various business sectors. In the context of Saudi Arabia, SMEs comprise a more significant proportion of business enterprises operating in Saudi Arabia than large corporations. Nonetheless, SMEs face numerous challenges that limit their performance and growth. The most significant challenge remains financing.**

Keywords*— *SMEs, Empirical Investigation, Policies, Business Venture, Financial Aspects.

I. INTRODUCTION

Small and medium enterprises (SMEs) are crucial in the economic growth and development of countries; this has been ascertained with sufficient empirical evidence in the literature. Recognising the significance and role of these enterprises in the economy, [1] state that SMEs are frequently referred to as champions of employment and innovation. Similarly, [2] [3] add that SMEs are a reliable economic development tool and most governments around the globe have resorted to these unique business enterprises to boost employment and fuel the economic growth of their respective countries. SMEs are the main vehicles by which new entrepreneurs offer the economy with a constant supply of innovation, skills and ideas [4]. This has made SMEs a major focus for policymakers and governments in developing and developed countries from a variety of perspectives, some even expressing concerns regarding the long-term continuity and sustainability of these economic entities beyond the life of the SME owners. [5] note that large companies with a stronger financial standing are more likely to win government grants compared with SMEs. Unlike large companies, SMEs are not allowed to issue shares or bonds to raise capital owing to their limited scope of operations and their peculiar structure. Consequently, they rely on internal equity for their financing needs [6]. SMEs provide employment opportunities to many individuals, which addresses national issues of unemployment and social mobility. More so, they allow the development of the labour market in a country, such as semi-skilled and skilled workers. This gives SMEs the ability to support the future growth and expansion of industries and businesses. Hence, they play a vital role in countries' economic development under all contexts - geographical, social, cultural and economic.

SME funding is a major function of a country's finance market. Banks supply capital in the form of overdrafts and loans, both fund-based and non-fund-based. The banking and economic importance of the SME sector is well acknowledged in the policy and academic literature [7]. It is also widely recognised that SMEs may be under-served, particularly regarding finance, which has ignited a debate on the best strategies that could be employed to serve this sector [8]. The reason is that the collateral-based lending offered by conventional banks usually excludes SMEs because most of them do not have a reasonably strong asset base that is adequate to secure the finance. In a significant portion of the SME sector, the lack of security, high business risk and low returns repel formal venture capitalists from the private sector, thereby widening the funding gap even further. Banks have primarily adopted two models to help SMEs overcome the funding gap: 1) restructuring the collateral-based financing model by encouraging the financial institution to fund SMEs that have adequate collateral; 2) broadening the viability-based approach in which banks help SMEs to develop a credible business plan [9].

The primary issue that this study seeks to investigate is the inability of SMEs to access credit facilities in Saudi Arabia, the underlying causes, from the varying perspectives of SMEs, banks and governance, and the resulting repercussions for the country's economy. The significance of the issue stems from the fact that Saudi Arabia aims to diversity its sources of economic growth, curbing its over-reliance on the oil and gas sector. The SMEs sector's success and sustained growth is one of the major sources the government can rely on to help accomplish its said ambitious goal. However, the sector has experienced negligible growth despite the government's relentless commitment to promoting its development [10]. Previous research has empirically substantiated that a considerable number of Saudi SMEs find it difficult to obtain financial help, thereby stalling their development projects [1].

II. LITERATURE REVIEW

SMEs can be viewed as independent, non-subsidiary firms that employ fewer employees than a specific figure,

which varies across countries, for instance, 250 employees in the EU economic zone, and less than 500 employees in the US (OECD, 2012). Micro enterprises and small firms have a maximum of 10 employees and 20 employees, respectively.The definition of SMEs can also be obtained from the financial assets that they hold; firms with less than EUR 50 million (annual turnover) or assets up to EUR 43 million are considered SMEs. SMEs refer to small and medium enterprises. SMEs have been defined in several different ways by international institutions, national laws and the industry definition.

Specific firm attributes affect the access to credit and other forms of financing. The researchers in the paper [11] have found that export rate, asset size, sales volume and the legal form of a SME were vital determinants of its creditworthiness. SMEs are characterised by many factors, including small size, a small span of control for the management, technology, limited market and stiff competition from well-established corporations. The authors [12] stated that an attribute such as poor marketing frameworks for an SME affects the access to loans facility in banks. The reason behind this is that most financial institutions are comfortable lending out loans to organisations that have a marketing strategy with a potential to bring in more clients and income to the organisation. The papers [13] has suggested that having an effective and feasible business plan is one of the most important documents that guides financiers in understanding an SME and evaluating its level of risk. The business plan helps to elaborate the vision, project the earnings, analyse the market and introduce the management and business founder to financial institutions and capital providers. According to [14], a well-designed and detailed business plan can improve the likelihood of a firm to obtain loan or seed capital by more than 30%. An effective business plan explains the steps that the SME has taken to improve the knowledge and skills of its employees. Such training and development indicate the effectiveness of the SME's management and ultimately its value and creditworthiness.

The characteristics of financial information are divided into three variables: the cashflow, the financial statement and the sources of funds. Financial information (cash flow, funding and financial statements) is central to the growth of an SME. [15] noted that fund providers, such as angel capital, banks, private equity or crowd funders, are attracted to any business according to its financial prospects. An SME with high ability to generate future cashflow attracts more investors who provide adequate capital to meet all the required needs. The value of the SME is dictated by its total asset value and the equity provided by the owners. The aim of an SME, just like any other business, is to create value for its shareholders and serve a particular need in the society. This means that the way an SME keeps its books of records, generates cash flow and attracts funds will determine its future growth and value creation for its shareholders.

It will also affect how government, financial institutions and other grant providers treat the SME [16] stated that in Saudi Arabia, most large-sized companies have the needed financial documents in accessing finance; their financial statements are at par and thereby this does not pose a barrier in accessing finance.

An SME can survive for a long time without profit but will fail when it has limited ability to meet its critical payments. Liquidity acts as the lifeblood of any SME, which means creating cashflow is more important for an SME than the magnitude of return on investment or profits. A healthy, consistent cashflow position creates an SME's liquidity that enables them to sustain their operations leading to higher profits. Profits create an avenue for reinvestment, which drives and accelerates growth. For this reason, maintaining liquidity is the key priority for any SME manager. Notwithstanding the industry or size of the SME, one relevant statement to all SMEs is that if their expenses exceed their cashflow, they will have a cashflow problem. According to [17] a study by a US bank revealed that 82% of the time, poor understanding of cash flow or poor cash flow management contributes to SME failure. When an SME generates negative cashflow, it means that its receipts are lower than its expenditures, causing struggle in meeting immediate bills. Under this situation, the SME will be forced to use borrowed money (while most of the traditional finance providers do not have the willingness or capacity to lend to SMEs owing to higher regulatory capital requirements and inadequate technological infrastructure, which reduce their risk appetite). High global SMEs' funding gap means that inadequate internally generated cashflow has been the main cause of failure for many start-ups and SMEs.

III. Conceptual Framework and Hypotheses Development

The diffusion of innovations is a model that determines and clarifies why, how and at what rate, new technology and concepts would have a positive impact; this is because, within the rate of adoption, there is a specific point at which innovation reaches its maximum. Conceptualised by Everett Rogers in 1962, the diffusion of innovations theory addresses the various mechanisms by which relevant ideas spread in a system or society. Simply put, the theory explains why and how innovations are diffused within a specific group and timeline. Diffusion refers to the process through which something is transferred from one medium to another; innovations are the particular influential ideas or practices that are worth adopting. Rogers assumed the importance of time in measuring the relevance of the theory. This theory is the best fit to help us understand SMEs' struggle to pose themselves as eligible for loans. [18], [19] hypothesised five steps that define the processes of innovation and diffusion: knowledge, persuasion, assessment, application and validation. According to the theory, ideas do not just happen; they take time to develop. Thus, in the context of Saudi Arabia, the diffusion of innovations theory is the best fit for the proposed research's aim of understanding Saudi Arabian SMEs' struggle to access financing.

Creativity and entrepreneurship are inseparable posited that the commercial environment is always unfavourable, especially for new enterprising individuals with inadequate experience. Innovation is particularly relevant in an emerging sector. Ideally, much creativity is needed to overcome the numerous challenges that inexperienced entrepreneurs face. Indeed, the diffusion of innovations theory applies, albeit surreptitiously, to the commercial industry. The theory can be applied to explain how the

various players acquire and adopt multiple operational ideologies.

The theory may be used to explain and promulgate the various methods in which various industry participants develop fresh ideas that help simplify day-to-day operations. By this research, the diffusion of innovations theory can be applied to find ways to improve the private sector in Saudi Arabia. Instead of decrying the hostile business climate in the industry, these business entities can apply the diffusion of innovations theory to formulate ideas that may help to increase their access to credit. Thus, the diffusion of innovations theory can be applied to examine ways to improve the private sector in Saudi Arabia. The access to finances being the most common challenge in the industry, SMEs should strive to develop sound ideas that would help identify an alternative source of funds in situations in which the financial institutions have become unreliable. SMEs will, therefore, be eligible and worthy of banks' loans**.**

In [17], empirical study validated the insight that EF have an impact on banks' evaluation (BE) because banks do consider the characteristics of SME entrepreneurs in evaluating their creditworthiness and eligibility for finance. Findings from [20] confirmed that personal characteristics of entrepreneurs influenced the SMEs' management of financial risks because banks evaluate SME entrepreneurs' solvency on the basis of their characteristics. Hence, the following hypothesis is proposed for investigation:

H1: The entrepreneurship factors (EF) of SME owners/ managers have a direct effect on a bank's evaluation of an SME's eligibility for financing (BE).

IV. Research Methodology and Data

In the paper [21], the authors asserted that the quantitative method takes the form of statistical quantifications of the data collected in a survey. Therefore, the quality of the research's outcomes rests on the investigator's proficiency in conducting a quantitative analysis, which includes the use of mathematical models and theories to evaluate and analyse data. In this method, aspects of rational positivism are of paramount significance, given that the investigator strives to elaborate on the associations between the various variables defined in the study [22]. Primarily, the inferential analyses incorporated in the quantitative method help determine the extent to which one hypothesis relates to the others.

V. Quantitative Data Analysis and Discussion of Results

This section sheds light on the general perception of respondents' acceptance of the questionnaire. The researcher compiled a list of around 7,000 small and medium-sized firms from different cities in Saudi Arabia. The General Authority for Small and Medium Enterprises (Monsha'aat), a business directory, offered this information. The combined list represents the SME sector. A total of 1,600 SMEs were randomly chosen from among the entire population of 7,000 firms and sent the survey questionnaire. Out of the total sample, 825 members of the SME sector responded to the questionnaire. The response rate from the respondents stood at 51.5%. It compares favourably with a similar study involving SME that was conducted by [23] in Nigeria and achieved general responses with 51.22% (980/502).

A total of 688 responses received were complete in all respects and hence, were considered for further statistical analyses. The researcher had to ignore 19.9% of the responses because the participants either provided multiple answers to a survey question that required only one answer or/and did not respond to several survey questions. A final review of all the responses indicated that a sample of 688 completed questionnaires was useable for further analyses and consequently used for all subsequent analyses. The overall response rate achieved during this research was 83.39%, which represents an excellent response rate in business studies

A. Survey Respondents' Data

Descriptive statistics is crucial to understanding the dataset, variables and population, thereby enabling the researcher and reader to better comprehend the results and characteristics of the study. This section presents frequency distributions using tables and graphs for each variable. It is worth mentioning that the questionnaire used to gather empirical data comprised three sections: the first section contained 10 questions aimed at gathering information regarding the owner/manager and SMEs, while the second section contained 4 questions regarding owner-specific factors and firms' characteristics. The third section contained 20 questions focusing on the firm's financing operations and related aspects.

The aim of analysing the information obtained through the data collection in the subsequent subsections is to describe and understand a set of features for the SMEs and participants in the study.

B. Demographics of the Participants

Table I presents all the demographic data of the participants. Most participants were male (79%), while only 21% were female. The age range of the majority of the participants was 45 years or older (35.2%) and nearly 2.7% of the participants were between the ages of 25 and 34 and 35 and 44 years. This suggests that a large portion of the participants held managerial-level positions. The population was highly educated, with 63.37% holding a bachelor's degree or higher. In the Saudi SMEs sector, individuals with a lower level of education are generally from the 18–24 age group and 5.23% of the population did not have any formal qualifications. The participants may be involved in business with entrepreneurship spirit, managing a business or related operation accordingly.

Most firms included in the dataset were young; 42.15% were less than two years old, 33.70% were 3–5 years old, and 20.64% were new businesses. The majority of the firms were small firms (75%) with a sales turnover of less than SR 1 million, while only 25% of the firms were medium-sized. While the smaller firms had lower rates than the medium-sized firms, they were still struggling, with only 9.16% of small firms having growth rates greater than 20.00%. Of the medium-sized firms, 6.40% had over 100 employees and 6.54% had been operating for more than 10 years. Most small firms were operating with limited human resources; 27.6% had fewer than six employees, while 35.8% had between 6 and 20 employees. The data results also depict the

latest trends among SMEs in terms of digitalisation and system improvements, emphasising cost reduction and stability.

The firms in the dataset came from the retail, wholesale, service, manufacturing and other industries, with the majority (40.2%) operating in the service sector. Of those firms in the service sector, the primary fields included health, agriculture, clothing and jewellery, education, financing, cars, furniture, real estate, restaurants and trading.

TABLE I. DEMOGRAPHICS OF PARTICIPANTS

Items	Number of Respondents	Percentage of Respondents
Gender		
Male	546	79%
Female	142	21%
Age		
(18–24)	77	11.2%
(25–34)	185	27%
(35–44)	184	26.7%
45 years and above	242	35.2%
Position		
Manager	523	76%
Supervisor	165	24%
Qualifications		
Without qualifications	36	5.2%
Primary school	16	2.3%
Middle school	32	4.7%
High school	159	23.1%
Bachelor's degree	354	51.5%
Postgraduate degree	91	13.2%
Firm age		
< 1 year	142	20.6%
(1–2) years	148	21.5%
(3–5) years	232	33.8%
(6–10) years	121	17.6%
> 10 years	45	6.5%
The sales turnover (SR) of firm		
< 1 million	272	40%
(1–5) million	244	36%
(11–14) million	82	11%
(15–20) million	56	8%
> 20 million	34	5%
The growth rates of firm		
(1–5) %	294	42.7%
(6–10) %	126	18.3%
(11–15) %	115	16.7%
(16–20) %	90	13.1%
(21–25) %	39	5.7%
> 25%	24	3.5%
The employees' number of firms		
≤ 5	137	19.9%
(6–20)	246	35.8%
(21–49)	190	27.6%
(50–100)	71	10.3%
(101–150)	26	3.8%
> 150	18	2.6%
The business type of firm		
Retail	165	24.0%
Wholesale	145	21.0%
Service	276	40.2%
Manufacturing	86	12.5%
Other	16	2.3%
The field of work activity		
Health	60	8.7%
Agriculture	65	9.4%
Clothing and jewellery	121	17.6%
Education	49	7.1%
Financing	74	10.8%
Cars	38	5.6%
Furniture	36	5.2%
Real estate	44	6.4%
Restaurant	135	19.6%
Trade (import/export)	59	8.6%
Other	7	1.0%

VI. DATA EXAMINATION

This section of the research has validity test and descriptive statistics.

A. Validity Test/Assessment

As a multivariate statistical procedure, CFA is used in testing the extent to which the measured latent variables are a representation of the number of constructs (Field, 2005). The Cronbach's results show that cultural factors (CF), entrepreneurship factors (EF), firms characteristics (FC) and characteristics of financial information (CFI), ranged between 0.761, 0.743, 0.849 and 0.847, respectively. This suggests a high reliability of the results and a high internal consistency of the constructs, which also translates into reliability.

Additionally, the assessment of the scale's unidimensional factor structure used three measures: composite reliability, factor loading and average variance extracted (AVE). The factor loading refers to the item correlation with the overall factor, whereas composite reliability refers to the internal consistency measure in scale items, similar to Cronbach's alpha. AVE denotes the average amount of indicator variables variance that a construct could explain. To have the unidimensional structure of the factor indicated by the CFA results, composite reliability and the Cronbach's alphas for each of the items' factors value should be a minimum of 0.70. In the case of AVE and factor loading, the value should be a minimum of 0.5 [24].

B. Descriptive Statistics and Correlation of Main Variables in the Conceptual Model

Table II provides descriptive statistics about the elements that influence SMEs' access to bank financing. These data pertain to 2019, the year the survey-based data were collected. The questionnaire used in gleaning the data evaluated the elements employed to evaluate the impact on SMEs' financing application from financial institutions. The quantitative dataset was compiled using the 688 useable responses from SME owners. The description of the study's main variables in the context of the conceptual model shows in Table II that the mean of cultural factors (CF) is 4.04 and that of entrepreneurship factors (EF) is 4.09, while the firm characteristics (FC) has a mean of 4.00 and the characteristics of financial information (CFI) mean is 4.04. Bank evaluation (BE) shows a mean of 4.12 and the mean of access to finance (AF) is 3.99. Finally, the mean value of governance of SMEs (GOV) is 4.01 and the mean of SME performance (P) is 4.02.

The correlation analysis, such as Pearson's moment correlation coefficient, is used to determine the correlations between variables. A Pearson correlation analysis was run to evaluate the connection of cultural factors with firm characteristics and entrepreneurship factors with financial information. Also, a Pearson correlation analysis was done to evaluate the connection between cultural factors, entrepreneurship factors, firm characteristics, financial information and bank evaluation. A binary correlation test was conducted to evaluate the connection between firm characteristics, the characteristics of financial information, bank evaluation and SMEs' access to finance. Alternatively, the Pearson correlation analysis was conducted to examine the association between bank evaluation, access to finance, SME performance and SME governance.

TABLE II. MEAN, MEDIAN, STANDARD DEVIATION AND CORRELATION FOR ALL VARIABLES

Construct	Mean	Median	SD	CF	FI
CF	4.04	4.25	0.62	1	
CFI	4.04	4.25	0.65	0.678	1

Strong correlations are found between independent variables, the problem of multicollinearity occurs. The variance inflation factor (VIF) also indicates multicollinearity if it is greater than 10 in the correlation matrix. The correlation matrix in Table II shows that the correlation between all internal variables is less than the threshold of 0.75. This indicates no multicollinearity problem between the variables. The VIF is less than 10 for all the variables, confirming that multicollinearity is not a problem in the datasets (see Table III).

TABLE III. COLLINEARITY STATISTICS FOR INDEPENDENT VARIABLES

Variable	VIF	V/VIF
CF	2.38	0.419
CIF	2.08	0.479
Mean VIF	2.00	

VII. STRUCTURAL EQUATION MODEL ASSESSMENT AND PATH ANALYSIS

This study tests the association of cultural factors, entrepreneurship factors, firm characteristics, characteristic of financial information, bank evaluation, access to finance, governance of SMEs and SME performance. This section provides information about SEM. Following the setting up and affirmation of the computation framework, it was necessary to SEM test by utilising the AMOS program. This technique is then employed in the analysis of structural relationships between latent and observed variables. This type of method is used in a single analysis; it approximates multiple and interrelated dependence.

A. Model Assessment

This section discusses the empirical results of central hypotheses of this research work. While analysing the variables of this study, the researcher used SEM as the principal statistical methodology. According to Hoyle (1995), SEM is defined as a statistical model that compares certain relationships involving latent and observed factors. The SEM technique combines multiple regression and factor analysis and is used for research involving latent and observed constructs. SEM has gained popularity owing to its ability to incorporate multiple interdependencies in a single model.

In this section, the hypothesis testing model used is SEM with the application of AMOS (v.26) software. The following statistics are employed to test the goodness-of-fit, which refers to how well the model fits the data collected. If the value of normed χ^2/df is $2< \chi^2/df < 5$; Incremental fit index (IFI) is ≥ 0.90; root mean square residual (RMR) is < 0.08; normed fit index (NFI) is ≥ 0.90; comparative fit index (CFI) is ≥ 0.90; root mean square error of approximation (RMSEA) is < 0.09; goodness-of-fit index (GFI) is ≥ 0.90. If the model fulfils one of the mentioned criteria, it is considered acceptable that $P < 0.001$ means the final model is significant. In this study, the results of the modified SEM indicated that the degree of freedom was statistically significant; all fit statistics were within acceptable values (chi-square (χ^2) = 730.719, df = 260, IFI = 0.963, RMR = 0.031, NFI = 0.954, CFI = 0.963, RMSEA = 0.075, χ^2/df = 2.810, GFI = 0.911). The model hypothesis for each of this research's variables are presented in Figure 1.

B. Path Analysis

The path analysis of the study's main hypotheses in the context of the conceptual model is shown in Table IV. The estimate of the direct effect on the relationship between cultural factors (CF) and firm characteristics (FC) is 0.611. The estimate of the direct effect on the relationship between entrepreneurship factors (EF) and the characteristics of financial information (CFI) is 0.723. The estimate of the direct effect on the relationship between cultural factors (CF) and bank evaluation (BE) is 0.378. The estimate of the direct effect on the relationship between entrepreneurship factors (EF) and bank evaluation (BE) is 0.257. The estimate of the direct effect on the relationship between firm characteristics (FC) and bank evaluation (BE) is 0.095. The estimate of the direct effect on the relationship between the characteristics of financial information (CFI) and bank evaluation (BE) is 0.251. In addition, the estimate of the direct effect on the relationship between firm characteristics (FC) and access to finance (AF) is 0.476. The estimate of the direct effect on the relationship between the characteristics of financial information (CFI) and access to finance (AF) is 0.239. The estimate of the direct effect on the relationship between bank evaluation (BE) and access to finance (AF) is 0.336. The estimate of the direct effect on the relationship between access to finance (AF) and SME performance (P) is 0.595.

Conversely, the mediating effect of SME governance (GOV) was tested by applying SEM on two hypotheses. First, the estimate of direct effects on bank evaluation (BE) with SMEs' access to finance (AF) was built on the conceptual model from Hypothesis 9 of the path coefficients. Second, the estimate of direct effects on access to finance (AF) with SME performance (P) was built on the conceptual model from Hypothesis 10 of the path coefficients. The estimate of the mediating effect of the governance environment around SMEs (GOV) on the relationship between bank evaluation (BE) and access to finance (AF) is 0.588. The estimate of the mediating effect of the GOV on the relationship between access to finance (AF) and SMEs performance (P) is 0.020. These results indicate that the GOV has a significant mediating effect between the bank evaluation and SMEs' access to finance. However, GOV's

mediating effect between the SMEs' access to finance and SME performance is not significant. The H11 and H12 results are shown in Table IV.

TABLE IV. PATH ANALYSIS OF MODEL

HN	Hypothesis	Estimate	P-value	Supported/ Not Support
2	EF ⟶ CFI	0 .723	0.000	Supported

The standardised path coefficients for the final modified structural model are presented in Figure 1. Ten of the 12 hypothesised paths were significant. The 10 significant paths were cultural factors → firm's characteristic, entrepreneurship factors → characteristics of financial information, cultural factors → bank evaluation, entrepreneurship factors → bank evaluation, characteristics of financial information → bank evaluation, firm's characteristic → access to finance, characteristics of financial information → access to finance, bank evaluation → access to finance, bank evaluation → governance of SMEs → access to finance and from access to finance → SME performance. The other two hypothesised paths (firm's characteristic → bank evaluation and access to finance → governance of SMEs → SME performance) were not significant. Figure 1 is a presentation of the final model hypotheses for each of this research's variables.

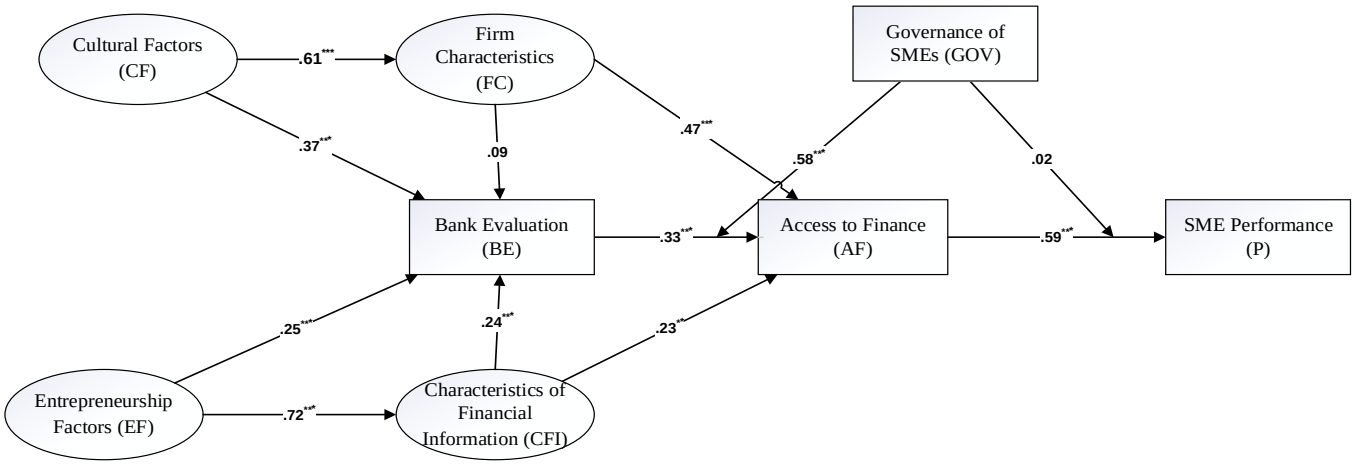

Fig. 1. The Final Model – SFMSA

VIII. DISCUSSION ON THE EMPIRICAL FINDINGS

This study aims to explore the varying Saudi context-specific factors that influenced SMEs' access to bank finance and, in turn, the effect of such access to finances on the performance of SMEs in the country. The research was conducted using the mixed methodology; the results of the quantitative data analyses are presented in this section and discussed in relation to the study's objectives and the relevant literature. The discussion focuses on the extent to which the study's set objectives were met. The study's objectives that are covered in the preceding data analyses as elaborated on above are built on the study's hypotheses.

A. Entrepreneurship Factors and the Characteristics of the Financial Information

Previous studies have identified entrepreneurship factors as the primary determinants of a firm's success [25]. For example, in a study by [26], it was established that entrepreneurship characteristics influenced the quality of and accessibility to a firm's information concerning different aspects of their operations, which in turn influenced their opportunities for access to debt finance. Other factors of entrepreneurship that may affect firms' access to finance are owners'/managers' experience and training in the relevant field.

Thus, the present study's findings concur with the insights from the previous empirical studies in other geographical, cultural and economic contexts. Hypothesis predicted the relationship between entrepreneurship factors and the characteristics of financial information. Since the standardised path coefficient of 0.72 reflects significant relationships between the stated variables, the hypothesis is empirically supported by the data analyses outcomes. Hence, a set of favourable entrepreneurship characteristics ought to be incorporated by the owners/managers into their firms to ensure compilation of credible and high-quality financial information about the firm in some organised fashion, which, in the light of the data analyses outcomes, will enhance their chances of accessing external finance.

IX. RESEARCH CONTRIBUTIONS AND IMPLICATIONS

This research aimed to investigate how the performance of SMEs is affected by their access to financing from banks. This section aims to introduce the many contributions of this research. In addition, the data collected from the study provides practical, theoretical and policy implication pathways that can be used in the development of small and medium firms. The study findings implicate weakness in the government support initiatives for facilitating SMEs' access to financing, banks' evaluation of SMEs' capacity and eligibility and lack of awareness of SME owners about various aspects of securing external financing to be the primary hurdles in the way of securing financing by the small and medium-sized businesses.

A. Research Contributions

This research aimed to add to the existing body of knowledge about SMEs' functioning, prospects and challenges in the peculiar economic, social and cultural

context of Saudi Arabia and to strengthen the sector by providing deeper insights into the aforementioned factors, all of which have a strong bearing on the sector's long-term success and sustainability. The research examined the limitations and problems that SMEs experience while applying for bank financing in Saudi Arabia. The current study highlights contextual factors and challenges that SMEs face while seeking bank financing in Saudi Arabia and their relationship to SMEs' performance.

B. Research Implications for Theory

Most developing countries, such as Saudi Arabia, that rely primarily on the exportation of oil as the primary source of their income are sidelined in their research on SME financing. More focus is placed on the developed nations such as the US, the UK and a majority of the European states instead. The reliance on oil exports in Saudi Arabia has contributed to small and medium firms' difficulty and challenges in accessing loans from banks, since their contribution to the country's economy is comparatively much lower than their larger counterparts.

This current research focuses on the subordinate end spectrum of SMEs' owners. In essence, the research focuses on SME owners' more subordinate aspects, which SME have to address, such as dealing with banks and government agencies when applying for financing, while most of the available research focuses on SMEs' upper reaches such as administrative matters and human resources management. Despite being widely disregarded, SMEs account for a more significant outcomes for countries' economies; hence, there is a need for a better, if not equal, attention to their needs and requirements from the government's responsible quarters, particularly in the case of developing countries, such as Saudi Arabia. SMEs are the most significant contributor to the empirical data gleaned for this study; hence, the study's SME-specific findings will immensely influence the relevant literature filling some pertinent voids in the current literature and providing directions for some high-value future research.

C. Research Implications for Practice

Banks, government agencies and specialists in SME financing, SME performance management including those entrusted with the responsibility of measuring and reporting the effects of SMEs' success or failure on local economies, particularly in the context of developing countries, such as Saudi Arabia, will view the findings of this timely and significant research project as relevant and applicable in the sphere of their respective responsibilities. Given the diversity of the factors investigated in this research and its empirical findings, SME owners/managers are better positioned to understand the root causes of the challenges they face in accessing financing for their firms and how best to overcome those challenges. The resultant findings of this research lay out a model on which managers and owners of SMEs in Saudi Arabia can pinpoint ways to achieve success in their pursuit of bank financing and to avoid financial collapse. The research's commercial experience, peculiar methodology and largely generalisable findings signal the robustness of the research and high-value outcomes for SMEs in Saudi Arabia, specifically, and in developing countries, in general. More skilled managers who can appropriately apply their skills and also actively pursue more training and knowledge in the management of their firms have higher chances of success.

D. Research Implications for Policy

Saudi Arabia is highly dependent on oil, gas and related commodities for meeting its many governmental expenditures, a factor that the government is working tirelessly to correct. The development of any efficient and productive SME sector is among the primary government initiatives in this connection. It is a viable alternative with potentially promising outcomes if dexterously managed and governed. To be able to achieve this vision, as the empirical findings this research put forth, there is a dire need for a well-managed partnership between the government and the banks, who are the main financiers in the country, to develop strategies that will boost the country's SME sector. In boosting the flow of benefits to SMEs, their performance should be judged on the basis of their sales turnover, rather than the number of staff members, which would depict a clearer picture of their performance. Therefore, a positive, dedicated, well-directed and well-managed relationship and interaction methods by the government and banks are required to assist in financing and growth of the vulnerable business sector. Evidence from this research suggests successful positive outcomes in terms of SMEs' growth, success and sustainability and, in turn, their benefits for the country's economy, through the intervention and appropriate initiatives of the government to create a neutral and a viable ground to facilitate SMEs' financing in the country through banks.

X. Conclusion and Future Research Prospects

The lack of empirical research and the strong conclusions of this study, which were based on comprehensive data analysis, necessitate firm suggestions for additional exploration into various connected concerns that have arisen. The researcher recommends the following issues closely related to this current research endeavour for future empirical investigation. A more extensive study that includes SMEs in a larger geographical area, including a representative sample of rural SMEs with a suitable representation from the three prominent economic sectors (manufacturing, trade and services) would yield results with more acceptability among the stakeholders for a higher level of generalisability. Additionally, such a study would unfold some pertinent differences between rural and urban SMEs and the applicable policy and governance initiatives. Similarly, a longitudinal study, with one set of SMEs in the controlled group treated under a given set of policy and governance initiatives and another set without such control, would yield some critical pieces of information to help inform and guide policy and governance initiatives on a more efficient SME sector. Cultural implications stand out as a factor from this study affecting SMEs' prospects for growth and success. More extensive research needs to be conducted to ascertain the effects of social and cultural variables on SME owners and customers with regard to SMEs' impediments to and opportunities for access to commercial banking sector finance. Increasing the size of the study 'site', by including remote rural areas in the KSA, will contribute to the robustness of the research results and improve their generalisability.

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