

THE FINANCING OF SMALL BUSINESS

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PREFACE

Finance and credit form an important component in the successful operation of a business organisation. While there is generally a wide variety of sources of finance and credit even in a developing country, many of these sources are not easily accessible to small business. This is rather unfortunate since small business needs outside finance and credit even more urgently than large-scale business. Small business plays an important role in the overall economic development of the country. Briefly, small firms employ more workers per unit of capital; they help to increase total savings in the economy; they have a favourable impact on income distribution; they serve as a 'training ground' for developing the skills of workers and entrepreneurs and finally, they play an important complementary role to large firms in the economy. In short, small business constitutes a vital majority in the business and trade sector.

The objective of this research is to present a comprehensive and hopefully up-to-date ways of financing the small business. Therefore readers will have a clearer idea and understanding on how small business getting the funds to start as well as expanding their businesses and what are the problems faced by these small businessmen in seeking financial supports.

The readers may come across the words 'small business' as used in the topic are not constantly applied in this research paper. Bank Negara used the words 'small-scale enterprise' in its 1985 Annual Report which also mean as small business or small firm.

Materials in this research are collected by the researcher

from the study made from books, annual reports, pamphlets, newspapers magazines and interviews with the relevant people.

All figures and tables were collected from these published materials and reproduced in this research paper to support and give more clearer and concrete explanation to this study. In any case, the lack of data should be borne in mind when the readers review the analytical content and conclusion presented at the end of the chapter.

finally, it is a pleasure to acknowledge the enormous debt which I owe to my colleagues and friends who contributed in various ways to the successful completion of this research. I am very grateful to the various agencies and commercial banks which provided data and useful information on the financing of small business, especially ;

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