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Financing Challenges of Cameroon's Small and Medium Enterprises (SMEs)

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Abstract. *Cameroon's small and medium enterprises (SMEs) are vital contributors to economic growth and employment opportunities, making its sustained success imperative. However, SMEs grapple with a myriad of issues that impede their development trajectory. Challenges related to financial access, profitability, resilience, and growth are intertwined and necessitate a holistic examination. One significant challenge is the limited access to financing options, hindering SMEs from investing in growth and innovation. Investigating the effectiveness of government policies and financial institutions in facilitating SME access to capital is crucial. Furthermore, market dynamics, cost structures, and competition often constrain SME profitability. Research can illuminate strategies to enhance profitability through efficiency and value creation. SME survival in Cameroon's dynamic business environment demands an exploration of the barriers and the challenges. This inquiry explores these complexities by exploring the literature through current and emerging literature. The aim is to shed light on the dynamics of small business financing in Cameroon to create a research discussion that other researchers and policymakers will build on.*

Keywords: Africa, Business Survival, Cameroon, Entrepreneurship, Financial Risks, Financing Policy, Small Business Finance, Small Business Start-ups, Small and Medium Enterprises (SMEs).

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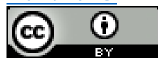

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Introduction

Cameroon aspires to attain the status of an emerging economy by 2035, as articulated by the Nkafu Policy Institute in 2019. In pursuit of this ambitious goal, the nation has undertaken significant reforms to bolster the growth and development of its Small and Medium Enterprises (SMEs) (Nkafu Policy Institute, 2019). These initiatives encompass enacting the Small Business Law in 2010, subject to subsequent revisions in 2015 and 2017 (Nkafu Policy Institute, 2019). Moreover, Cameroon has established a well-structured Ministry dedicated to Small and Medium-Sized Enterprises, Social Economy, and Handicrafts, abbreviated as MINPMEESA, a venture inaugurated in December 2004. To further fortify the financial infrastructure supporting small businesses, the nation has also instituted a state-owned and managed commercial bank, with a primary mandate of catering to the financial requirements of these enterprises, as underscored by the Nkafu Policy Institute's 2019 report.

Small and Medium Enterprises (SMEs) in Cameroon presently account for a mere 36% of the nation's Gross Domestic Product (GDP), which belies their latent capacity for a more substantial contribution, as elucidated by the Nkafu Policy Institute in 2019. This noteworthy statistic underscores the concurrent existence of formidable impediments that hinder the sector's full potential realization. These barriers encompass a complex web of challenges, including tax obligations, intricate bureaucratic procedures, deficiencies in infrastructure, financial accessibility constraints, pervasive corruption, and a dearth of adequate technical support, all painstakingly detailed in the Nkafu Policy Institute's 2019 analysis. Despite SMEs' pivotal role in propelling national economic growth, their ascent is significantly stymied by their limited access to capital, a crucial financial resource essential for sustaining and expanding their operational endeavors, as articulated by Shihadeh et al. (2019).

On a global scale, the predominant archetype of business entities corresponds to Small and Medium Enterprises (SMEs), a classification substantiated by Ochonogor in 2018 and Emuwa in 2015. SMEs, characterized by their private ownership and operation, hold a pivotal position in the socioeconomic fabric of nations. They play a multifaceted role in fostering economic development by engendering employment opportunities, mitigating poverty, catalyzing industrialization, and substantiating the attainment of overarching national objectives, as aptly expounded by Dire (2018).

In the specific context of Cameroon, the thriving SME sector emerges as a source of both gainful employment and wealth accumulation, as underscored by the insights of the Nkafu Policy Institute (2019). While its citizenry derives sustenance and livelihood from these dynamic SMEs, the government accrues significant fiscal benefits through generated tax revenues. This symbiotic relationship manifests a notable positive correlation between the nation's income and the proliferation of SMEs, a salient point elucidated by Adeosun and Shittu (2021).

Nonetheless, the sustainability of an economy in which the credit landscape is inundated with borrowers unable to adhere to their loan terms and agreements remains precarious, as succinctly noted by Dempsey and Lonescu (2021). Hence, it becomes incumbent upon borrowers within the SME domain to meticulously formulate and implement strategies for effective loan repayment, a requisite action imperative for perpetuating their enterprises in a harmoniously functioning economic milieu.

The advancement of the Small and Medium Enterprises (SME) sector within Cameroon is profoundly underscored by a landscape marked by formidable challenges emblematic of the prevailing business environment in the nation (Nkafu Policy Institute, 2019). This Cameroonian business environment remains vulnerable to persistent political instability, ethno-religious conflicts, issues of governance, pervasive corruption, volatile foreign exchange rates, burdensome tax structures, elevated interest rates, surging inflation rates, and a paucity of effective monetary and fiscal policies, as meticulously elucidated by Olaore et al., (2021).

Globally, financial support is a linchpin for enterprises' initiation, growth, and development (Pu et al., 2021). However, within the Cameroonian context, despite the strategic significance of SMEs in propelling economic advancement, they grapple with a disconcertingly high rate of failure and underperformance. This predicament predominantly stems from the need for adequate financial backing from institutions that exhibit reluctance to extend credit due to the historically low loan performance among prior beneficiaries (Ajibade et al., 2020). Consequently, SMEs in Cameroon predominantly rely on informal funding sources, encompassing personal savings, cooperative credit associations, familial networks, and social circles, which, though valuable, often need to provide more capital infusion necessary for optimizing SME operations and management. This deficit, in turn, harms SME performance, consequently reverberating throughout the broader national economy (Umadia, 2020).

It is worth emphasizing that a thriving SME sector not only serves as a wellspring of gainful employment and wealth generation for its citizenry but also furnishes the government with a substantial stream of tax revenues, thus constituting a symbiotic relationship that underpins economic growth and sustainability. Small and Medium Enterprises (SMEs) within developing countries exhibit distinctive organizational compositions in rural or urban settings. Rural SMEs typically coalesce around familial structures or encompass skilled artisans, while their urban counterparts are characterized by individual entrepreneurs or collectives engaged in service provision, retail, or manufacturing (Salifu et al., 2018).

Notwithstanding their pivotal role in underpinning national growth trajectories, SMEs grapple with various formidable challenges. At the global level, one ubiquitous impediment confronting SMEs is the paucity of credit access, as Pitan articulated in 2021. As opined by Bello et al. in 2018, a critical stumbling block obstructing the growth of SMEs in various African regions, including Cameroon, is the conspicuous absence of requisite infrastructural amenities and financial support mechanisms tailored to fortify the SME sector. Consequently, many proprietors of SMEs in Cameroon have resorted to alternative funding sources to sustain their business operations, albeit at the cost of incurring elevated interest rates.

Problem statement

Access to financing is an indubitably fundamental prerequisite for the growth and sustainability of small businesses operating within the milieu of developing countries (World Bank, 2023). Small and Medium Enterprises (SMEs), undeniably pivotal economic actors, profoundly influence most economies, especially within the purview of developing nations (World Bank, 2023). Globally, SMEs constitute the predominant share of businesses and bear significant responsibility for job creation and the facilitation of global economic development (World Bank, 2023). Their representation spans approximately 90% of all businesses worldwide and substantially employs over 50% of the global workforce (World Bank, 2023). The consequentiality of formal SMEs extends to contributing up to 40% of the national income (GDP) within emerging economies (World Bank, 2023). These numerical contributions ascend even further when the informal sector is incorporated into the calculus (World Bank, 2023).

In light of estimations posited by the World Bank (2023), the prospective requirement for 600 million jobs by the year 2030, aimed at accommodating the burgeoning global workforce, underscores the heightened significance of SME development, prompting governments across the globe to accord it a top-tier priority. Within emerging markets, SMEs constitute the primary engine of formal job creation, endowing them with the capability to generate seven out of every ten jobs (World Bank, 2023). However, a glaring impediment surfaces in the form of constrained access to finance, representing the second most frequently cited obstacle impeding SMEs from expanding their enterprises within emerging markets and developing nations.

The gravity of this challenge manifests itself in staggering figures, as elucidated by the World Bank (2023). An astounding 65 million firms, encompassing 40% of formal micro, small, and medium enterprises (MSMEs) within developing countries, face an unmet financing chasm, valiantly approximating $5.2 trillion on an annual basis, an amount equivalent to 1.4 times the prevailing quantum of global MSME lending (World Bank, 2023). This looming gap underscores the exigency of the situation. Small business proprietors often resort to informal lending channels without adequate access to loans, incurring exorbitant interest rates and jeopardizing their financial stability (Nkafu Policy Institute, 2019). The gravity of these circumstances underscores the compelling necessity for formulating and implementing actionable and real-world strategies developed through emerging literature to address this multifaceted challenge, thereby ensuring small businesses' continued growth and vitality within the purview of developing countries.

Significance

The significance of this inquiry lies in its profound implications for both the economic and social fabric of Cameroon. Small and Medium Enterprises (SMEs) in the country are pivotal in driving economic growth and providing employment opportunities, thus serving as a cornerstone of the nation's prosperity. Acknowledging the critical contribution of SMEs to the overall economic landscape underscores the urgency of addressing the challenges they face.

Originality

The novelty and originality of the article sit in the context of Cameroon and the pivotal role played by small and medium enterprises (SMEs) in driving economic growth. However, the journey of these SMEs is fraught with multifaceted challenges that intricately intersect, necessitating a comprehensive examination. The entwined issues of financial access, profitability, resilience, and growth collectively shape the developmental landscape for these enterprises, urging a nuanced exploration in an area with minimal research.

An exceptionally formidable obstacle confronting Cameroon's SMEs is the limited access to financing options, a hurdle that curtails their capacity for investment in growth and innovation. Delving into the efficacy

of government policies and the role of financial institutions in facilitating SME access to capital emerges as a critical avenue of inquiry. This investigation seeks to unravel the intricacies surrounding these challenges and assess the effectiveness of existing mechanisms in propelling the financial viability of SMEs.

Furthermore, the profitability of SMEs in Cameroon is intricately tethered to market dynamics, cost structures, and competitive forces. Unraveling the complexities constraining SME profitability becomes paramount in illuminating strategies for enhancing economic viability through efficiency gains and value creation. This research endeavor aims to shed light on these intricacies, providing insights that can catalyze improvements in the financial performance of SMEs within the dynamic business environment of Cameroon.

Survival in such a dynamic business landscape demands a thorough exploration of barriers and challenges encountered by SMEs. This inquiry, grounded in an exploration of existing literature, endeavors to unravel the complexities faced by Cameroon's SMEs, offering a scholarly foundation to comprehend and address the intricate interplay of factors shaping their trajectory. Through this original investigation, we aspire to contribute valuable perspectives that can inform policies and strategies fostering the sustained success of SMEs in Cameroon.

Research method

A systematic literature review exploring research institute publications, academic articles, and published research is a precious and credible data collection tool to aggregate separate and dispersed breakthroughs and recommendations into a cohesive and comprehensive discussion. This approach enables the integration of diverse perspectives, methodologies, and findings into a unified discourse, enriching the quality and depth of the ensuing discussion. Ultimately, this method promotes a more robust and inclusive understanding of the subject matter, thereby enhancing the overall value and relevance of the research endeavor.

By harnessing the extensive knowledge embedded in existing literature, such articles serve as intellectual conduits, channeling the accrued expertise of researchers, scholars, and practitioners. This method epitomizes efficiency and elevates the discourse by synthesizing diverse perspectives into a cohesive narrative.

In research, literature-based recommendations are a repository of tested theories, empirical findings, and methodological innovations. This approach embodies a synthesis of the cumulative intellectual endeavors of numerous scholars, offering a panoramic view of prevailing knowledge. Consequently, articles relying on this method contribute a unique dimension to the academic landscape by providing nuanced perspectives derived from a thorough examination of the existing corpus of knowledge.

Moreover, the exclusivity of literature-based recommendations as a data collection method underscores a commitment to rigorous scholarship. It necessitates a meticulous review and synthesis of relevant studies, demanding scholarly rigor as a cornerstone for robust academic inquiry. The resulting insights, distilled from this method, possess a depth and richness derived from the comprehensive analysis of established frameworks and scholarly debates.

Furthermore, the reliance on literature recommendations as the sole method is particularly pertinent in fields where empirical data collection is logistically challenging or where the focus is on theoretical contributions and conceptual advancements. These articles become invaluable resources in such contexts, bridging theoretical frameworks and practical implications.

In essence, articles employing literature recommendations as their exclusive data collection method are pivotal in advancing knowledge, fostering intellectual coherence, and providing a roadmap for future research endeavors. By harnessing the collective intellect of the academic community, these articles not only contribute to the ongoing scholarly dialogue but empower practitioners and policymakers with distilled, evidence-based guidance drawn from the wealth of existing literature.

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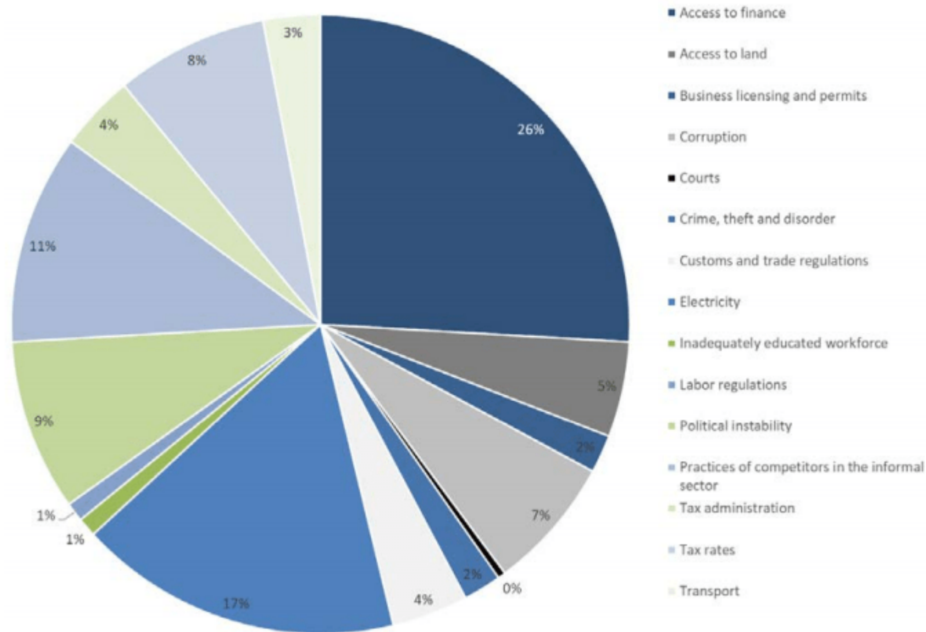
Contexts from Existing Research



Source: World Bank Enterprise surveys. N=13722 (number of enterprise years). Survey years: 2011-2017 in sub-Saharan Africa

Considerable investments have been channeled into the development of the SME sector across several African nations, Cameroon included. However, as discerned by Umadia in 2020, the outcomes of these investments within many African countries have yet to yield substantial results. The underperformance of SMEs in the African context can be attributed to a constellation of intricate challenges besetting the sector. These encompass formidable impediments, such as the arduous task of accessing credit from financial institutions, including conventional banks. Furthermore, unfavorable economic conditions stemming from flawed government policies and pervasive undercapitalization have contributed to the sector's languishing performance. Additional factors include successive administrations' recurrent neglect of the sector, corruption, and an exorbitant burden of operational costs.

Eze and Okpala's observations in 2015 underscored the deleterious effects of political instability prevalent in African countries, Cameroon not spared. Political upheavals ushered in corruption, policy volatility, a dearth of public funds accountability, and a stark deficit in infrastructural development. Their insights accentuated the nexus between political challenges and the stagnation of the SME sector in nations like Cameroon. In such environments, bribery and corruption, flawed government policies, and misallocation of funds intended for entrepreneurship promotion were formidable roadblocks to the sector's growth. It is, therefore, imperative to prioritize the development of essential infrastructures conducive to the seamless functioning of SMEs within the nation (Bello et al., 2018; Obi et al., 2018).

The challenges SMEs encounter in Cameroon are manifold and characterized by a shared set of pervasive difficulties. These include restricted market access, a dearth of credit accessibility, anemic information dissemination, inadequate security for assets and intellectual property, endemic corruption, and ineffectual government policies. Furthermore, the sector grapples with frail operational capacities, constrained access to land resources, fragmented linkages among various sectoral entities, and inadequate infrastructure (Olaore et al., 2021). Compounding these issues is the glaring deficiency in training, entrepreneurial acumen, and managerial competence among SME proprietors, thereby hindering the efficient administration of funds acquired for their enterprises (Gaudence et al., 2018; Obieche & Ihejirika, 2021).

As delineated by Umadia (2020), the multifaceted challenges besieging SMEs encompass a need for more enabling legislative frameworks, limited access to institutional credit facilities, insufficiencies in market intelligence, and a scarcity of opportunities for skill acquisition. These challenges are further compounded by

a need for more access to modern technology, an inhospitable and turbulent business environment, inadequate managerial proficiencies, and constrained access to financial resources (Gaudence et al., 2018; Obieche & Ihejirika, 2021). Notably, many of these challenges can be traced back to the fundamental issue of financial constraints. For instance, the absence of adequate managerial competencies and limited access to technology within SMEs can be attributed to the financial burdens associated with recruiting skilled personnel and acquiring requisite technological resources (Gaudence et al., 2018; Obieche & Ihejirika, 2021).

Source of Funding for SMEs

The necessity for credit permeates all echelons of business organizations, distinguished primarily by the quantum required or the collateral stipulated to secure the funds, as elucidated by Umadia (2020). Access to credit serves as a pivotal yardstick for assessing the ease or, conversely, the challenges associated with conducting business within an economic milieu, as underscored by Pedraza (2021). Indeed, credit access assumes a role of paramount importance for the success of any business entity, for it is through this financial avenue that organizations acquire the means to become productive, competitively engage in markets, engender job creation, and contribute substantively to poverty alleviation, particularly in the context of developing nations.

Notably, money deposit banks emerged as the principal wellspring of funding for Small and Medium Enterprises (SMEs). Adelekan et al. (2019) posit that money deposit banks constitute SMEs' most economically feasible source of credit. However, a discernible gap prevails in discharging this responsibility, particularly in African countries like Cameroon, where such funds still need to be available for SMEs (Ikechi & Anthony, 2021). This prevailing circumstance, in turn, begets a certain hesitancy on the part of financial institutions when disbursing funds to SMEs (Ikechi & Anthony, 2021). The inability to attract sufficient funds engenders a cascading effect, ultimately resulting in the underperformance of SMEs due to the need for more access to credit facilities requisite for financing their operational and managerial needs.

Financial institutions wield a profound and globally acknowledged influence on the economic development of nations. In an extensive study scrutinizing the array of conventional and innovative financing mechanisms of substantive relevance accessible to Small and Medium Enterprises (SMEs) operating within Cameroon, Eniola and Entebang (2015) meticulously categorized the sources of SME financing into two distinct domains: internal and external sources. A complementary classification was proposed by Abosede et al. (2017), partitioning funding sources into three categories: formal financial institutions, informal financial institutions, and personal savings.

Eniola and Entebang (2015) expounded that internal financing refers to sourcing resources from within the firm, typically derived from retained profits and depreciation. In contrast, external financing encompasses a spectrum of sources, including traditional banks, individual investors, venture capital, crowdfunding platforms, and a gamut of financial instruments such as debt financing, equity financing, and short- and long-term financing options. Within the Nigerian context, it is noteworthy that internal funds or retained earnings constitute the predominant share of SME financing. In contrast, funds borrowed from financial institutions in collateralized overdrafts represent a distant second (Onyeiwu et al., 2021).

The credit market in nations characterized by a fragmented landscape akin to African countries like Cameroon is characterized by a dichotomy of formal and informal sources, as discerned by Anokwuru and Wike (2021). One of the pivotal determinants governing SMEs' inception, expansion, and performance trajectory resides in their capacity to secure either internal or external financing. According to the taxonomy proposed by Abosede et al. (2017), formal sources of SME financing encompass commercial banks, merchant banks, insurance providers, and development banks. Conversely, informal financial institutions encompass various sources, including money lenders, cooperative societies, and familial and communal networks.

The challenges encountered by formal sources in meeting the surging credit demands of SMEs have notably propelled the ascendancy of informal sources as a pragmatic alternative for satiating the credit requisites of these enterprises, thereby augmenting their production efficiencies (Anokwuru & Wike, 2021).

Internal Financing

The realm of business financing is characterized by a fundamental dichotomy, primarily stemming from either internal or external sources. Internal financing emerges as the initial and oft-preferred recourse for Small and Medium Enterprises (SMEs), as Adeosun et al. (2021) underscored. Internal financing, by definition, entails

business owners sourcing their requisite funds from intrinsic reservoirs, notably encompassing retained profits and depreciation. This approach represents the predominant choice among SMEs to fund their operational endeavors, albeit with a set of consequential effects, as detailed by Eniola and Entebang (2015).

Formal Sources of Financing

Financial institutions play an indispensable role within the purview of formal funding sources. These institutional pillars encompass a comprehensive array of entities, including development banks, commercial banks, and merchant banks, as delineated by Obieche and Ihejirika (2021). It is imperative to underscore the pivotal significance of bank loans in enterprises' inception and seamless operational orchestration. Empirical observations have consistently demonstrated these credit facilities' profound and affirmative impact on Small and Medium Enterprises (SMEs), as expounded by Eniola and Entebang (2015).

Debt Financing

Debt financing represents a financial arrangement wherein investors extend funds through loans to Small and Medium Enterprises (SME) proprietors to support their business operations, as elucidated by Van Song et al. (2022). In return, the SME owners must remunerate the lenders with interest for utilizing the loaned capital. Such loans are typically accessed through two distinct avenues: formal and informal, as Eniola and Entebang (2015) explained.

Formal debt financing entails the acquisition of loans from established institutions with structured financial protocols and regulations. In contrast, informal sources of debt financing often encompass networks within the realm of friends, family, trade credits, and similar channels, characterized by a more flexible and personal nature.

Equity Financing

Equity financing, as articulated by Anifowose and Onileowo (2020), encompasses selling ownership stakes in a firm to procure the requisite capital for funding the diverse spectrum of its operational activities. This financing approach may manifest either as an internal or external source. Internal equity financing derives from contributions made by the firm's owners or accrues from the enterprise's profits. Conversely, external equity financing transpires through the sale of shares or ownership interests in the company to external investors. It is noteworthy that equity financing is a viable method that Small and Medium Enterprises (SMEs) may strategically employ to mobilize funds and meet their multifaceted financial exigencies, as Eniola and Entebang (2015) underscored. Throughout their developmental trajectory, small businesses tend to attract diverse categories of investors, each corresponding to distinct growth phases. Consequently, SMEs may leverage different equity instruments to cater to their dynamic financing needs as they evolve and progress.

Short-Term Financing and Long-Term Financing

Due to the pervasive challenge of financial constraints, a considerable cohort of Small and Medium Enterprises (SMEs) find themselves compelled to seek recourse in acquiring short-term loans, albeit at elevated costs. These financial instruments, characterized by relatively brief tenors typically spanning a year or less, manifest in various forms such as overdrafts, credit cards, leases, and conventional bank loans. In contradistinction, long-term financing encompasses financial obligations extending beyond the 12-month (1-year) threshold. Long-term financing traditionally aligns with the capital requirements of substantive assets and extensive projects. In contrast, short-term financing assumes the role of underwriting ongoing business operations, as expounded by Eniola and Entebang (2015).

The predilection of money deposit banks specializing in short-term loans and overdrafts arises from the inherent nature of funds under their purview. As per customer demand, most funds deposited within these financial institutions remain susceptible to withdrawal upon short notice. This factor inherently engenders a degree of risk in extending funds on a protracted long-term tenor, as Adelekan et al. (2019) articulated.

The relevance and efficacy of distinct credit facilities vis-à-vis SMEs fluctuate significantly. In a comprehensive study conducted by Abosede et al. (2017), designed to evaluate the efficacy of various sources of funds accessible to SMEs domiciled in Lagos, Nigeria, discerning insights emerged. Personal savings emerged as the most readily available source of funds for the SMEs surveyed, followed closely by informal lending channels, including financial support from friends, family members, thrift and credit cooperative

societies, and daily contributions. Notably, personal savings and informal financial channels stood out as the most frequently accessed and efficient sources of funds for SMEs. In stark contrast, formal lending institutions emerged as the least favored source for SMEs. This empirical revelation posits a salient implication: Notwithstanding governmental interventions, many SMEs anchor their financing endeavors on personal savings and the informal financial market as their principal reservoirs of capital.

Challenges of SMEs' Financing

The pivotal role of Small and Medium Enterprises (SMEs) in fostering economic development, mainly through employment generation, remains indisputable. Notwithstanding their indispensable contribution to national growth, the persistent impediment hindering the expansion and inception of new SMEs resides in their chronic struggle to access the essential capital requisite for sustaining their business operations, as articulated by Salifu et al. (2018) and Shihadeh et al., (2019). The banking sector, serving as the principal financiers of SMEs, has harbored skepticism precipitated by SMEs' default rates in loan repayments, thereby engendering an onerous barrier to their loan procurement efforts, as proposed by Umar (2022). A stark and disconcerting statistic underscores this challenge: an alarming eighty-five out of every one hundred SMEs in Africa cease operations due to a paucity of funding, as Eniola and Entebang (2015) reported.

In a penetrating analysis conducted by Kiptum (2019), a conspicuous dearth of business acumen among SME owners emerged as a salient factor impeding their ability to secure credit from financial institutions. Paradoxically, financial acumen, ostensibly designed to underpin robust loan performance, has yet to be discovered for many within this demographic.

The role of financial institutions in facilitating SME financing in Cameroon was meticulously scrutinized by Yusuf (2015). Utilizing a multivariate regression model, the author discerned a complex web of factors influencing the prospects of potential SMEs securing credits from these institutions. These multifaceted determinants encompassed the intricate dynamics of boardroom politics within financial institutions, the credit history of the SMEs, prevailing interest rates, the valuation of fixed assets, competitive dynamics, and the bureaucratic intricacies embedded within the loan application process. The author posited a series of recommendations aimed at invigorating the SME landscape in the nation, including establishing robust microinsurance schemes, allocating credits to deserving SMEs, and eradicating bureaucratic bottlenecks entangling the loan application process.

The challenges encountered by SMEs in their pursuit of funds from financial institutions have been meticulously categorized by Eniola and Entebang (2015) into two discernible facets: challenges emanating from the demand side (SMEs) and those originating from the supply side (the banks). To surmount these obstacles and engender a more amenable environment for credit access, the authors proposed a financial innovation—crowdfunding. Aderemi et al. (2021) articulated crowdfunding as a modality for funding business ventures by amassing financial contributions from a dependable network of individuals via cyberspace. This innovative method, they contended, harbors the potential to circumvent many of the impediments SMEs typically encounter when interfacing with traditional financial institutions. While the adoption of crowdfunding remains somewhat nascent in Cameroon and Africa, it has burgeoned in developing countries, where it has effectively mobilized substantial sums of capital, as Eniola and Entebang (2015) observed.

Banks and SMEs

Within the intricate domain of banking institutions, an array of statutory policies converges to streamline the labyrinthine credit approval process for aspiring loan applicants. As expounded by Keong (2019), the provision of loans assumes a pivotal role in the multifaceted realm of banking operations, serving as a substantial conduit for revenue generation within these financial juggernauts. However, for banks to wield substantive influence upon society, it becomes imperative not merely to extend credit but to navigate the intricate terrain of loan recovery adroitly, thus perpetuating their relevance within the intricate tapestry of the financial sector, as eloquently emphasized by Dire (2018). Complementing this perspective, Shihadeh et al. (2019) proffer a cogent thesis that posits banks as veritable linchpins in buttressing the sustainability of Small and Medium Enterprises (SMEs), executing this pivotal role through a triad of credit disbursal, technological integration, and the provision of comprehensive business solutions.

In tandem with their multifaceted objectives, banks are inherently driven by the cardinal pursuit of profitability, a quintessential prerogative underscored by Salifu et al. (2018). These objectives crystallize through the orchestration of financial services proffered to the public, with SMEs enveloped within this ambit. Nevertheless, the realm of credit access within banking establishments has undergone a profound metamorphosis, evolving into a formidable quandary that imperils the growth and resilience of SMEs. This predicament arises from the perils entailed in nonperforming loans, a hazard that obliges financial institutions to champion loan recovery diligently as an indomitable imperative. In parallel, banks are tasked with vigilant oversight to ensure that disbursed funds are judiciously allocated to their intended purposes.

Operating as financial entities, banks are inextricably tethered to a trifold imperative underscored by Shihadeh et al. (2019): the relentless pursuit of profit, the unwavering safeguarding of stakeholder interests, and the meticulous orchestration of risk mitigation strategies. However, Abosede et al. (2017) lament the palpable reluctance exhibited by commercial banks, historically entrusted with the mantle of underpinning SMEs with financial sustenance. These banks contend that SMEs embody intrinsic challenges, casting them as high-risk borrowers and rendering conventional credit assessment protocols ill-suited for this demographic. Consequently, SMEs find themselves cast as high-risk entities within the purview of banking institutions.

The intricate landscape of loan application assessments within banks is distinguished by a meticulous evaluation premised upon several critical constituents, meticulously delineated by Adelekan et al. (2019. These pivotal factors, collectively encapsulated within the mnemonic "Five Cs of Credit," encompass character, capacity, capital, condition, and collateral. Character reverberates with the borrower's reputation and the prevailing perception regarding their business ethics, demeanor, attributes, and proclivities, constituting an indispensable component in recognizing creditworthiness. In contrast, capacity appertains to the borrower's adeptness in adhering to timely repayment obligations. Cumulative assets, epitomizing capital, serve as collateral to instill confidence in the prospective repayment capacity. The intended utilization of credit (condition) and the valuation of assets proffered as collateral burgeon as pivotal considerations underscoring the exegesis of loan requests.

In a spirited endeavor to unravel the intricate conundrum confronting SMEs in their quest for credit, juxtaposed with the banking sector's cautious demeanor toward extending loans, Shihadeh et al. (2019) embarked upon a comprehensive scrutiny of the causal relationships underpinning credit facilities vital for the sustainability of SMEs. This inquiry dovetailed with the burgeoning specter of bank risks, quantified through the prism of nonperforming loans. Harnessing data culled from 15 commercial banks in Palestine spanning over an extensive temporal expanse of 11 years, the erudite authors unearthed a theoretical nexus engendering guarantee funds, bank risks, and the availability of loan facilities pivotal for the sustenance of SMEs. As a corollary to this paradigm, Shihadeh et al. proffered a prescient perspective advocating the active engagement of financial institutions in imparting training and financial management support to SMEs, concomitantly commending investment in cutting-edge technologies as a propitious avenue to ameliorate credit risks associated with loans tailored for SMEs.

Loan Performance of SMEs

The paramount importance of credit in the sustenance and burgeoning growth of Small and Medium Enterprises (SMEs) is an indisputable axiom within the financial landscape. However, within this symbiotic relationship lies an intricate tapestry of potential adversities that may transmute the ostensibly straightforward act of loan repayment into a formidable and, at times, insurmountable challenge. The crux of loan repayment pivots upon the borrower's capacity to pay the loan in adherence to the stipulated terms delineated within the loan agreement. As illuminated by Bala et al. (2021), it is imperative to underscore that numerous loans are structured to be repaid incrementally in predetermined installments. Any deviation from this predetermined schedule, characterized by delays in installment payments, is unequivocally branded as delinquency, while a wholesale failure to fulfill payment obligations is denoted as default.

Nonetheless, Dire (2018) presciently introduced a lexicon that encapsulates various facets of noncompliance to elucidate the nuanced spectrum of challenges associated with credit repayment. Within this lexical framework, Dire discerned two distinct categories of default: debt service default and technical default. The former manifests when the debtor encounters difficulty in honoring scheduled payments, thereby encompassing delinquency relating to principal and interest disbursements. In contrast, technical default

transpires when the beneficiary contravenes an articulated term within the loan agreement, invoking a distinct noncompliance dimension.

Concurrently, within this intricate labyrinth, the term "insolvency" emerges as a pivotal construct. In a discerning analysis, Dire (2018) attributed insolvency to the debtor's inherent incapacity to meet the financial obligations imposed by accumulated debts, precipitating a scenario in which loan repayment becomes untenable. Closely intertwined with insolvency, the jurisprudential construct of "bankruptcy" emerges as a pivotal legal concept. It entails imposing judicial oversight upon the financial affairs of individuals or entities grappling with insolvency or entrenched default, as explicated by Dire (2018).

In this multifaceted interplay between SMEs and financial institutions, the enduring capacity of the latter to provide loans to SMEs becomes inexorably tethered to the overall viability and sustainability of these entrepreneurial entities. Therefore, the intricate dynamics of credit repayment constitute a pivotal axis upon which the symbiotic relationship between borrower and lender pivots. It underscores the necessity for prudent financial management, unwavering adherence to contractual obligations, and diligent risk mitigation strategies to perpetuate the harmony between SMEs and financial institutions, ensuring the continued availability of essential credit avenues for these enterprising entities.

Loan Characteristics

Within the intricate calculus of loan repayment, a panoply of loan characteristics emerges as discerning factors that profoundly shape the trajectory of repayments. These attributes, ranging from loan size and tenor to collateral valuation, application costs, installment structure, prior loan experience, and the intended deployment of funds, collectively constitute a pivotal axis that intricately weaves together the landscape of repayment dynamics, as illuminated by Bala et al., (2021). In the context of these attributes, it is crucial to underscore their role in sculpting the intricate interplay between borrowers and financial institutions.

Among these salient attributes, the size of the loan occupies a preeminent position. As postulated by Salifu et al. in 2018, the magnitude of the loan exerts a discernible influence on the dynamics of repayment. A more significant loan quantum engenders meticulous scrutiny and vigilance from the financial institution, ensuring a heightened level of monitoring vis-à-vis the utilization of these financial resources. This heightened oversight is a bulwark against loan defaults, as borrowers are more inclined to adhere to the designated terms and employ the loan for its intended purpose. Conversely, diminutive loan sums may prove inadequate in catalyzing substantive change within businesses, potentially diminishing their efficacy and, consequently, their capacity for optimal performance. Ergo, a corollary emerges that the more significant the loan magnitude, the higher the likelihood of robust loan performance.

In tandem with loan size, the contours of loan application costs emerge as a pivotal determinant of repayment dynamics. Often referred to as processing fees, these costs represent the financial outlay incurred by borrowers during the loan solicitation process, irrespective of whether the application proves successful, as expounded upon by Salifu et al. (2018). These fees are contingent upon both the quantum and category of the loan sought. Significantly, SME operators often mobilize these processing fees from their social networks, soliciting contributions from friends and family. The consequence of this practice is two-fold: if the loan is granted, these fees are reimbursed, but frequently, borrowers grapple-needing more funds to execute the original intent behind the loan application. Consequently, the nexus between processing fees and loan delinquency or default becomes manifest, particularly in contexts characterized by elevated interest rates, which proportionally augment the magnitude of the repayment obligation.

In summation, the convoluted interplay of loan characteristics encompasses multifaceted facets that intricately mold the dynamics of repayment. In conjunction with application costs and interest rates, loan size emerges as a pivotal triumvirate that significantly shapes the probability of successful loan performance. Conversely, the stratum of loan tenor, collateral valuation, installment structuring, prior loan experience, and the designated application of funds adds further complexity to the calculus of repayment dynamics. These multifarious dimensions coalesce to underpin the symbiotic relationship between SMEs and financial institutions, catalyzing a symphony of factors that ultimately determine the fate of loan repayment within this intricate financial ecosystem.

Firm Characteristics

Within the intricate fabric of loan repayment dynamics, an array of firm-specific factors intrinsic to Small and Medium Enterprises (SMEs) emerge as discerning determinants. These encompass the enterprise's nature, ownership structure, geographical proximity to financial institutions, and myriad other nuanced attributes, as elucidated by Salifu et al. (2018). A pivotal axis among these factors revolves around the nature of the business conducted by SMEs, a determinant that profoundly influences loan performance.

A noteworthy revelation crystallizes from this terrain: SMEs engaged in the service sector tend to manifest superior loan performance in juxtaposition to their counterparts operating within the manufacturing and retail domains. The rationale behind this distinction resides in the innate characteristics of the service sector, which is inherently characterized by a diminished exposure to risk and a lower threshold of uncertainty when compared to the manufacturing and retail sectors, as expounded upon by Salifu et al. (2018). This intrinsic discrepancy in risk profiles underscores a fundamental precept: Businesses steeped in higher risk thresholds are predisposed to operational losses and a heightened proclivity for payment defaults.

Further delineating the landscape, Baidoo et al. (2020) introduce another dimension to the discourse, emphasizing the critical import of non-financial services that buttress SMEs. These ancillary services range from training and essential literacy initiatives to health services. Notably, the availability of such complementary services has been empirically associated with enhanced repayment performance of SME loans. Conversely, borrowers need more tailored training and capacity-building initiatives germane to their business endeavors and exhibit a heightened propensity for loan defaults.

In summation, the intricate interplay of SME-specific factors constitutes a veritable fulcrum that intricately shapes the trajectory of loan performance. The nature of the business itself, compounded by the presence or absence of ancillary non-financial support services, crystallizes as pivotal determinants that significantly influence the probability of loan repayment success. As such, SMEs occupy a unique and multifaceted niche within the broader financial ecosystem, where their inherent attributes, operational contexts, and access to support services collectively coalesce to underscore the symphony of factors that ultimately determine their loan repayment dynamics.

Loan Repayment on SMEs' Business Performance

Access to credit facilities serves as the lifeblood of nascent Small and Medium Enterprises (SMEs), affording them the requisite financial infusion to embark upon their maiden ventures, expand existing operations, engender innovation, and invest in augmenting production capacities, as underscored by Baidoo et al., in their comprehensive study (2020). Within the purview of their cross-sectional analysis, encompassing a cohort of 600 respondents, a striking dichotomy emerges: 360 respondents exhibited commendable proficiency in loan repayment, while the remaining 240 entities, representing 40%, unfortunately, defaulted on their financial obligations. This disheartening default rate precipitated dire consequences, culminating in the financial insolvency of these SMEs.

In response to this disconcerting trend, Dire (2018) proffered a cogent recommendation, urging financial institutions to meticulously consider the multifaceted determinants of loan performance and recalibrate their lending policies. This recalibration, he contended, would be instrumental in ameliorating loan repayment defaults stemming from inherent loan and lender characteristics. Simultaneously, SME owners and managers should adopt pragmatic strategies to mitigate loan repayment challenges arising from both firm-specific and borrower-specific attributes.

The ramifications of loan repayment delinquency extend far beyond the confines of individual SMEs. They cast a long and ominous shadow, potentially eroding the enthusiasm of financial institutions to extend loans to deserving SMEs. Consequently, this reluctance impedes the growth trajectory of the SME sub-sector, precipitating an alarming deficit in economic impact. While it is imperative to acknowledge that the outright failure of SMEs cannot be singularly attributed to the dearth of financial resources, Jayasekaraa et al. (2020) elucidated that a substantial majority of SMEs succumb within their nascent two years of existence due to a confluence of factors. These encompass the inability to secure adequate funds, involvement in enterprises characterized by limited market potential, financial non-viability, and the absence of a coherent business plan.

Beyond the realm of financial capital, a panoply of factors conspires to undermine the resilience and longevity of SMEs. These encompass deficiencies in education, inadequate accounting acumen, a dearth of comprehensive training, and a conspicuous lack of financial management skills. Kiros (2022) postulated that a strategic infusion of customer service skills and knowledge could empower SMEs to deliver services that resonate with their target demographics, fostering profitability and a heightened capacity for loan repayment.

To curtail the deleterious effects of loan delinquency and defaults, Ajah et al. (2020) offered an insightful remedy - forging robust relationships between borrowers and lenders. This symbiotic rapport can be cultivated through monitoring mechanisms, advisory interventions, and regular stakeholder meetings. Furthermore, the authors advocated implementing a reward system whereby timely repayments are incentivized through rebates or discounts, thus fortifying the symbiotic bond between SMEs and their financial backers.

In conclusion, the intricate tapestry of SME viability and loan repayment dynamics is imbued with multifaceted determinants and potential interventions. Navigating this labyrinthine landscape necessitates a holistic approach that harmoniously integrates financial institutions, SME stakeholders, and proactive strategies that transcend mere financial capital infusion. The path toward bolstering SME resilience and economic contribution is contingent upon the seamless orchestration of these multifarious elements, forging a symbiotic relationship that fortifies the foundations of the SME sub-sector.

Overcoming Financial Challenges

In Small and Medium Enterprises (SMEs), a persistent challenge has revolved around the arduous quest for adequate credit resources to fuel their entrepreneurial ambitions. One innovative and increasingly prominent solution to this quandary is crowdfunding, as elucidated by Eniola and Entebang in their seminal work (2015). Crowdfunding represents a groundbreaking method of procuring capital for business ventures by harnessing financial contributions from a consortium of dependable individuals. It serves as a veritable lifeline for SMEs that have encountered the disheartening rebuffs of traditional financial institutions. It provides them with a viable alternative way to secure the funds to sustain and expand their enterprises.

The modus operandi of crowdfunding is predicated on aggregating modest financial contributions from many backers. This distinctive approach is intricately intertwined with social networks, leveraging the power of interconnected communities and shared interests to facilitate the flow of financial resources toward entrepreneurial undertakings. Eniola and Entebang (2015) posited that crowdfunding has the potential to assuage the formidable challenges confronting SMEs in parts of Africa, chiefly stemming from the dearth of initial capital and ongoing operational funds. This infusion of financial support has the potential to rectify the market failures that ensnare numerous SMEs, precipitating their financial malaise.

However, it is imperative to underscore that while crowdfunding offers a promising financial lifeline, it is full of inherent risks that underscore its operational landscape. These perils encompass the specter of fraud, wherein unscrupulous actors seek to exploit the system for personal gain, casting doubt on the legitimacy of crowdfunding initiatives. Additionally, the peril of donor exhaustion exists, as the same pool of backers may be tapped repeatedly, ultimately leading to a waning enthusiasm and a dwindling reservoir of available funds.

Moreover, liquidity risks loom large, as crowdfunding campaigns may need help efficiently allocating funds or redeeming commitments promptly. The specter of project failure also hovers ominously, as not all entrepreneurial endeavors are destined for success, and backers may find themselves embroiled in initiatives that ultimately falter. Furthermore, the intricate web of intellectual property rights is prone to infringement, raising concerns of legal entanglements and disputes within the crowdfunding arena.

In sum, crowdfunding is a compelling and transformative financial option for SMEs, offering an alternative route to circumvent the traditional barriers to credit access. Nonetheless, its viability is intrinsically tied to the astute management of the attendant risks and a judicious approach to its utilization. As SMEs increasingly turn to crowdfunding to fuel their entrepreneurial dreams, they must remain vigilant and well-informed, balancing the allure of financial support with a pragmatic recognition of the potential pitfalls in waiting within this innovative financing landscape.

Findings, Conclusions, and Recommendations

One crucial step governments can take is implementing regulatory reforms to streamline loan application processes and reduce barriers for small business owners. Steps can include using a collateral registry system, which allows movable assets to be used as collateral, increasing loan access for SMEs (Nkafu Policy Institute, 2019; Ochonogor, 2018; Emuwa, 2015). Regulatory reforms can reduce bureaucratic obstacles, making it easier for entrepreneurs to access financing. Measures such as establishing collateral registries, simplifying business registration procedures, and creating credit information bureaus can significantly improve the business environment for SMEs (Nkafu Policy Institute, 2019; Ochonogor, 2018; Emuwa, 2015).

Another essential framework component involves providing financial incentives to encourage financial institutions to support small businesses. Implementing interest rate subsidies for SME loans increases access to affordable financing(Nkafu Policy Institute, 2019; Ochonogor, 2018; Emuwa, 2015).

Financial incentives, such as interest rate subsidies and loan guarantees, can incentivize banks and microfinance institutions to extend credit to small businesses. These measures mitigate the risk associated with SME lending, making it more attractive to financial institutions. By providing financial incentives, governments can create a win-win situation: increased access to financing for SMEs and reduced risk for financial institutions. Innovation in the form of incentives from governments promotes economic growth and job creation (Nkafu Policy Institute, 2019; Ochonogor, 2018; Emuwa, 2015).

To ensure the long-term success of small businesses, governments should also invest in financial literacy programs to equip entrepreneurs with essential knowledge and skills. Financial literacy programs can empower entrepreneurs to make informed financial decisions, manage cash flow effectively, and access appropriate financial products. These programs should be tailored to the specific needs of small business owners and delivered through accessible channels. By enhancing financial literacy, governments can equip SME owners with the tools they need to succeed and contribute to economic development in their countries. Educational resources, in turn, support the overall framework for small business financing (Nkafu Policy Institute, 2019; Ochonogor, 2018; Emuwa, 2015).

Crowdfunding is a contemporary financing approach that harnesses the collective support of individuals and organizations to fund small business projects. Crowdfunding offers advantages such as access to a global investor pool, validation of business ideas, and reduced dependence on traditional financial institutions. However, it requires effective marketing, a compelling value proposition, and trust-building with backers. Entrepreneurs in developing countries can use crowdfunding to raise capital for product development, expansion, and community-focused projects (Nkafu Policy Institute, 2019; Ochonogor, 2018; Emuwa, 2015).

Micro-loans involve the provision of small sums of capital to entrepreneurs, often without the need for traditional collateral or rigorous credit checks. Micro-loans are particularly well-suited to developing countries due to their accessibility and flexibility. These loans can be used for various purposes, such as purchasing equipment, stocking inventory, or funding working capital. Moreover, the repayment terms are often tailored to match small businesses' cash flow. Understanding the concept of micro-loans and the successful models that have been employed in developing countries can empower policymakers and entrepreneurs to design and implement effective micro-loan programs that stimulate local economic growth (Nkafu Policy Institute, 2019; Ochonogor, 2018; Emuwa, 2015).

Micro-financing encompasses a broader spectrum of financial services, including savings accounts, insurance, and payment services, tailored to the specific needs of low-income individuals and small business owners. Micro-financing is not limited to credit alone; it encompasses a holistic approach to financial inclusion. Entrepreneurs in developing countries can benefit from these services to safeguard their investments, protect against risks, and access the financial tools needed for business growth (Nkafu Policy Institute, 2019; Ochonogor, 2018; Emuwa, 2015).

Small business incubators provide a nurturing environment where entrepreneurs can access shared office spaces, mentorship, networking opportunities, and essential legal and financial advice resources. These incubators often have a proven track record of helping start-ups succeed (Nkafu Policy Institute, 2019; Ochonogor, 2018; Emuwa, 2015). Small business incubators catalyze success by offering a supportive ecosystem. They foster innovation, collaboration, and knowledge-sharing among entrepreneurs, creating a

conducive environment for learning and adaptation. Moreover, incubators connect start-ups with experienced mentors and industry experts, accelerating their learning curve and helping them avoid common pitfalls (Nkafu Policy Institute, 2019; Ochonogor, 2018; Emuwa, 2015).

Start-up grant funding injects crucial capital into emerging businesses, enabling them to cover initial expenses and invest in critical areas like product development, marketing, and talent acquisition. Start-up grant funding alleviates the financial burden that often hinders the growth of small businesses. This financial support enables entrepreneurs to focus on refining their products, expanding their customer base, and achieving sustainability (Nkafu Policy Institute, 2019; Ochonogor, 2018; Emuwa, 2015).

Access to resources like technology hubs for small businesses is a tool that can help small businesses be effective because they often need more resources to purchase the technology. These hubs allow small businesses to access AI-driven tools for customer relationship management, inventory management, and predictive analytics. Additionally, the advent of e-commerce platforms and digital marketing enables businesses to expand their reach beyond traditional boundaries. By incorporating AI and data analytics, small businesses can gain insights into customer preferences, streamline supply chain management, and tailor marketing efforts. The effective deployment of new technologies improves the customer experience, helps businesses allocate resources more effectively, and identifies growth opportunities. Moreover, digital platforms enable them to access a global customer base, reducing geographical constraints and overhead costs associated with brick-and-mortar establishments. Thus, integrating technology into small business operations is an innovative means to enhance efficiency, competitiveness, and financial sustainability.

Establishing mentorship programs and support networks can provide small business owners with valuable guidance and resources. Mentorship and support networks offer small business owners the chance to learn from seasoned professionals, avoid common pitfalls, and gain insights into industry-specific best practices. Furthermore, these programs often connect entrepreneurs with potential investors and collaborators, expanding their access to capital and expertise (Nkafu Policy Institute, 2019; Ochonogor, 2018; Emuwa, 2015). Therefore, establishing and promoting mentorship programs and support networks represent an innovative approach to nurturing small business success by providing crucial guidance and fostering valuable connections within the business community.

The financial landscape for SMEs in developing countries is multifaceted, offering an array of financial instruments, each endowed with unique advantages that can be tailored to meet the distinctive needs of these small businesses. A profound comprehension of the underlying principles governing these financial tools is imperative for entrepreneurs seeking to navigate the financial terrain and for policymakers aiming to foster economic development. Globally, SMEs stand as the bedrock of major developed nations, wielding substantial influence through their contributions to employment generation, export expansion, and the dynamism of the financial sector. Intriguingly, the SME sector is not constrained by a universal definition, and the delineation of SMEs varies contingent upon numerous factors, including the number of employees, production capacity, and the valuation of fixed assets, among others, echoing the research of Eniola and Entebang (2015), and Anokwuru and Wike (2021).

Undoubtedly, one of the most pervasive challenges SMEs face on a global scale is the vexing issue of access to credit, a matter underscored by the study conducted by Godke and McCahery (2019). Financial support, a vital linchpin in business operations, assumes heightened significance within the context of SMEs. Paradoxically, notwithstanding the paramountcy of credit to SMEs, numerous financial institutions are reluctant to extend the much-needed financial lifeline to these businesses, a phenomenon primarily attributed to a distressing trend of subpar loan repayment performance. Loan repayment performance, a salient metric, is contingent upon the beneficiary's ability to service the loan as specified in the contractual terms diligently. Delinquency, characterized by payment delays and outright default, representing the failure to meet repayment obligations, constitutes manifestations of this predicament.

Furthermore, SMEs grapple with a litany of additional challenges within the Nigerian context, as eloquently outlined by Umadia (2020). These tribulations encompass limited market access, restricted credit availability, informational deficits, concerns related to security for assets and intellectual property, and the impact of discriminatory governmental policies. Additional factors contributing to the woes of SMEs include frail operational capacities, tenuous linkages among disparate industry segments, infrastructural inadequacies,

limited access to land, weak entrepreneurial and managerial skills among owners, and a need for comprehensive training opportunities. Notably, access to credit is deemed a pivotal indicator for assessing the overall ease of conducting business within an economy, as postulated by Abosede in 2017.

In the pantheon of funding sources for SMEs, money deposit banks loom large as the principal wellspring of credit, a finding reinforced by Adelekan et al. (2019). Beyond traditional banks, SMEs also have recourse to alternative funding sources, including individual investors, venture capital, crowdfunding, debt financing, equity financing, and short- and long-term financing. Pertinently, the banking sector, representing the primary financiers of SMEs, is besieged by uncertainty stemming from the disconcerting prevalence of loan repayment defaults by SMEs, a phenomenon elucidated by Kiros (2022).

Crucially, the performance of SME loans is contingent upon a nexus of factors encompassing individual attributes, loan-specific variables, firm-level dynamics, and borrower-centric characteristics. Failure to meet loan repayment obligations engenders apathy among financial institutions, resulting in the denial of credit access to otherwise deserving SMEs, thereby catalyzing the eventual demise of these small enterprises. Beyond the specter of inadequate funding, SMEs confront various challenges, including deficits in education, deficient accounting acumen, scarcity of training opportunities, and a paucity of financial management knowledge, all contributing to their vulnerability to failure, as expounded by Umar in 2022.

To foster the vitality of SMEs within developing economies, governments must enact a comprehensive framework that empowers small business owners, catalyzes economic growth, and contributes to poverty alleviation. This holistic approach recognizes the interconnectedness of various measures and their collective influence on the prosperity of SMEs in the context of developing nations.

Recommendations for Future Research

1. Action Research

Given the intricate challenges faced by Cameroon's SMEs, action research stands out as a promising avenue for future exploration. Action research is uniquely suited to address the dynamic and complex issues intertwined with the growth and sustainability of SMEs. Researchers can actively engage with SMEs, collaborating to identify, implement, and assess interventions to enhance financial access, profitability, resilience, and growth. This approach will contribute empirically grounded insights and empower SMEs through participatory problem-solving.

2. Qualitative Focus Group Research

Qualitative focus group research offers an invaluable opportunity to delve into the nuanced perspectives of stakeholders within Cameroon's SME ecosystem. By convening diverse groups of SME owners, financial institutions, policymakers, and industry experts, researchers can gain a deeper understanding of the multifaceted challenges faced by SMEs. Through open-ended discussions, qualitative research can unearth rich insights into financial access and profitability barriers, providing a holistic view that complements existing literature.

3. The Delphi Method

To forecast and prioritize strategies for SME development in Cameroon, the Delphi method emerges as a strategic research tool. Engaging a panel of experts from academia, industry, and government facilitates the systematic exploration of potential solutions. By deploying iterative rounds of surveys and feedback, the Delphi method can distill a consensus on effective strategies for mitigating challenges related to financing, profitability, and overall SME resilience. This systematic approach ensures a comprehensive and validated set of recommendations.

In synthesizing the approaches of action research, qualitative focus group research, and the Delphi method, researchers can triangulate findings, enriching the understanding of the challenges faced by SMEs in Cameroon. By employing these diverse methodologies, scholars can generate robust recommendations that align with the insights gleaned from existing literature and offer novel, context-specific solutions. This multifaceted research approach contributes to academic scholarship. It provides actionable guidance for

policymakers, financial institutions, and SME stakeholders in charting a path toward the sustained success of Cameroon's vital small and medium enterprises.

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