Different financial methods to finance agricultural small-medium enterprises: the case of Indonesia

Denis Ushakov\(^1\) and Khodor Shatila\(^2\)

\(^1\)College of Hospitality Industry Management, Suan Sunandha Rajabhat University, 1 U-Thong Nok rd., Dusit, 10300, Bangkok, Thailand
\(^2\)Sagesse University, Furn El Chebbak Baabda, 1003, Lebanon

Abstract. The need for supply of bank finance for A-in SMEs in Indonesia is explored in this article. This research achieves its aims and contributes to the area by investigating the present situation of bank financing for A-SMEs in Indonesia. This subject has gotten relatively less attention in the literature than the financing practices of A-SMEs in industrialized nations. The present research contributes to the existing literature on A-SME financing and on bank financing in the context of developing countries by analyzing the most recent innovations and practices in bank financing for A-SMEs in a developing country experiencing transition, Indonesia. Since the earlier research has been lacking, particularly in the setting of developing nations, the findings of this study contribute to the expanding body of information on the issue. Our knowledge of A-SME finance is still in its infancy since the issue has only lately aroused the attention of Indonesia's academic community. The most popular kind of external funding for A-SMEs, this research contributes by analyzing the different techniques and consequences of bank borrowing. Keywords: Agriculture, Finance Methods, Debt, Equity and Firm Size

1 Introduction

All around the world, agribusinesses big and small make substantial contributions to their own countries' GDP. This is why academics, businesspeople, and government officials in both developed and less-developed nations have paid close attention to A-SMEs during the last several decades. Since the A-SME market has been shown to contribute to general economic growth, it has attracted more attention. Academics, economics, and politicians have all taken note of the industry's rising significance. A-SME development is critical to economic growth in both developed and developing countries because of the sector's substantial contributions to GDP, employment, and poverty reduction. More than 55% of jobs and 70% of GDP came from SMEs in high-income countries. Gross domestic product and employment were both at 95% in high-income countries, but only 50% and 60%, respectively, in low-income countries. Furthermore, A-SMEs expand the scope of possible

* Corresponding author: denis.se@ssru.ac.th

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exports and the scope of possible innovation. According to Wang et al (2005) small and medium-sized enterprises (SMEs) are beneficial to national economies because they foster innovation and entrepreneurship, generate rapid returns on investment, promote decentralization at both the national and local levels, and curb the influence of large corporations.

Therefore, a strong banking sector is essential to accommodate the needs of A-SMEs for financial support. It is well known that obtaining funding for small and medium-sized enterprises (SMEs) in developing nations can be challenging, even though banks are the primary source of external credit for SMEs in these countries. The difficulties that small and medium-sized enterprises (SMEs) face when attempting to secure bank financing have been the subject of extensive research. It has been demonstrated that problems of this type are pervasive, existing in both developed and developing countries, with more severe manifestations in the latter. Indonesia, another nation in transition, follows similar trend. However, these organizations continue to face significant barriers to securing financing, particularly from financial institutions. According to Karyani et al (2016) it is crucial to investigate how banks interact as a source of funding for SMEs because banks have been Indonesia's only major financial institution for so long.

Several current studies focus on the availability of financing for A-SMEs, specifically bank funding, as a dynamic component of an enabling and productive economic environment, especially in developing countries where effective stock markets and solid regulatory infrastructures are essentially nonexistent. This research aims to study the problem of bank financing for A-SMEs in developing world economies. Although prior research has focused on bank funding for A-SMEs in the context of developing countries, this new study shifts the emphasis elsewhere. This research was commissioned by academics curious about the impact of formal bank lending on the small and medium enterprise (SME) sector in nations undergoing a transition.

This inquiry is especially important in light of recent research showing that the absence of Islamic finance exacerbates the difficulty for Indonesian SMEs in obtaining funding. Moreover, to the best of our knowledge, this research is one of the first of its kind to examine the views of Islamic finance among Indonesian SMEs. Having the research done in Indonesia is a driving factor. Indonesia is a developing nation in the middle of tremendous economic and political turmoil, and this case study analyzes the interaction between financial institutions and MSEs there. Also, the World Bank and the Union of Arab Banks recently funded a study to assess the current state of bank financing to A-SMEs in the region, but Indonesia was left out of the evaluation. After the political upheaval in 2011, this was an absolute must. Because of this, doing this research and addressing this gap in the literature is of the utmost importance.

2 Theoretical Framework

2.1 Pecking Order Theory

The pecking order theory was created to address the information asymmetry that exists between insiders (firm management) and outsiders (investors and other market players). Taking the age of the firm into account is essential when determining the optimal capital structure. According to this line of thinking, an institution will only go outside for financial support if all internal options have been explored. According to Zhao et al (2017) it is why it is better for businesses to raise capital through internal equity rather than, for example, long-term debt or even external equity.
Therefore, it is preferable to raise money via internal stock before resorting to debt or equity offerings. This notion is supported by both demand- and supply-side considerations from the literature on A-SMEs. The demand-side explanation is predicated on the well-known reality that owner-managers of A-SMEs are notoriously hesitant to give up management of their firm. First, owner-managers will use their own savings and retained earnings to fund the company, then they will turn to short-term loans, then long-term loans, and finally they will seek the investment of new equity investors. According to Yang & Wu (2018) underinvestment is common among SMEs since they have problems securing the loan financing they require at market interest rates.

2.2. Trade-Off Theory

The term "trade-off theory" is often used as a catch-all in academic writing to refer to a group of interconnected concepts. When income tax was added to the original proposition by Modigliani and Miller, a standard version of the theory emerged from the ensuing debate. To a large extent, the idea of trade-off centers on taxes and bankruptcy fees. According to Vasko & Ozegovic (2018) corporate debt can be understood in light of taxation and insolvency within the context of the conventional trade-off theory. Companies "trade off" the benefits and drawbacks of taking on debt when deciding how to fund their operations. A debt-to-value ratio goal could be established for the company in light of the trade-off theory and the ratio would be worked toward over time. By comparing the two options, the benefits of bankruptcy may be estimated. The trade-off theory allows us to do this by weighing the pros of debt (lower taxes and fewer problems with free cash flow) against the cons, as argued by Yang (2019).

Numerous studies have looked into how the trade-off theory could be used in A-SME. The research shows that both the pecking order theory and the trade-off theory provide useful insight into A-monetary SME’s transactions. According to Dobrodomova et al (2020) however, the trade-off technique requires additional attention. In addition, debt tax shields seem to have a significant influence on how A-SMEs access capital. As an added bonus, the findings provide credence to the static trade-off theory for Australian SMEs. Studies show, however, that A-SMEs are not as profitable as larger firms and, thus, do not need the same degree of protection for their debt from taxation, as do larger firms (Oberholster & Adendorff, 2009).

2.3 Sources of A-SME Finance

For small and medium-sized enterprises, the availability of capital is crucial to growth and survival. Throughout its existence, a small or medium-sized enterprises (SME) requires access to capital. A-SME funding needs to be sought out in four primary scenarios. To begin with, A-SME.s need start-up capital to get their businesses off the ground according to Prasetyowati et al (2022). Second, investing capital is essential for a company that intends to expand. Such funds could be used for anything from the purchase of essential tools and supplies to the completion of much-needed building repairs and expansion. Occasionally the money will be used to purchase a business that is in direct competition according to Nasution et al (2021).

2.4 Equity Financing

Internal equity funding, ideally in the form of owner-manager personal savings in the early stages of A-SME growth when moral hazard and information opacity issues are often at their worst, is crucial. As soon as an A-SME is ready to grow and flourish, it will rely less
Companies can raise equity capital from both internal and external sources. A few examples of internal equity include the current owner-manager(s), close friends and family, and/or retained profits. External equity, on the other hand, is capital gathered from sources outside of the company itself or its immediate family members. Equity financing is preferred over debt financing because new and young A-SMEs typically have a liquidity deficit and are unable to get secured loans during the establishing period. In this case, equity financing offers two main advantages according to Rijanto(2020).

To begin, equity can be used to secure low-interest, long-term financing. Second, it may do wonders for the credibility of the company to have the backing of seasoned financiers even if it is a relatively new or young corporation. Growth equity capital investment is sought by A-SMEs under two main circumstances. To begin, when A-SMEs experience financial difficulty and have limited access to alternative funding options. The second is the situation in which sudden expenses threaten to deplete the budgeted yearly amount. Regular lenders' reluctance to lend to the firm due to uncertainty about future growth opportunities was cited by the authors as the cause of the A-SME's attitude in these two cases. Because of this, many people will classify these companies as dangerous according to Nasution et al (2021).

### 2.5 Debt Financing

The use of stock, debt, or a combination of the two are all options that A- and large-sized enterprises have when deciding on a capital structure. When applied to A-SMEs, however, this is only partially true because of the higher level of information opacity that defines A-SMEs. The voting power of current shareholders would decrease if the company had to issue additional shares of stock to meet its financial obligations. Therefore, owner-managers of A and B-sized enterprises may opt for debt financing rather than external equity in order to keep full ownership and control of their companies according to Zhang(2020).

There are three main ways in which A-SMEs' debt financing differs from that of large corporations. To begin, compared to their larger-company counterparts, A-SMEs are more likely to rely on commercial lenders, especially institutional lenders, for short-term debt funding that may be renewed for long-term debt. For another, because information asymmetry issues are more severe in A-SMEs, long-term lending relationships are crucial for them to deal with the ensuing agency problems in addition to the other three conventional mechanisms; signaling, monitoring, and bonding. Third, contrary to agency theory's predictions, it is not clear whether or not debt can alleviate the agency costs in concentrated owner controlled according to Zhang(2020). A-SMEs due to information asymmetry arising from the divergent incentives of owners and managers. It is important to consider the benefits and drawbacks of both short-term and long-term debt when seeking additional funding. In weighing whether or not to incur short-term debt, it is important to consider the benefits and drawbacks of doing so according to Liu(2020).

### 3 Research Methodology

This study's overarching goal was to investigate the relationships between SMEs and banks in Indonesia. Primary demand-side data was unavailable without using a quantitative research approach, such as a survey questionnaire (SMEs population). To round out this
effort and provide a complete picture of the state of bank finance for SMEs in Indonesia, Indonesia was chosen as a case study to represent the supply side. To begin, Indonesian banks serve as a vital link between SMEs and international financial institutions. Second, it would be impossible to conduct research on this topic throughout all of Indonesia due to financial and time constraints.

### 3.1 Data Collection Methods

One can conduct research using either primary or secondary data. Survey and experimental data are two examples of primary data that researchers use to answer research questions. Secondary data, on the other hand, is information that is already available to the public and can be gleaned from a variety of sources, including but not limited to books, journals, published statistics, annual reports, films, and government surveys. Procedures for collecting data in this study were developed through a synthesis of methods and are consistent with the approach taken for the study as a whole. Therefore, a survey questionnaire was distributed to Indonesian SMEs in the city of Bandung in order to collect primary data on demand. Primary data on the supply side was gathered via semi-structured interviews with managers and loan officers.

### 3.2 Questionnaire

As far as research tools in the social sciences go, the questionnaire has won hands down as the most reliable and popular. A questionnaire is a set of questions designed to elicit and obtain data from the points of view of respondents chosen in advance. Researchers use questionnaires to learn about the demographics, history, experiences, perspectives, interests, values, perspectives, personality traits, and future intentions of study participants. Analysis, pattern discovery, and comparisons are all possible after the data has been collected. Interviews and surveys may provide a wealth of information about individuals and their perspectives. The greater sample size that may be attained using a questionnaire survey makes it the better option here. At a time when data is limited, this is of paramount importance.

Quantitative information gathered via questionnaires is similarly organized in a way that makes analysis straightforward. Most questionnaires are distributed through the mail or handed out to respondents in person. We chose a personally administered questionnaire over a mail-in survey because we know that information technology use among Indonesian SMEs is still low, if not nonexistent, and because we know that the unreliable Indonesian post services could result in a low response rate and be time consuming. This strategy not only increased the study's response rate (how many people took part in it), but also helped researchers better explain the study to people who had questions about it.

### 3.3 Sample Size

While every effort was made to recover all of the copies that were sent out (for example, reminding respondents to send in their responses within two weeks, and following up with those who took longer than expected by returning to their places of business or calling them whenever possible), not all of the copies were recovered. A total of 213 were returned questionnaires, with just 202 considered complete after eleven were disqualified. This was done because the surveys in question were either incomplete or poorly filled out. Therefore, 72.6% of those who were asked to participate did so.
4 Findings

Table 1. Descriptive Statistics.

<table>
<thead>
<tr>
<th>Size</th>
<th></th>
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<tbody>
<tr>
<td>Small</td>
<td>58</td>
</tr>
<tr>
<td>Medium</td>
<td>42</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Ownership Type</th>
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</thead>
<tbody>
<tr>
<td>Sole Ownership</td>
</tr>
<tr>
<td>Limited Partnership</td>
</tr>
<tr>
<td>Shareholding Firms</td>
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</tbody>
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<table>
<thead>
<tr>
<th>Firm Age</th>
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</thead>
<tbody>
<tr>
<td>0-5 years</td>
</tr>
<tr>
<td>6-10 years</td>
</tr>
<tr>
<td>11-15 years</td>
</tr>
<tr>
<td>16-20 years</td>
</tr>
<tr>
<td>Over 20 years</td>
</tr>
</tbody>
</table>

4.1 Size of the Firm

In Indonesia, a company is considered small if it has 25 or less workers, and medium if it has 26 to 49. According to the findings, the majority (137%) of the enterprises in the sample fell into the category of "small businesses," while the remaining (42%), "medium businesses." Importantly, the amount of capital invested in the company is another criterion adopted by the Indonesian official definition for SMEs, but this question was left out of the questionnaire. There were two main arguments in favor of this. In a politically charged region like Indonesia, it's possible that respondents won't answer or won't offer the right response to such queries. Second, this inquiry was crafted to supply a proxy for firm size based on the number of employees, so that the size distribution of the businesses in the survey could be represented graphically.

4.2 Ownership Type

In the first section of the survey, which primarily sought background information about the SMEs that took part, a question about the company's ownership structure was included. Results from the survey of small and medium-sized enterprises (SMEs) can be analyzed by looking at the data in relation to the various types of ownership that participated. About half of the businesses in the data set are wholly owned by their manager-owners. Comparatively, only 7% of businesses were owned by stockholders, while 44% were limited partnerships (joint liability).

4.3 Firm Age

In the first portion of the questionnaire, the age of the firm was added as a demographic characteristic of SMEs. Visible in the data is the fact that a third of the sample consists of small and medium-sized enterprises (SMEs) that have been in operation for between six and ten years. The next largest group, comprising almost 29% of the total, consists of firms owned by children ages 11-15. The elder SMEs, those between the ages of 16 and 20, made for about 1 in 6 of the whole group. Finally, it's interesting to see how both the oldest businesses (representing just 7% of the sample) and the youngest firms (representing only 13% of the sample) were underrepresented.
4.4 Source of finance

Table 2. Sources of Finance.

<table>
<thead>
<tr>
<th>Source of Ongoing Finance</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal funds</td>
<td>30%</td>
</tr>
<tr>
<td>Bank Finance</td>
<td>25%</td>
</tr>
<tr>
<td>Trade Credit</td>
<td>20%</td>
</tr>
<tr>
<td>Equity Finance</td>
<td>15%</td>
</tr>
<tr>
<td>Government Assistance</td>
<td>10%</td>
</tr>
</tbody>
</table>

The sample as a whole most often relied on internal financial sources (such retained profits and personal savings) to ensure long-term viability (see table above). This source is considered to be the most credible due to its weighted average rank score of 30%. This suggests that, rather of turning to external sources of financing like banks or investors, owner-managers of SMEs prefer to use internal sources of finance like retained earnings or contributing their own cash to attain the necessary funding for their continued operations. Among the external funding options, banks and trade credit from suppliers were the most frequently used. Among several sources of external finance, bank financing is the most sought after choice, with a weighted average rank of 2% (20%).

Equity financing and government aid programs were listed as the least favored alternatives to debt financing. All sectors' owner-managers preferred to use company resources rather than outside investors. All industries, from retail to services to manufacturing, favored raising capital internally. This study's findings indicate that small and medium-sized enterprises (SMEs) prefer bank financing, in the form of short-term loans and overdrafts, to other external methods of financing for current operations; the exception to this is SMEs involved in trade, which gave trade credit from suppliers more priority. This trend implies that when seeking funding, owner-managers of SMEs in the commercial and industrial sectors are more likely to approach traditional financial institutions like banks. A trading company would approach its suppliers for trade credit finance before approaching a bank for financing if it were in a similar bind. A company owner's mind races with questions such, "Which financing option will be best in the long term?" and "Which funding option is most suited for my operations?" while seeking to obtain funds.

SME owner-managers are generally apprehensive of seeking external capital, but the available literature shows that when they do, banks are often the initial point of contact. Respondents' selection of bank financing as their second-most-preferred and highest-priority alternative after domestically generated funding is indicative in the case of a cash shortage or other financial challenges. To maintain their operations, small and medium-sized enterprises (SMEs) in Indonesia increasingly rely on bank loans and other forms of external finance.

Small and medium-sized enterprises (SMEs) depend substantially on bank loans in many industrialized and developing nations. Small and medium-sized enterprises (SMEs) are thought to be less likely to fail if they have developed good working relationships with their financial institutions by the time they are no longer in the "launch" period. There are a number of ways in which small and medium-sized enterprises (SMEs) might benefit from this situation. These include improved data collecting allowing for faster access to finance, protection from a credit crunch, and implicit interest rate or credit risk insurance. As a result, well-established SMEs may feel more at ease applying for loans or overdrafts from financial institutions.
4.5 Regression Analysis

Table 3. Model Summary.

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.675a</td>
<td>.651</td>
<td>.750</td>
<td>.254</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant): Debt, Equity, Firm Age, Firm Size and Performance


Table 4. Model Summary.

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>-212</td>
<td>.062</td>
<td>-3.398</td>
<td>.001</td>
</tr>
<tr>
<td>Debt</td>
<td>1.781</td>
<td>.041</td>
<td>1.588</td>
<td>43.439</td>
</tr>
<tr>
<td>Equity</td>
<td>3.067</td>
<td>.044</td>
<td>.560</td>
<td>69.704</td>
</tr>
<tr>
<td>Firm Age</td>
<td>1.289</td>
<td>.024</td>
<td>.259</td>
<td>53.708</td>
</tr>
<tr>
<td>Firm Size</td>
<td>1.227</td>
<td>.083</td>
<td>.301</td>
<td>14.783</td>
</tr>
</tbody>
</table>


The correlation between the explanatory factors and the outcome variable is the focus of the above regression analysis. All of the independent variables have significance levels that are less than 0.05, indicating that there is a statistically significant link between them. The null theory that there is no association between the independent factors and financial performance is rejected since all of the variables had a significance level of p<0.05. The alternative theory, which claims that a connection exists between the independent factors and the dependent variable, will be accepted.

The following equation can be formulated:

\[ Y = A + BX_1 + BX_2 + BX_3 + BX_4 \]

Financial Performance = -0.212 + 1.781 Debt + 3.067 Equity + 1.289 Firm Age + 1.227 Firm Size

This implies that:

For every 1% increase in Debt, Financial Performance of A-SMEs will increase by 178.1%.
For every 1% increase in Equity Finance, Financial Performance of A-SMEs will increase by 3.067%.
For every 1% increase in Firm Age, Financial Performance of A-SMEs will increase 128.9%.
For every 1% increase in Firm Size, Financial Performance of A-SMEs will increase 122.7%.

5 Contributions and Implications

Both the demand and supply sides of bank financing for A-in SME's in Indonesia are investigated in this article. This article achieves its objectives and contributes to the field by investigating the present condition of bank financing for A-SMEs in Indonesia. The existing literature has mostly focused on the patterns and practices of financing among A-SMEs in rich nations, but very little study has been done on A-SMEs in developing countries. The present research contributes to the literature on A-SME financing and on bank financing in the context of developing nations by offering an investigation of current
trends and practices in bank financing for A-SMEs in a developing country in transition, Indonesia.

For this reason, the findings of this study contribute to the expanding body of information on the subject, especially in the context of developing countries where the existing literature has been deemed wanting. Our knowledge of A-SME financing is still in its infancy since it is a subject that has only recently drawn the attention of industry researchers and academics in Indonesia. Since bank financing is the most common kind of external finance for A-SMEs, this study contributes new insights by exploring the various approaches to and outcomes of this type of financing. This research stands out because it is the first of its kind to address these issues from the perspectives of both the demand and supply sides of the bank financing markets for A-SMEs.

In addition, the findings reveal that most A-SMEs have the potential to use Islamic finance, suggesting that the comprehensive review of Islamic finance methods for A-SMEs could be used as a reference for education and practice in Indonesia to expand knowledge on the subject, particularly by raising awareness of Islamic finance methods and their applicability to A-SMEs, which will undoubtedly contribute to the development of the Indonesian economy. This study's findings may also be useful for A-SME owner-managers.

Financial institutions may learn from the study about client-side variables that affect how A-SMEs pick financial institutions as business partners. Having a more in-depth understanding of the A-SME-bank partnership might be useful for banks, practitioners, policymakers, and academics since it would provide a more comprehensive view of the environment in which these businesses operate and the resources they would require to prosper. The findings in this field may assist financial institutions better serve this market. Hopefully, this will result in more assistance for A-SMEs. A rise in banking and A.S.M.E. business opportunities is a potential byproduct of the findings.

The results concerning the high demand for and potential utilization of Islamic financing methods by A-SMEs are also expected to be taken into consideration, allowing for the speedy implementation of such services to serve this lucrative niche market of A-SMEs. The lack of knowledge on A-SMEs in Indonesia is a concern, as this article joins the ranks of other academic and policy studies finding. For better knowledge and evidence-based policymaking in Indonesia, there is an urgent need to establish a comprehensive database collecting detailed data and statistics on A-SMEs. To help expand Islamic economics, there has to be a centralized organization that trains experts in Islamic banking and finance. Furthermore, the experience of other countries in the sector, particularly those resource-rich countries, would be very beneficial to the development process of Islamic finance in Indonesia.

6 Limitations

As a first limitation, the research was limited to a single nation, therefore its results may not be applicable elsewhere. Despite the fact that A-SMEs in the region share many similarities, there is a clear country-level diversity. As a result, the findings of this study cannot be extrapolated to other developing nations in the region or elsewhere.

For another, the model for bank loan availability may have a limited set of independent variables to work with. In order to prevent respondents from being overwhelmed by the survey's complexity, we deliberately kept the number of variables low. Given that a sizable percentage of respondents had no prior experience with research questionnaires, this was crucial information to have.

As a third challenge, the candidate found that there was a significant lack of published research on the topic of A-SME development in Indonesia. Therefore, the candidate had to rely heavily on the administered questionnaire to collect the data necessary for this study.
When it comes to this aspect of the study, the results are only as reliable as the candor of the people who filled out the surveys and were interviewed for it. Which means the accuracy of the responses may suffer. Some of the survey takers may not have read the instructions carefully before answering the questions because they saw the survey as a waste of time. That being said, the accuracy of the responses may suffer.

This study was exploratory and descriptive in nature; consequently, the methodology employed should not be inferred as the "best" approach to understanding the issues raised by the study with respect to bank financing for A-SMEs in Indonesia, which reflects the previous limitation that there was a lack of similar studies conducted in Indonesia.

7 Directions for Further Research

The current state of A-SME bank financing in Indonesia has never before been investigated. As a result, further study can be conducted to fill in the gaps in our knowledge and shed light on the full scope of this topic. From a methodological standpoint, this investigation was limited to one region on the demand side and one bank as a case study on the supply side due to practical reasons and time and resource constraints.

It would be interesting to replicate this study using a national sample and include other banks and compare the results to provide better understanding of this topic in the wider Indonesian context, despite the possibility that there may not be significant differences in the outputs due to the similar economic environment characteristics across the country. Furthermore, the research methodology used made sense, both in terms of scope and the questions being asked. Questions were developed using propositions rather than hypotheses because of the exploratory character of the study. Consequently, the limitations of the approach used constrain the conclusions.

In order to further develop these findings, additional research of an explanatory and confirmatory nature is required in the future. In this case, replacing assertions with hypotheses based on the study's findings would be facilitated by replicating the study. Further, the findings regarding the availability of bank financing for A-SMEs could be refined by including additional variables. When it comes to the need for A-SMEs, there are a lot of potential avenues for further study. It is possible that future research will want to include A-SMEs from other industries, such as agriculture, tourism, and construction, as well as those located in rural areas, in order to detect any interesting differences in financing behavior and practices, especially when it comes to bank finance.

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