Small Business Entrepreneurships: Managing Related Risk for Financing

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ABSTRACT
Small business entrepreneurship (SBEs) offer key contributions to economic growth and development, as well as to employment. However, SBEs are described as a high-risk sector. Relative risk measurement in SBEs is varied and diverse and involves genuine challenges, specifically in obtaining the necessary finance required. These types of businesses are usually constrained by restricted access to fair funding when compared to public and big enterprises. The financial institutions, which have ethical and social undertakings beside commercial objectives, confront two dilemmas: whether to support SBEs through facilitating the accessibility of SBEs' entrepreneurs to financial services, or to be more cautious in dealing with them. This qualitative descriptive-theoretical analysis paper aims to examine the risks and challenges SBEs face in obtaining financial facilitation from banks, and factors that obstruct financial institutions to finance SBEs. This includes identifying SBEs' financial-related risks, addressing initiatives that may improve the capability of SBEs to meet their financial obligations, access equity funds and proper financing.

Keywords: Small Business Entrepreneurships (SBEs), Finance, Risk Management, Financial Related Risk.

INTRODUCTION
Small Business Entrepreneurship
Although the concept and role of SBEs have much debate, the number of people engaged in this type of business is increasingly growing. The concept and criteria of "small business" differ by country, sector and industry. Examples of these criteria include: annual turnover, number of employees, total value of assets, average annual wages and annual income. However, the main standard that is commonly used for distinguishing SBEs from medium and large enterprises is the number of employees. In this regard, a small business is described as the enterprise that ranges from sole owner, to fewer than 15 employees (Australian criteria), fewer than 50 employees (the Europe Union), or fewer than 500 employees (the United States) (Malhotra et al., 2006). Regardless of these criteria and variances in definitions, this sector is viewed, increasingly, as a crucial business in any effective economy, and as the engine of economic growth (Craig, Jackson III and Thomson, 2007). According to its significant contributions to social and economic development, and in mitigating poverty, this sector has been given priority by many governments worldwide and become a target of policies which promote economic growth and employment (Bowen, Morara and Mureithi, 2009). Indeed, the SBEs sector plays a major role in reinforcing the principles of impartiality, justice and fairness and improving the society’s welfare. It provides opportunity to the low-income people to commence their own business. In addition, SBEs are seen as the base of many large significant entrepreneurships and firms today. Other advantages of SBEs include the low cost and licensing requirements to start this type of business, and the privilege of being your own boss (Emecheta, 2010; Hill and Lineback, 2010). However, some researchers view SBEs as a sign of breakdown of economy to provide production jobs as they point out that SBEs provide only minor support (Liedholm and Mead, 2003). Nakabayashi (2013) goes beyond that and points out that SBEs can introduce real additional costs to government procurement expenses, as many governments adopt small business programs by providing contract opportunities for such businesses regardless the real revenue from such adoption.

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One main challenge of SBEs is the financial difficulties and cash flow problems, including their limited capabilities to access to credit (Reynolds, 2011). The volatility of risk in small business is high, and any minor mistakes of management are likely to have a fatal impact on the existence of the business. In addition, this type of businesses is, usually, constrained by restricted access to fair funding when compared to public and big enterprises (Marks, Robbins, Fernández, Funkhouser, and Williams, 2009). Banks and other financial institutions, usually, become more cautious when the borrower is a small business firm. Therefore, SBEs are required to make an extreme effort toward eliminating this negative perception and these barriers that affect their accessibility to financing through increasing the confidence of financial institutions about their capabilities to earn money and meet their financial obligations.

**Research Methodology**

The methodology of this qualitative descriptive paper is based on a theoretical analysis of relevant data based on a review of specialized articles from the specified documents and compiled databases. This was done in order to examine the material and arrive at a more complete understanding and historical reconstruction of the topic. Thus, to shed light on the main related risks of financing that confront SBEs, and develop a table that addresses the main types and sources of these risks.

Even though the approach of this research may seem too qualitative and subjective, it can be considered as relevant to the aim of this paper. In fact, the historical research method is analytical and intellectual descriptive tactic is well suited to the aim of this paper as it leads to a developed combination of the instinct and intuition of particular facts and findings of previous studies that generates truthful and reliable estimations (Silverman, 2013). Theoretical analysis research method helps in putting out a comprehensive template of main sources and forms of financing-related risks of SBEs that might be considered, and treated as well, as a database of further practical studies and field researches. In fact, the historical research method is analytical and intellectual descriptive tactic is well suited to the aim of this paper as it leads to a developed combination of the instinct and intuition of particular facts and findings of previous studies that generates truthful and reliable estimations (Silverman, 2013).

**Types and Sources of Financial Related Risk of SBEs**

The process of innovation and running businesses successfully is not an easy matter to accomplish; this depends mainly on managing potential risk and mitigating its negative impact. Risk is considered a common component of business, and in many instances the maxim in business is, “No Risk No Gain”. Therefore, taking risks are an essential procedure for starting and growing any business, including small businesses. While risk, in fact, is a measure of uncertainty, it is commonly viewed as the possibility of unfavorable and adverse deviations from an expected outcome that might occur; whether deviations cause harm or reduce benefits (Mohammed, 2011; Vaughan and Vaughan, 2001). In real life, the question is not to take or avoid risk; rather it is how much of risk the business wants and needs to take (Kayed and Mohammed, 2010). This requires the entrepreneurs, whether they are owners or managers of the small businesses, to address types and sources of potential risks and then find effective initiatives to deal with the risks. In other words, every SME should have an inventory of risks, in which potential risks are categorized and evaluated according to potential financial losses, and plans to manage undesired outcomes.

Types and forms of risks in SBEs are diverse and varied, and come from miscellaneous sources. Some are internal, from the business itself, others are external. They may result from personal error or incompetence, deficiency in the managerial system, financing limitations, external changes in the market’s trend, public legislations, and environmental factors. In addition, risk can be classified into many different categories, such as: pure and speculative, factual and hypothetical, internal and external, controllable and uncontrollable, and residual and non-residual (Mohammed, 2011). Among these classifications, the most common risk of business sectors, especially the SBEs sector, is financial risk (Bowen et al., 2009). Indeed, financial related risk is the major risk that may affect not only the activities of SBEs, but their survival as well. It is a mirror in which all other business activities and management performance are reflected in and affected by. In this paper, financial related risk of SBEs will be addressed and discussed through three categories: financial risk due to SBEs, risk in reference to financial institutions’ procedures and restrictions, and risk related to political and environmental factors.
Risk Due to SBEs

Financial risk that is related to SBEs refers to the negative deviations from required outcomes and expected revenue, and the difficulty of acquiring necessary funds when needed. The possibility of a business losing large amounts of capital or not earning enough income from their investment to covers business expenses and/or its financial obligations, as well as, difficulties to access credit facilities are most common forms of this type of risk (Malhotra et al., 2006).

SBEs are, usually, subject to expose some common sources of risk that may affect negatively their ability to meet their financial obligations. Indeed, financial risk of SBEs is linked to the overall market risk in the business setting, and operational and managerial risk within the organization, especially in the introduction stage of a business’s life. According to Emecheta (2010) one major concerns in starting one’s own business is the fear of paying due checks and other financial obligations, as it is difficult to make enough money in the early stages of commencement. Sources of risk that may affect the financial status of SBEs, thus their capabilities to face their financial commitments, involve (See Table 1).

<table>
<thead>
<tr>
<th>Main Sources</th>
<th>Forms</th>
<th>Undesired Consequences</th>
<th>Initiatives to Manage it</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underestimation of needed capital and expected expenses/Risk from failure of preparation cash outflow</td>
<td>Involving in business without carrying sufficient capital</td>
<td>Bankruptcy</td>
<td>Rational planning of how much money the business will need to startup and get going</td>
</tr>
<tr>
<td>Lack of practical experience, proper market knowledge, and necessary managerial skills/Operational risk</td>
<td>Mismanagement and insufficient or no idea on how to cope with the business</td>
<td>Losses/ Finish the business</td>
<td>Educating and training employees and hiring competent management and skilled staff</td>
</tr>
<tr>
<td>Misjudging Market trends and unsuccessful predicting of customers’ preferences/Market risk</td>
<td>Poor marketing plans and the volatile of customer tastes and preferences</td>
<td>Reduction in sales, thus, in cash inflow. At the long term: become out of the market</td>
<td>Monitoring and anticipating market trends and changes in customers’ preferences, adopted effective marketing strategies, and handling market-related risk through response properly to the market volatility</td>
</tr>
<tr>
<td>Improper debt collection</td>
<td>Difficulties in collecting due amounts</td>
<td>Lack of liquidity to meet SBEs’ financial obligations</td>
<td>Implementing Proper operational and managerial skills and policies regarding on account sales</td>
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Underestimation of needed capital and expected expenses/risk from failure of preparation cash outflow: Having insufficient operating funds and the underestimation of the needed money to run the business is a serious problem that faces SBEs. The main challenge of SBEs is to prepare themselves financially before starting their activities. Indeed being involved in business without carrying sufficient capital is a real source of risk that threatens the survival of a business. Moreover, the lack of a realistic estimation of income and expenses is another financial risk that produces terminal problems to the business and may lead to bankruptcy and finish the business even before it commences (Malhota et al., 2006).

Lack of practical experience, proper market knowledge, and necessary managerial skills/Operational risk: The concern of banks and other lenders in financing SBEs has its justification. SBEs can be started at low cost, with less governmental and legal requirements, and almost by anyone who is willing to establish such business whether on a part-time or full-time basis and whether they possess the necessary skills or not. Statistics pointed out that three of five SBEs fail within the first few months of their starting (Bowen et al.,...
One main reason for SBEs failure refers to the fact that many people who are seeking to start their own business have poor management skills and insufficient or no idea on how to cope with the business and the market, in addition to the lack of business experience (Tang and Murphy, 2012; Schaefer, 2011; Karelaia and Hogarth, 2010). This concern is one key reason banks and lenders refrain from offering money to SBEs, and what drives them to be more cautious when it comes to financing this sector of business. This source of risk is also called operational risk. Operational and managerial risk can take place due to problems like the delay in acquisition or operating equipment, skilled employees leave, incompetence of the manager or other key employees in the organization, and lack of adequate training programs. Distractions in the business operations or even economic recession do not free SBEs from its financial liabilities to pay due loans. Similarly, lack of competent managers and qualified employees is not enough reason to give pardon from paying loans (Longenecker, Petty, Moore and Palich, 2006).

**Misjudging market trends and unsuccessful predicting of customers’ preferences/ Market risk:**

Market risk can also be linked to the financial risk. When the business faces the possibility of losing opportunities within the market, whether because of unexpected competition or the implementation of poor marketing plans, it becomes subject to problems of cash inflow. Customer preferences are volatile and are likely to change from time to time (Wang, et al., 2010), lack of proper anticipating of these changes and responding to them on time will affect the ability of SBEs to meet the customers’ demand and may limit its aptitude to adapt with the new market trend. Another risk due to the market factors refers to the variation in prices and battle between rivals that leads to cut back of businesses and lessens their revenues, cash inflow and profit. In the long term, this will increasingly limit the financial capability of SBEs to meet their financial obligations, thus increase the potentiality of financial risk (Longenecker, et al., 2006).

**Improper debt collection:** Working capital in SBEs, in general, is small and limited. Unfortunately, a considerable volume of sales transactions and commerce operations in the market are carried out on the debt basis. One main challenge of SBEs is to collect debts from the market to save some liquidity of their businesses. However, and due to many factors such as the competition and the nature and size of SBEs, collecting debt is not an easy process. Paying due installments does not, usually, go smoothly, and in many instances SBEs face a real problem in collecting due amounts. After a while, SBEs may face a problem of liquidity that affects their abilities to meet their financial obligations (Bowen, Morara and Mureithi, 2009).

**Risk Related to Financial Institutions**

Risk related to banks and other financial institutions are varied, and have a direct and indirect impact on SBEs’ performance and survival. The main forms of this type of financial risk involve (See Table 2):

<table>
<thead>
<tr>
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<th>Forms</th>
<th>Undesired Consequences</th>
<th>Initiatives to Manage it</th>
</tr>
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<tbody>
<tr>
<td>Limited access to credit and terms of</td>
<td>Tough term and conditions</td>
<td>Financial hazards that may affect SBEs’ activities and</td>
<td>Public financial support, the Islamic alternative: Musharaka, and encourage banks and</td>
</tr>
<tr>
<td>lending</td>
<td>of borrowing</td>
<td>survival</td>
<td>financial institutions to have more social responsibilities toward society</td>
</tr>
<tr>
<td>Interest rate</td>
<td>High interest rate</td>
<td>Extra financial obligations that may lead to bankruptcy</td>
<td>Bankruptcy, sharing risk with the business (i.e., the Musharakah Islamic System), and</td>
</tr>
<tr>
<td>Amount of credit</td>
<td>Overestimation of the size of</td>
<td>Large outflow of cash to pay the cost of borrowed money</td>
<td>controlling the interest rate</td>
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<tr>
<td></td>
<td>business and its needs of</td>
<td></td>
<td>Monitoring volume of credit and cash outflow, and estimating properly the actual financial needs of business</td>
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<td></td>
<td>funds</td>
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Limited access to credit and terms of lending/financial institutions’ constraints: Providing credit has increasingly been viewed as a crucial process for the success of SBEs. One issue that arises here is the level to which credit can be afforded and under which lending terms and conditions. Improving the availability of proper financing facilities to this sector with reasonable terms and adequate accessibility is not only an incentive that stimulates SBEs to run their businesses effectively; rather, it is a necessity for SBEs existence. Although this is a necessary emphasis, banks and other financial institutions deal with SBEs from a perspective that it is a riskier sector than other larger sectors (Tagoe, Nyarko and Anuwa-Amarh, 2005). In fact, lending terms and conditions to access credit, and the permissible amount of credit is still an existing dilemma and real challenges of SBEs.

Interest rate: One main reason for the recent global financial crisis that took place in 2008 was the high rate of interest along with the underestimation of risk from both lenders and borrowers. In SBEs, the interest rate is usually the number-one factor of financial risk. When banks and lenders offer loans to SBEs with high interest rates the cost of money, thus financial obligations of the business, becomes a real problem that limits the ability of the business to meet its liabilities, and increase the potentiality of financial risk. However, the intervention of governments in specifying a certain rate of interest, in other words mandating “below-market interest rates”, may complicate the situation and create another problem through discouraging banks from giving credit to SBEs.

Lenders, in such situations, will be less interested and more concerned to lend money with low profit to a high-risk sector like the SBEs sector (Malhotra et al., 2006)

Amount of credit: In contrast to limited access to credit, banks and other lender companies, in some instances, offer big amounts of credit to SBEs, although the size and activities of the business is very limited. They endeavor to increase their profits through increasing their financial facilities. However, despite this procedure would be seen as an advantage that could foster the growth of SBEs, it has a negative impact in the long term (Calì and Dell’Erba, 2009). Both overestimation and underestimation of the size of business and its needs for funds represent potential risks. Granting extra financial facilities or putting stricter limitations on lending money to SBEs, represents potential sources of financial risk. As loans are external funds that must be paid regardless of the company’s profit or income, outflow of cash to pay the cost of money may become a dilemma if the business is given large amounts of credit that does not fit with its operation or expected income (Obamuyi, 2007). Indeed, the imbalance debt to equity ratio, due to taking more loans while the firm’s equity is low, may maximize the risk of failure to meet financial obligations to lenders.

Political- Governmental, Environmental and Suppliers-Related Risks

Other sources of risk that affect the ability of SBEs financially come as a result of political and governmental legislations, environmental factors and from suppliers. The most common forms of these risks involve (See Table 3):

<table>
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<tr>
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<th>Undesired Consequences</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Unexpected ecological hazards and natural disasters/Environmental risks</td>
<td>Flood, hurricanes, and bad weather</td>
<td>Deceleration of Commercial activities of SBEs, and the cost of fixing physical damages</td>
<td>Transferring risk through insurance</td>
</tr>
<tr>
<td>Risk associated with legislative and governmental rules of SBEs/Compliance risk</td>
<td>Changes in minimum wages and salaries, and increase of fees and levies</td>
<td>Put extra financial commitments and increase expenses of SBEs</td>
<td>Being a member of an industry association</td>
</tr>
<tr>
<td>Inflation rate</td>
<td>Unstable and high inflation rates</td>
<td>Limit the ability of SBEs to plan their expenses and sales</td>
<td>Rational planning and accurate forecasting</td>
</tr>
</tbody>
</table>
**Unexpected ecological hazards and natural disasters/Environmental risks:** There are many external environmental conditions that may threaten the firm’s business and activities. For example, floods, hurricanes, earthquakes, climate and bad weather can all lead to whether a business is destroyed or decelerated in its commercial activities. Although these sources of risk are external and, in many instances, they are unavoidable and affect the entire society and firms, SBEs, due to their limited resources, are more vulnerable and sensitive to the impact and adverse consequences of these natural disasters than bigger businesses (Rose and Lim, 2002).

**Risk associated with legislative and governmental rules of SBEs/ Compliance risk:** Potential changes in rules and regulations could be a possible source of risk that may affect SBEs negatively. Changes in minimum wages and salaries, increases of fees and levies, and the ceiling of requirements to start the business, are examples of compliance risk. SBEs have to follow the rules, although they may put extra commitments on and increase expenses of SBEs. Lack of appropriate regulations that facilitate financing terms of SBEs is a real challenge that may face SBEs in acquiring loans (Green, 2003).

**Inflation rate:** Inflation, which refers to the increase in prices, can be a main source of risk if its rate is very high and unexpected. Unstable inflation rates may limit the ability of SBEs to plan their expenses and sales, thus cash flow. This is especially important when the interest rate is connected to the inflation rate. In addition, the purchasing power of customers is usually affected negatively in case of inflation; which means less sales and lower revenue to the business (Leonidou, 2004). At some stages, especially when inflation rates become extremely high, the likelihood of SBEs to close or to face bankruptcy becomes high.

**Risk related to suppliers:** Many suppliers weigh the dealing with customers according to their size. A robust buyer–supplier relationship is crucial to the success of SBEs (Adams, Khoja and Kauffman, 2012). Unfortunately, suppliers, in general, tend to give less attention to small businesses, and give priorities to big firms rather than small ones. This includes: the limited access to information, less financial facilities, and less negotiation power. Thus, the risk of not getting competitive prices and high quality products, as well as, delay in delivery and less facilities of payment from suppliers will be higher in SBEs than in bigger enterprises. This will impede the competitive capability of the business, thus develop more probability of financial risk.

**Initiatives For Managing Financial Related Risk Of SBEs**

As all types of businesses, including SBEs, are subject to face a certain degree and some sort of risk, managing potential risks through carrying out proper courses of action is needed (Li, 2011). Implementing effective initiatives and well-planned steps will lead to better control of risk, or at least mitigate its adverse impact; financial risk is no exception. SBEs should have an inventory and records of risk, as well as, a contingency plan in order to handle these risks when they occur. Initiatives for dealing with risk include controlling the interest rate, monitoring the amount of credit, handling market risk, managing operational and managerial risk, training employees, transferring risk, and public support.

**Controlling the interest rate:** Interest rate has a significant influence on the financial status of a business. SBEs need liquidity to meet their expenses, but the cost of debit, usually called “debt trap”, may crate serious cash outflow problems due to some related factors, such as the cost of the loan, especially when it exceeds the revenue, and unforeseen rises in interest rate. Many governments took serious steps to mitigate this problematic issue through granting interest free loans to SBEs or put restrictions on banks to prevent them from raising the interest rate through an obvious monetary
policy and regulation (Blundell-Wingall and Atkinson, 2010). Due to the current financial crisis and in response to the economic recession, many governments reduced the interest rate ratios as an initial procedure. However, as mentioned earlier, mandating below-market interest rates is not usually an effective solution as it could discourage financial institutions from giving loans to SBEs.

One unique initiative in this regard is through sharing risk. Musharaka is a joint enterprise where lenders and borrowers share the profit or loss of the joint venture. This initiative is a unique Islamic alternative to the interest-based financing. Instead of servicing the loan and paying the cost of lending money without considering the financial status of SBEs, the sharing principle is an ideal solution in which both parties (debtors and creditors) benefit from profit and share in loss. “The return in Musharakah is based on the actual profit earned by the joint venture and there is no fixed rate of return”, whereas, “interest predetermines a fixed rate of return on a loan advanced by the financier irrespective of the profit earned or loss suffered by the debtor” (Usmani, 2011 p. 2).

Monitoring volume of credit and cash outflow: The amount of credit should be rationalized through an adequate estimation of the capability of business to cover the cost of borrowed money, as well as, the real amount that may be needed to run the business, considering the existing stage of business growth. Indeed, more credit means more cost of loans and more cash outflow. Factors such as the assets and capital of the SBEs, the nature of industry and the volume of the market, should be considered and weighed when providing SBE with credit. The cooperation between banks and SBEs in evaluating their demand of money alongside with the previous mentioned factors is significant to protect both parties to avoid the risk of failure to pay loans (Malhotra et al., 2006; Green, 2003).

Handling market risk: Identifying the different sources of risk in the market that might lead to earning lower income or profit, as well as, considering new opportunities and opening new markets alongside appropriate planning and implementation of effective market strategies are initiatives for controlling market-related risks, thus improve the ability of SBEs to meet their financial obligations (Gorgievski and Ascalon, 2010). In this regard, diversification could be an effective marketing initiative that may reduce the impact of particular risk on the small business, and benefit SBEs to establish a portfolio of their marketing activities.

Managing operational and managerial risk: One indicator which financial institutions and lenders rely on when assessing the business is its internal structure and managerial system (Wu, Hedges and Zhang, 2007). The more the organization has effective managerial structures and reliable operational systems, the more confidence there will be from lenders. This will encourage lenders to give more financial facilities to the business, and in the long term, the business may reduce the possibility of failure due to its competent team and system. In this regard, many governments, such as in New Zealand and Canada, recognize this issue and offer free programs to new entrants of SBEs to improve their managerial knowledge and skills (The Government of New Zealand, 2011). More of this issue will be highlighted and discussed below.

Educating and training employees: Vocational education and training of managers and other employees of SBEs are seen as effective ways of providing small businesses with competent staff who are able to run businesses effectively. As stated before, one main challenge to SBEs that threatens their survival is lack of qualified and skilled staff. Training brings many benefits to the business in terms of managing financial difficulties and potential risks by improving employees’ knowledge, skills, attitude, performance and awareness. Possessing competent employees gives financial institutions more confidence of the business potentiality to meet its due payments and loans, thus encourages them to give more financial facilities (Mohammed, 2011; Matlay, 2007).

Transferring risk through insurance: Insurance represents, in many instances, an acceptable initiative for both lenders and borrowers to control risk and mitigate its potential adverse impact. For most lenders, insurance has become the number one requirement for financing as insurance may support the business from major losses and, at the same time, compensate lenders of any unforeseen circumstances (Koehl and Villeneuve, 2002). However, SBEs should have an appropriate insurance that involves a reasonable level of coverage and compensation.

Public financial support: Governments have many programs for supporting low-income people to find employment opportunities that increase their incomes; SBEs play major role in this regard. In the United States, for example, “through much of the 1990s and into the 2000s, small businesses accounted for 65% of new jobs
created in the economy” (Cornwall, 2010, p.1). Direct and indirect formal financial programs, such as the Small Business Administration (SBA) loan-guarantee program, and supportive procedures, like tax relief, direct subsidies, and indirect subsidies, all could help SBEs in meeting start-up expenses until they become productive and earn income (Craig et al., 2007). Such procedures have dual positive consequences on SBEs: they enable SBEs to meet their financial obligations and commencement costs; and they give banks more confidence and assurance to cooperate more, in terms of financing, with SBEs. Public guarantee schemes can support SBEs to obtain equity financing and give essential securities to lenders (Green, 2003). According to Malhotra et al. (2006, p. 11) “credit guarantees offered by governments are typically meant to encourage lending by sharing the default risk with banks”.

**Being a member of an industry association:** Belonging to a professional society has multiple benefits to SBEs and helps them in different ways. It empowers them to have a listened to voice, acquire business-related information, and organize the relationship between competitors within the same industry. The power of an industry association can also help SBEs have better negotiation power in dealing with banks, debtors (on account purchases) and suppliers. A collective voice for the industry in regards to issues of regulation and policy, as well as, conditions and restraints of banks and other lenders is crucial for SBEs, especially those who are new in business and do not have many resources or experience in these areas (Bowen et al., 2009; Marriott, 2007). As a result, opportunities to get fair finance and abilities to negotiate with suppliers and traders will be much better through a group than in a one-voice situation.

**Adopt effective marketing strategies that respond to the market volatility and achieve the competitive advantage:** As mentioned earlier, any taken action or activity within the business, including marketing activities, will have an impact on the financial status of the business whether positively or negatively. SBEs are required to be innovative in running their businesses and improving their financial status and cash inflow; one way to accomplish this is through carrying out effective and competitive marketing strategies. A big part of a small business’ capability is being able to meet their financial obligations and thus, they rely on management plans and initiatives for penetrating market. This can be done through adopting multiple marketing strategies (Harris, and Rae, 2010; Bowen et al., 2009), such as: fair pricing, discount and special offers, diversification in services and products, continuous quality improvement of services and products, and a regular survey of the market trends.

**CONCLUSION**

SBEs have become a crucial part of any effective economy and an engine of development worldwide. However, running a small business is not an easy activity, and SBEs are usually described as intrinsically high-risk businesses. Types and sources of risk of SBEs are varied and various; financial risk is viewed as the main obstacle and challenge that threatens the survival of SBEs and hinders their growth. This paper outlines and addresses forms and sources of financial-related risks of SBEs through three angles: financial risk due to SBEs, financial risk from banks and other lenders, and financial risk related to political-governmental and environmental issues. Initiatives for dealing with and managing these risks have been highlighted and discussed. Although this research might not examine all the issues related to financing risks of SBEs, the research has provided some useful information and particulars of the main forms and sources of financing risks that SBEs face. Perhaps more importantly, this paper has bestowed a framework and database that researchers can use when tackling and evaluating potential risks of SBEs.

**REFERENCES**


مشارييع الأعمال الصغيرة: إدارة المخاطر المتعلقة بالتمويل

قاسم محمد*

ملخص

تسهم منظمات الأعمال الصغيرة أو ما يعرف بالمشاريع الصغيرة بشكل فاعل في نمو الاقتصاد وتطويره وفي مجال توفير فرص العمل والتوظيف، وبالتالي الحد من ظاهرة الفقر والبطالة. وقد نافي هذا الدور في العقود الأخيرة حتى أصبح قطاع المشروعات الصغيرة من 97 إلى 99% من قطاع الأعمال في كثير من الدول سواء المتقدمة أو النامية. إلا أن من النسب الأدائية لهذا القطاع، أنه قطاع ذو نسبة مخاطرة عالية، تتراوح فيه مصادر وأنواع المخاطر والمخاطر. وتعتبر المخاطر المرتبطة بالجانب المالي تحديداً المخاطر المتعلقة بالتمويل، من أهم هذه الأنواع، يواجه أصحاب المشاريع الصغيرة تحديات حقيقية من جهة إقراض مؤسسات التمويل والبنوك في منهج التسهيلات المالية والقرض في نشاطها. ومع أنه غالباً ما تكون هذه الظروف ليست بالمبالغ الكبيرة، فإنها تؤثر على حجم هذه المشاريع مقارنة بالمشاريع الكبيرة والذاتية، إلا أن قسماً كبيراً من شركات التمويل والبنوك تنحوه على نهج هذه المشاريع تسهيلات مالية، إما بشكل مباشر من خلال الإمتثال الصحيح أو بشكل غير مباشر عن طريق وضع شروط قاسية وبعضها هي أقرب للعزل أو التحمل منها للمحايد الإنتاجي. يهدف هذا البحث الوصفي التحليلي إلى تحليل الوضع على مصادر المخاطر الرئيسية والتحديات التي تواجه المشاريع الصغيرة في الحصول على التمويل اللازم أو في مقابليها على مقابل المبالغ المقررة عند استحقاقها، وكذلك العوامل والأسباب التي تدفع البنوك ومؤسسات التمويل إلى التحفظ في منح التسهيلات المالية لمشاريع الأعمال الصغيرة. لذلك يقترح البحث في النهاية بعض الاستراتيجيات للتعامل مع هذه التحديات، إضافة إلى الخطوات والإجراءات التي قد تهم في الحد من أو تخفيف عقبات وصعوبات الحصول على التمويل المناسب.

المصطلحات المذكورة: المشاريع الصغيرة، المخاطر، التمويل، إدارة المخاطر، مؤسسات التمويل و банك.

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