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A qualitative study on the effect of access to finance on the growth motivation of micro- and small enterprise owners in the Philippines

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Abstract
The importance of micro- and small enterprises in economic development has been acknowledged as a vital factor in the global economy. However, in spite of the dominance of micro and small enterprises in the industry, the stagnation of these small businesses has remained a source of contention in many countries. Access to finance is one important aspect in determining the growth motivation of micro-and small enterprise owners. Even though external finance may present an opportunity for expansion, it appears to have impeded the growth and upgrading of micro and small enterprises. The goal of this study is to determine whether the experiences in obtaining external financing had an impact on the growth motivation of the owners. A qualitative study was conducted to discover the factors that influence business owners' motivation to expand and upgrade the size of their business category. The study's findings has emerged the motivating drivers that influences the growth motivation of the owners. Based on the results of the study, access to finance rationalizes the stagnation and survival mentalities of micro and small business owners.

Keywords: Access to Finance, Growth Motivation, Microenterprises, Microenterprise growth, Qualitative Study

1. Introduction

The global economy has recognized the role of micro-and small businesses in providing jobs, social development, and serving as an alternative to unemployment, all of which are critical for economic growth (Rungani & Potgeiter, 2018; Tefera, 2013) [38, 43]. Prior research emphasizes the importance of micro and small businesses in alleviating poverty and unemployment (Medalla and Mantaring, 2017) [31]. MSEs accounted for the majority of business entities in the majority of industrialized and emerging economies. However, a recent study indicates that the growth of microenterprises has remained a challenge, particularly in underdeveloped countries where capital is scarce and opportunities are limited (Tambunan, 2019) [42]. Micro- and small businesses are typically family-owned and operated to meet the basic needs of the family (Shinozaki, 2012) [40]. These enterprises offer opportunity for individuals with limited skills and resources, whether for employment or as an alternative to unemployment (Alvarez and Barney, 2014) [5]. However, there is an observed stagnation in the growth of micro-and small enterprises in many countries (Hampel-Milagrosa, 2014) [27]. While MSEs dominated a significant portion of the market, they remained small and did not grow into larger enterprises. Scholars believe that the contribution of micro- and small businesses to the country's GDP is incomparable to that of medium- and large-sized businesses (Tambunan, 2019, Hampel-Milagrosa, 2014) [42, 27]. This indicates that despite their dominance in the business sector, micro and small firms continue to contribute less to the economy than medium and large enterprises. Earlier research found that the differences in goals between micro- and small-business owners and medium- and large-business owners had an impact on the owners' growth initiatives. For example, micro-and small enterprise owners depicted a mindset of survival, while medium and large enterprises gear towards innovation and expansion (Shinozaki, 2012) [40]. Because of their limited skills and resources, micro- and small-business owners are hesitant or unwilling to capitalize on growth opportunities, according to several scholars (Chew *et al*., 2013) [13].

Mishra (2005) [32] argued that the degree of motivation among owners varies according to the owners' perceptions of challenges and opportunities. Financing is one issue that might have a big impact on the owners' growth motivation. While previous research indicates that small businesses may have access to financing, there appears to be a reluctance among owners to employ external financing (Claessens 2006) [14]. Although small business owners assert that access to finance increases opportunities, the detrimental effect of borrowed capital from banks and nonbank sources hinders owners' motivation to progress (Angeles et al., 2019). [6]. Apparently, the behavior and attitude of micro and small businesses toward external finance are critical in determining the owner's growth incentive. This poses a variation in a person's financial and investing decisions as well as their values and dispositions in managing finances. According to the researcher's interactions with the owners, there are two reasons that inhibit the micro- and small enterprises' growth potential. First, an inquiry with the owners claimed that the inadequacy of capital suppressed them from making an investment. According to the owners, one reason for the inhibited growth of micro and small enterprises is inadequate financing. According to Frelinghaus et al. (2005) [21], access to finance is critical for meeting the financing needs of small businesses. Seemingly, access to finance has persisted as a global challenge that impedes the growth of micro and small enterprises (Webb et al. 2013) [45]. Additionally, Webb et al. observed that owners are unable to obtain financing due to limited access to financing, high interest rates on borrowing, and collateral requirements. Second, Alom et al. (2016) [3] evaluate the reasons limiting the growth of microenterprises, emphasizing that the absence of a drive to expand the firm is critical to the owners' growth initiative. This means that, despite the proliferation of MSEs, the stagnation of businesses in their size categories is a result of their owners' low productivity and reluctance to business growth and expansion.

The purpose of this study is to determine whether the experiences with accessing finance contribute to the owners' growth motivation. To demonstrate the depth of our present knowledge base, the academic community has conducted considerable research on the effect of financial access on the growth of micro and small businesses. However, there is little research that assesses the effect of access to finance on micro and small enterprises' growth. The purpose of this study is to determine how access to bank and nonbank financing influences the owners' growth motivation. In this study, we compare external financing from banks with nonbank lending providers. We designed the study based on the fundamental question: how do owners' experiences with bank and nonbank financing contribute to their growth motivation? To accomplish this goal, the authors conducted a face-to-face interview with business owners to ascertain how respondents' borrowing experiences with banks and nonbank lenders influence their decisions towards business expansion. We organized this paper into four main sections. The first section outlines the background of the study, which emphasized the trend of microenterprises in the Philippines and a review of the literature that supports the arguments. Second, we discuss the method and process by analyzing the significant statements of the respondents. Third, we present the results of the findings by developing a model that explains how access to finance affects the growth motivation of microenterprise owners, and finally, we discuss the implications of the study and its contribution to the literature. The study contributes to the body of literature with a model that exhibits the valuable and adverse effects of access to finance on the growth motivation of microenterprise owners. The study's findings may be beneficial in evaluating an intervention aimed at maximizing financing and investment options for micro and small businesses, which could eventually result in growth and expansion.

1.1. Microenterprises in the Philippines

The study takes into account the micro and small enterprises in the Philippines. Micro and small enterprises in the Philippines are no exception to the global issue of enterprise stagnation. Micro and small enterprises accounted for a disproportionate share of 99.51% of all enterprises in the Philippines compared to medium and large enterprises (DTI, 2020). However, a study conducted by the Philippine Statistics Authority has noted that the increase in the number of micro and small enterprises is an influence of the need to survive or an alternative to unemployment in the low-income sector. Over the years, the growth of micro and small enterprises has shown a "growth-decline" pattern (Aldaba, 2011) [2]. Hampel-Milagrosa (2014) [27] reported that there is a stagnation in the development of micro and small enterprises in the Philippines, adding that only a small percentage of MSEs have succeeded in growing into medium or large enterprises. Thus, to overcome stagnation, the government has created programs to extend loans to small business owners to support the financing needs of small firms. After the government launched the programs, statistics show a dramatic increase in the number of micro and small enterprises from 2010 to 2012. However, during the succeeding years, from 2013-2020, the data shows an inconsistent growth pattern among micro-and small businesses. The financing support started by the government in 2010 revealed high financing in the first few years. However, in the succeeding years (2017-2019), financing from micro and small enterprises went down at a considerable rate. The effect of the financing is assumed to result from either the creditors' reluctance to extend a loan or the reluctance of the owners to borrow. While the government intends to level up microenterprises and small enterprises by providing flexible financing, owners' experiences in borrowing capital contradict the expectations that access to finance could support the growth of these enterprises (Angeles *et al*., 2019) [6].

1.2. Growth motivation of Micro and Small enterprises (MSEs)

According to economic theory, the study on the rise of MSEs implies that productivity and competitiveness are the bedrock of development (Medalla and Mantaring 2017) [31]. Seemingly, productivity and competitiveness help micro and small businesses grow. Small business owners must begin with a desire to increase income for their small business owners (Snodgrass and Winkler, 2004) [41]. On the basis of the concept of personal initiative, we describe growth motivation as the process through which an enterprise owner progresses to become bigger. "The concept of personal initiative emphasizes the importance of self-starting goals, long-term goals, and thinking about long-term problems and opportunities that must be translated into goal setting," write

Frese and Fay (2001) [19]. For instance, an entrepreneur may wish to expand his or her business and eventually level up to a larger enterprise. This perspective argues that an owner's growth incentive should drive him to seek greater revenue, acquire additional capital resources, and expand productivity. This traditional theory of growth explains why owners feel compelled to improve operations and increase profits to sustain the business. Furthermore, Snodgrass and Winkler (2004) [41] claim that growth occurs as a result of SMEs' growth motivations. These include a gain in income, an increase in sales, an increase in productivity, a more flexible product distribution system, and a decrease in informality. Hampel-Milagrosa (2014) [27] affirmed the same findings, adding that an owner's motivation for expansion is to reach a higher level of performance in sales and assets, as well as an enlarged workforce. This notion corroborates prior research indicating that the persistence of the owner's drive results in an increase in the enterprise's performance and upgrading of the business (Frese, Hass, and Friedrich 2016) [20]. However, research indicates that owners' motivation for expansion is driven by either the requirement of doing so or the opportunity to do so (Brünjes & Diez, 2012).

1.3. Access to Finance from Banks and Nonbank Institutions

Historically, the expansion of microenterprises has always been associated with access to capital. Claessens (2006) [14] defines finance as the distribution of funds from savings to borrowers with the purpose of increasing productivity. According to the World Bank (2004), access to finance is defined as the ability to reach a financial institution where deposits and borrowings can be made. There is sufficient evidence to indicate the effect of access to finance on firm growth (Girma and Vencappa, 2015; Chen and Guariglia, 2013; Ayygari *et al*., 2010) [24, 12]. However, owners have highlighted concerns about the availability, accessibility, and suitability of credit for micro and small enterprises (Angeles *et al*. 2019) [6]. As previously stated, Claessens (2006) [14] asserted access to credit by emphasizing convenience, continuity, and adaptability to the borrower's demands. While both banks and nonbank lenders can provide financing, these sources make loans to borrowers on the condition that they repay the loan within a set time period and with interest (Osano & Languitone 2016) [30]. To distinguish the two capital sources, a bank is a regulated institution. Credit to micro and small businesses is seen as risky, costly, and unprofitable by the bank (Claessens, 2006) [14]. Credit gets restricted as a result of the bank's requirements for information, credit history, and collateral. Claessens added that the problem with obtaining financing stems from a lack of important information about the borrower. In comparison to banks, nonbanks provide owners with a convenient but expensive source of capital. The risk of the nonbank credit provider has already been factored into the borrower's payment, resulting in a high cost of capital. Regardless of whether a bank or a nonbank provides credit, the restriction of capital through financing continues to be a barrier to the growth of micro and small businesses. Seemingly, one of the most significant barriers to MSME' s growth is obtaining capital to sustain the business. Beck and Kunt (2006) [8] asserted that the bank's cost of granting loans and the difficulty of obtaining information restrict access to funding. Wang (2016) [14] and Beck and Kunt's (2006) [9] comparative analysis examine the most prevalent impediments to the expansion and growth of enterprises, confirming the robust effect of access to finance on micro and small enterprise growth. Beck and Kunt (2006) [9] argued in their research that external financing appears to be the most critical of the growth hurdles. Further, they argue that the high cost of borrowing discourages owners from investing. Additionally, the process's complexity and the requirement for collateral prompted small businesses to maximize their available resources rather than borrow. As a result of their incapacity to expand, the owners adopted a survival mindset rather than an expansion mentality.

Based on the arguments stated above, the author proposes the following:

Proposition 1: Access to finance is essential to the growth performance of micro and small firms.

Proposition 2: Access to financing from the bank enhances the growth motivation of microenterprise owners.

Proposition 3: Access to finance from a nonbank enhances the growth motivation of microenterprise owners.

2. Research Methods

2.1 Research Design and Process

To accomplish the study's purpose, the researcher conducted a qualitative investigation. The Phenomenology study approach is suited because participant responses provide a more detailed knowledge of the owners' behavior and attitudes about finance and growth. This phenomenological study investigates and comprehends the owners' experiences using information gathered from key participants who own small businesses in their communities. Through unstructured interviews, the researcher studied the owners' lived experiences with borrowing. The participants were chosen based on their business classification, their engagement in borrowing, and their expertise in financing and business operations. The researcher surveyed 30 micro and small business owners using an open-ended questionnaire. Participants included owners with a capitalization of less than P3,000,000 (Philippine Currency) and fewer than nine employees for microenterprises, and P3,000,000 to P15,000,000 (Philippine Currency) capitalization for small enterprises. Our primary objective is to collect statements that will enable us to verify the effect of the owners' interactions with credit providers. The qualitative study comprised a content analysis of the participants' transcribed statements. The author conducted a face-to-face interaction with MSE owners. The researcher transcribed and examined the detailed interview's results. Collectively, the observations indicated characteristics influencing how bank and non-bank borrowing affect microenterprise growth incentives. An a priori code guided a thematic analysis of the respondents' statements. Prior to re-contextualizing the participants' verbalized experiences, vertical and horizontal analysis were conducted. We assessed the process's outcomes using a table that highlights the respondents' most significant statements concerning their interactions with banks and nonbank sources. The analysis of the verbalizations provided insight into how microenterprise owners perceive access to financing. Access to finance is represented by bank and nonbank sources of capital. The outcomes of this investigation demonstrate the impact of access to money, specifically from bank and nonbank lenders, on the growth incentives of microenterprise owners. The result of the theme analysis identifies the growth drivers that contributed to the owners' growth-driven attitude. Following ethical considerations, the researchers communicated the objective, mechanics, and procedure of the research to the participants. The researcher conducted a focus group discussion with micro and small business owners who consented to the activity. We kept the discussion focused on the study, with no detours to other subjects unrelated to the participants' financial and development motivations. The research assured the participants of the confidentiality of the shared information. The researcher defined the study's objective and purpose and made no promises that would raise respondents' expectations.

Table 1: Descriptive Statistics of the Participants

Variable	Owner's Characteristics		Dominant %
Age	15-24;25-34;35-44;45-54;55-64; Over 65.	34-44 years old	30%
Gender	Male; Female	Female	60%
M-Status	Marital Status: Single, Married, Widow/Separated	Married	60%
Education	HS Level; HS Graduate; Vocational; Coll Level; Coll Graduate	Coll Grad	60%

Table 1 summarizes the owner's characteristics in terms of frequency and percentages, highlighting the highest percentage indicating the owner' s attributes. Between the ages of 15 and 65, statistics indicate that the majority of owners are between the maturation ages of 35 and 44, showing that they make sound decisions. Over half of the proprietors are female, showing that women are more self-employed than men. Marital status reveals a higher percentage of married people who are involved in a business, implying that those with greater responsibility require additional income. There is a greater proportion of owners who are college graduates. As a result of a lack of employment opportunities, the study anticipated that the majority of owners view self-employment as the best alternative to unemployment.

Table 2: Frequencies Distribution of Firm's Characteristics

Variable	Firm's Characteristics	Percentages (%) N=30	Firm Characteristics
Firm Age	0-1; 2-5; 6-10; Over 10 years	40%	2-5 Years
Ownership	Family-owned; Individually Owned; With a Partner	60%	Family Owned
Community	Rural; Urban	80%	Urban
Location Operation	Home-based; Outside Home (within the community); Outside Home (outside the community)	40%	Outside & Home-Based
Capital Financing	External Financing(Bank & Non-Bank); Internal Financing	40%	Internal &Non-Bank Financing

Table 2 outlines the features of businesses with the highest percentages of the firm's attributes. 40% of small businesses function for two to five years, reflecting a period of survival during which organizations build their market position. The majority, at 60%, is family-owned, implying that family members participate in business operations. The majority of micro and small firm owners who participated are operating in urban areas at an average of 80%. There are several subtle distinctions between small enterprises that operate from home and those that operate outside the home (but within the community). Both home-based and out-of-home businesses benefit the owner. The notion is that they either minimize rental expenses if the activity is conducted at home, or that owners decide to conduct business outside the home to conserve income for family consumption. Small enterprises are typically funded by personal savings or borrowing from friends and family.

3. Results and Findings
3.1. Qualitative Textual Evidences

Table 3: Summary of the respondent's significant statements

Significant Statements	Growth Motivating Drivers	Growth-driven Attitude	Definition	Reference
When asked if borrowing helps their business grow; "… when there is more capital, there are more products to sell." "…if borrowed fund is managed well, it can help in the business, however, if it is used other than for business, it becomes a burden," When asked how the growth of microenterprises is associated with borrowing; "… borrowing helps raise capital," "… It sustains working capital." "… If managed well, additional capital	Helpfulness Usefulness	Opportunity Driven	An opportunity-driven attitude is the reaction of a person who achieves something given a circumstance. Microenterprise owners are motivated because they see that borrowing is helpful and useful in improving one's condition.	They regard opportunities as an objective phenomenon that exists independently of the entrepreneur (Eckhardt & Shane, 2003; Gartner, Carter, & Hills, 2003) [16, 23], implying that opportunities are "objects that are there" just waiting to be discovered (Alvarez & Barney, 2007:11, cited by Gonzales *et al*., 2017) [25]. González, Husted, and Aigner (2017). In broad terms, an opportunity may be the chance to meet a market need (or interest or want) through a creative combination of resources to deliver superior value (Ardichvilia, Cardozo, Ray,

from borrowing will help sustain the operation of the business even if there is interest." "… when the microenterprise is growing it requires more capital, if the personal fund cannot sustain, borrowing will support significantly."				2003).
When asked how they observe credit providers in the community; "… Although a bank is encouraging, it is easier to borrow from non-bank." "…non-bank are everywhere." "… They are the one who goes to us." When asked which is more convenient to get capital; "…non-bank is more convenient; they will not require collateral." "…consideration for a loan is based on the source of income."	Receptivenes s Readiness	Convenience Driven	A convenience-driven attitude is a perceived attitude of a person in a situation where one can do something with less difficulty because of the receptiveness and willingness of the lender.	Convenient suggests that one can do something with less effort, Scholderer, Grunert. (2005) [39].
When asked why they are hesitant to borrow; "… Borrowing is costly which reduces our profit." "… The interest we pay is a wasted income." "… if there is default payment; it becomes stressful." "… Non-bank may be easier because they reach out to microenterprises, but interest is higher." "… When we cannot pay, they can imprison us." Most of the microenterprises are afraid of borrowing because of the risk of payment, adding a burden instead of profit, are more stressful than helpful. "… Borrowing could lead us to bankruptcy." "… Daily payment is burdensome as well."	Liabilities Accountabilit ies	Downside-Risk-Driven	Downside-risk driven An attitude is an attitude described as expecting a loss given the increased obligations and accountabilities from borrowing.	Of particular relevance is "downside risk," focusing on returns falling below some critical level. An early example is Fisher (1906, p. 409), who considered "the chance of earnings falling below the interest-paying line." Grootveld, Henk, and Hallerbach, Winfried (1999).
When asked to compare getting loans from a bank and non-bank; "… bank is difficult, they ask for documents," "… Compliance of a requirement is very difficult, takes time." "… It is scary to borrow from the bank because of the legality of the transaction." "… Credit is provided based on the capacity of the borrower not on the collateral." "… Bank are very strict with the requirements." "…bank requires us for training,"	Difficulties Complexities	Drawback Driven	The drawback-driven An attitude is a response from a borrower when difficulties and complexities become less acceptable or become a disadvantage and a problem.	Besides the demand-side factors, our analysis shows that supply-side factors such as interest rates, documents, requirements, and loan processing time can impair access to micro-credit. 2011: The requirement for collateral value discourages owners from seeking credit (Zeller, 1994). Zeller, 1994. Many firms that are willing to expand often find it difficult to get financing from financial institutions and are thus credit constrained. B. Fowowe (2017) [18].

Table 3 summarizes the respondents' statements, their categorization, and the themes. The owners' experiences revealed the aspects that influenced their growth-oriented mentality. The outcome demonstrates the importance of access to finance and its detrimental influence on small business owners. The owner's perceived beliefs about the credit providers resulted in four growth-driven attitudes. First, the opportunity-driven attitude resulted from the awareness of the owners that access to finance is useful in increasing inventories, and hence, owners can have more to sell. Second, the credit providers' receptiveness has resulted in a convenience-driven attitude. Owners view the credit provider's openness as an encouragement to obtain additional financing for business expansion. On the negative side is the third growth-driven attitude. The cost of borrowing and the anticipated consequences of non-payment have resulted in the owners' experiencing a downside-risk attitude. Owners avoid borrowing to reduce interest costs and to alleviate the risk of bankruptcy or imprisonment in the event of nonpayment. Fourth, the difficulty of borrowing has induced a drawback-driven attitude in micro and small-enterprise owners. Because of the difficulty in securing appropriate financing, owners are forced to rely on revolving funds or personal savings, resulting in a small capital base.

Table 4: The portrait of bank and non-bank sources affecting growth motivation of small firm owners

Growth Motivating Drivers	Portrait of Credit Providers	Growth Motivating Attitude
Helpfulness Usefulness	Helping	Opportunity-Driven
Receptiveness Readiness	Accommodating	Convenience-Driven
Liabilities Accountabilities	Jeopardizing	Downside-Risk Driven
Difficulties Complexities	Reinforcing	Drawback-Driven

Table 4 summarizes the thematic analysis. Thematic analyses of the verbalizations provided insight into how business owners view bank and nonbank creditors. The investigation's findings portrayed a picture of credit providers from the borrower's perspective. The way owners portrayed banks and nonbanks has an effect on the borrowers' growth motivated mind-set. We derive these motivations from a horizontal and vertical analysis of the borrowers' experiences in obtaining financing.

3.1. Opportunity-Driven Attitude

The concept of an opportunity-driven attitude describes the way a person reacts when confronted with a situation. According to studies, opportunities are anything that a person is looking for that could lead to change (Eckhardt & Shane, 2003; Gartner et al., 2003; Gonzales et al., 2017). [16, 23, 25]. In general, an opportunity can be described as the possibility of a creative combination of resources meeting a market need (or interest, or want) that results in increased value (Ardichvilia et al., 2003). When business owners recognized that access to finance might help them enhance their operations, they developed an opportunity-driven approach. Thus, borrowing capital may be necessary to enhance the productivity of small businesses. As a result, access to finance can be beneficial, as increased capital can result in an increase in the owner's income. The results agree with the proposition that external financing helps increase the growth performance of small firms. This led to the observation that both the bank and nonbank creditors are helpful. The results concur with Hernandez-Trillo et al. (2005) [28], who asserted that the efficiency of micro and small enterprises is heightened when sustained with enough capital. Generally, participants said that credit-based loans provide them with additional opportunities to expand their businesses, hence increasing their growth incentive. Following the discussion about the availability of capital to business owners, the researcher asked the respondents how they viewed borrowing in relation to the growth of their business. While some feel borrowing helps raise money, others believe that the additional capital raised by borrowing may help sustain the operation of the business if it is managed appropriately. The participants stated this verbally.

Financing helps preserve my capital so I can revolve. If I borrow money, I will not consume all my capital and can keep some for emergency use (P2, P5, P7).

One reason owners choose to borrow money from banks and nonbank lenders is to safeguard whatever capital they have. Additionally, the owner's restricted capital may limit his or her ability to sell more. As described by respondents who shared the same sentiment, they believe that borrowing will enable them to acquire additional supplies to sell, hence increasing their income. As the majority of respondents concurred:

It adds to my capital so I can buy more stocks. Being a small-time seller, I experience limitation of capital, I cannot buy more goods because I only have a handful of capital, this is the reason why I don't feel I am expanding (P4)

Yes, it provides additional capital resources when needed. (P2)

Yes, because the more capital I get, the more products I can buy. Even if the interest is high,

I can still earn it. (P5)

According to the respondents' experiences, capital obtained from banks and nonbank sources is helpful and effective in sustaining the business. Additionally, respondents stated that obtaining financing aids in the preservation of their money, believing that having a reserve capital optimizes the chance for future investment.

3.2. Convenience-Driven Attitude

We describe a "convenience-driven attitude" as a person's perceived attitude toward a situation in which something may be accomplished with less difficulty due to the lender's receptiveness and willingness. As Scholderer and Grunert (2005) [39] indicate, convenience is the ability to accomplish something without putting in significant effort. Based on the observations of small firm owners, borrowers find credit providers accommodating based on these two considerations: First, respondents perceived that the presence of banks and nonbank financial institutions in the community makes applications for loans more convenient. Second, loans become more convenient and accessible to borrowers as a result of their willingness and promptness. As a result, the owners' perception of the loan providers' willingness to accommodate their financing application enhances their growth motivation. However, there is a significant variation in terms of borrowing convenience between banks and nonbanks. When asked how they see credit providers in their neighborhood, urban micro and small enterprises stated that there are more banks, whereas rural enterprises stated that nonbanks are everywhere and are more patronizing to micro and small enterprises. According to the responders,

Nonbank are always available; if they see that you have a business, they will offer you. If you are a good payor, they will increase the borrowings (P1, P6).

It is easier to get a loan from nonbank because they are open to the borrowers. Considering that they are everywhere, we can come to them when we need capital or most of the time, they come to you to encourage you to borrow capital (P15, P21, P30).

By contrast, respondents claim that, while banks are prevalent within the community, acquiring capital from them is subject to certain regulations. This experience creates a sense of inconvenience for micro and small business owners when obtaining capital. As the majority of respondents asserted,

Banks are open to borrowers, they encourage borrowing, but you have to deal with their requirements (P10).

Non-bank is more accessible because there is no requirement or documentation demanded from the borrowers. Once they see that there is a source of income, they will be the one who will approach you (P18).

When borrowers obtain financing from nonbank lenders, the convenience element enhances their motivation. However, when borrowers obtain financing from banks, their motivation falls due to the processing, requirements, and policy.

3.3. Downside-Risk Driven Attitude

A downside-risk-driven attitude is described as an expectation of loss given the increased obligations and accountabilities associated with borrowing. This description of a downside-risk-driven attitude is based on Fisher's (1906) definition of downside as "falling below some crucial level" and Grootveld *et al*.'s (1999) definition of downside as "the possibility of earnings falling below the interest-paying line." According to the responses of the microenterprise owners, they believe that the bank and non-bank can intimidate them due to excessive interest rates and borrowing costs.

> *Bank will extend credit because it is still an income to them, however, when you borrow from the bank and not able to pay, they will sue you, we pay penalty and charges and we get bad records (P3).*
> *I am scared of borrowing; if I cannot pay, I may be put to jail. (P2)*
> *Risky, it is very scary. (P6)*
> *Scared of borrowing, my income might go to payment, and I may not be able to pay anymore. (P7)*
> *No, it may result in non-payment then bankruptcy. (P6)*

This preceding statement implied that bank and nonbank creditors are luring micro and small businesses into a risk-averse mindset. Because of the dangers of defaulting on a loan, most borrowers are hesitant to borrow from a bank. Similarly, the restriction and the high cost of interest deter owners, resulting in a decreased drive for growth. The borrower views the high interest rate as an additional burden, fully aware that paying a high interest rate will cause the business to fail. As a result, owners perceive these encounters as impeding their businesses' growth. Most of the people who took the survey said that paying interest makes their lives more stressful., stating that:

> *No, it is no helping at all, interest is an additional cost and burden. (P1)*
> *No, it does not help the business grow because the high interest and the daily payment are burdensome. (P7)*

3.3.4. Drawback-Driven Attitude

We define the drawback-driven attitude as a borrower's behaviour when obstacles and complexities become unacceptably difficult or become a disadvantage. This description is based on the findings of Li *et al*. (2011), who asserted that interest rates, documentation requirements, and collateral requirements all hinder owners' access to finance. According to Fowowe (2012) [18], the majority of small businesses view the difficulty of obtaining financing from a financial institution as a constraint on their ability to grow. In this study, borrowers with a drawback-driven attitude viewed the difficulty of borrowing as reinforcing. Bank-mandated compliance creates obstacles and complications for borrowers; in effect, the hurdles associated with obtaining capital deter owners, resulting in decreased growth motivation. When asked to compare obtaining loans from a bank with a non-bank, owners perceive banks to be more difficult and frightening in terms of compliance with requirements. Owners claimed that processing requirements hindered them from borrowing. Nonbank lenders, on the other hand, may be more convenient because they reach out to the owners, but their interest rates are higher. They extend credit based on the borrower's ability, not on the collateral. These disadvantages were identified as a result of the owners' comments, who noted the following:

> *The bank is more difficult because it requires signatories, financial documents, collateral,*
> *you must also have a deposit with them. (P2)*
> *There are a lot of requirements; if you are into a business, you will not have time to prepare it. Getting all these requirements done will require more time, and it is difficult to leave the store to get these documents. In addition, the fees and the waiting time to process is difficult for me (P10)*
> *When you have collateral, you get a higher loan. That is one of the reasons why I am hesitant to borrow, I am only a small store owner and I don't own any properties to post as collateral. If I don't have properties to give as collateral, they will not approve my loan. (P13)*

Subsequently, the difficulties in getting credit become more complicated because of the added requirements to secure the loan. Banks, cooperatives, and microfinance add up training and insurance, resulting in more complex borrowing. The owners find it more burdensome, especially when they cannot find time due to business responsibilities. Owners commented as

> *Bank has additional charges to make borrowing insured. They will include a certain amount in the processing fee for this insurance. (P11)*
> *They require a guarantor. It is difficult for me to get a guarantor as they are also afraid that when I fail to pay, they will pay my loan. (P12)*
> *You need to get training on how to borrow. Other financial institutions like cooperative and microfinance, they require us to attend a seminar and we will pay for a certain amount of membership and capital before we can borrow. (P8)*

According to the borrowers' experiences, the complexity of bank borrowing and the high cost of nonbank capital can drive them away from external financing and force them to rely on internal financing. Based on the results of the thematic analysis, the findings revealed the factors that contributed to the owners' high and low growth motivation.

MSEs Growth-Driven Attitude

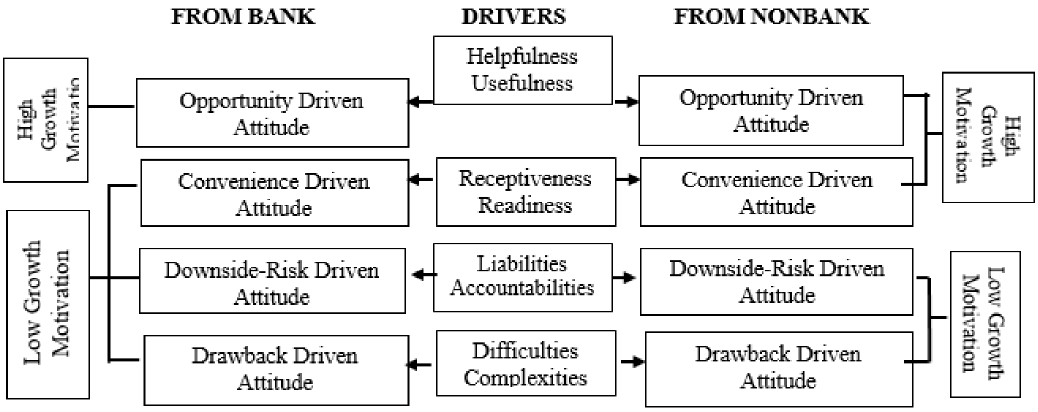

Fig 1: The motivating drivers that leads to growth motivation of MSE owners

Fig. 1 illustrates how owners' experiences with access to finance affect their growth motivation as micro and small business owners. As summarized, the verbalizations of owners show how the bank and nonbank affect their behavior and attitude towards financing and investment. Banks and nonbanks may be movers; they may contribute to the growth motivation of the owners because of the convenience and opportunity that they can provide. However, banks and nonbanks may be a shaker; they may intimidate the growth motivation by initiating a drawback and downside risk-driven attitude among small firm owners.

4. Discussion

This study is an attempt to discover how access to finance affects the growth motivation of micro and small enterprise owners. The result of the study highlighted two important considerations. First, external financing, according to the owners' comments, helps increase capital to invest more in the business. The result agrees with Beck et al. (2015), who claim the vital role of access to finance in the development of micro and small enterprises. Although enterprise owners realize the need for additional capital for start-ups and firm growth, there seems to be a reluctance among owners to borrow capital. Borrowers' reluctance to use external financing is a result of their interactions with bank and nonbank creditors. Second, the interaction of the owners with the credit providers revealed the growth motivation drivers that influence the attitude of the owners towards growth. The borrowers' growth motivation attitudes are influenced by how they perceive the bank and nonbank creditors, and how these portraits of the creditors influence them to use internal financing rather than borrowing. We conducted a comparative study on the borrowing experiences of the owners between bank and nonbank lenders. On the proposition that banks and nonbanks enhance the growth motivation of the owners. However, the study suggests that borrowing suppresses the motivation of the owners to maximize financing opportunities. The study's comparison between credit providers indicates that nonbanks have a higher level of growth motivation since they provide opportunities and convenience to borrowers. However, the cost of nonbank lending does not benefit the owners, but rather adds to the burden and obligation of MSEs. On the other hand, the growth motivation of the bank is lower as a result of the inconveniences, costs, and compliance difficulties associated with obtaining loans. While the interest rate is lower and the payment schedule is more flexible, the bank's restrictions compel owners to choose between a high cost of borrowing or maximizing internal funds. The result suggests that external financing stifles the owners' growth motivation, forcing them to rely on internal capital and restricting their investment opportunities. According to the findings, both bank and nonbank credit providers are willing to extend the loan, which encourages business owners to take advantage of the opportunity to grow their company. However, there are certain conditions that discourage owners from getting financing. The observation collaborates with Abe, Troilo, and Batsaikhan (2015) [1], who explains that the regulated institution considers the risk of extending a loan without collateral. The adverse effect of borrowing experiences supports the ongoing issue of why micro and small enterprise owners are not maximizing external financing. Thus, many firms that wish to expand frequently face difficulty obtaining financing from financial institutions, limiting their growth motivation (Fowowe, 2017) [18].

The implication of the study suggests that the borrowing experiences of the owners bring them to the simplicity mindset of buying and selling goods and make them dependent on the available capital on hand. Consequently, the adverse effect of the owner' s borrowing experience led them to optimize internal financing, limiting their potential for growth. The Pecking Order Theory (Myer, 1984) supports the idea that owners should prioritize their savings before borrowing. The use of internal financing limits the growth opportunities of microenterprises, resulting in survival instead of expansion. Nichter and Goldmark (2005) [35] reiterated that the global issue of micro and small-enterprise growth lies mainly in the shortage of finance. We attribute this notion either to the non-availability of finance or the reluctance of the borrower to use external financing. The result of the study suggests that external financing from the bank and nonbank is not motivating the owners. Therefore, the result of the study justifies the mind-set of the owners towards the survival of the business. The result suggests that the behavioral responses to expanding the business may not be a question of the availability of capital, but rather the willingness of the owners to take the risk of getting more capital through borrowing. The results complement the theory of utility maximization and rational choices of Fufa (2016), who justifies the preferences of owners, either to maximize financing or to contain it with internal financing. The theory explains that owners become logical regarding profit maximization and cost minimization. Another notable finding of the study is the reservation of the owners to take the risk of expansion through borrowing. This assertion is in contrast with the notion of Popovenko & Prydus (2017) [37], who asserted that small firm owners should be ready for the risk, able to innovate, and have the courage to overcome the difficulties of the business. As observed with the respondents, they seem to fear the consequences of financing, assuming a failure in the payment of credit. They seem to contain themselves with whatever resources they have to eliminate risks. Thus, the challenges experienced by the owners may significantly influence their attitude towards external financing and expansion. The study's results further suggest that the growth-driven attitude is relative to the growth of micro and small enterprises. This observation complements that of Le, Nguyen-Lisovich, and Raven (2016), who claimed that the development of micro and small enterprises is influenced by the behaviour of their owners towards growth. Furthermore, this notion is supported by Brünj, & Di, (2012)[11],] who claimed that the motivation of the microenterpriseowners lies either in the necessityor in the opportunity seen by the owners. Accordingly, necessity happens when motivation is constrained by the limited capital of the owner.Howeverr, opportunity is seen when capital is provided to the owners. The experiences of the owners in accessing finance from the bank and nonbank move them away from taking the risk of increasing their capital. Because of the limited resources they have, owners will not think any further about theirbusinesse. Carrying out the cost and the benefit of external financing discourages the owners from taking the risk of borrowing. As a result, limiting themselves to the available capital will not allow them to innovate, think productively, or invest more intheire business. This could be the reason why the simplicity of the small business model of buying and sellinghas become the culture of micro and small enterprises. Because of the limitation of capital, the ownersfocuss on how they can survive with the resources that they have instead of attempting to do better.

5. Conclusion

The study advances the conception of access to finance from growth to growth motivation of micro and small enterprises. While access to finance is significant to the growth performance of the MSEs, growth motivation is equally important to the enterprise owners. The growth-motivation attitudes that emerged in the study explain why micro and small enterprises remain small despite financing opportunities. The owners' experience in getting capital from the bank and the nonbank suppresses them from taking the risk of expanding through external financing. The findings show that the reluctance and reservation of the owners to borrow prompt them to limit themselves to internal financing. This limitation of capital further constrained the growth and development of micro and small enterprises. Recommended for To overcome this adverse attitude of microenterprise owners towards external financing, the study suggested several recommendations: First, at the end of the policymakers' mandate, the government may revisit the financing programs of the bank and nonbank creditors. The government may mandate banks to streamline lending procedures and expedite loan processing, while the banks may standardize interest rates and payment conditions for nonbank creditors. On the part of the MSEs, owners must be mandated to register and comply with the government requirements to secure the documents necessary for loan applications. The availability of information will help ease the burden of the borrower in securing documents. Third, MSE owners should maximize opportunities without requiring additional capital. For example, the use of technology may either expand the market of the owners or innovate the current business and expand into additional services for a fee. Finally, NGOs may help by mentoring owners of small businesses and extending training to the owners in marketing, financial management, information technology, and others. Future research directions The study contributes to the literature in two ways: first, the corpus of research can be used to develop the study's findings into a quantitative study that quantifies the extent to which growth-driven factors influence micro and small business growth motivation; second, scholars may repeat the methodology utilized to expand a country-by-country study of MSE owners' growth motivations.

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