

The Role of Bootstrap Financing Methods (BFM) and Performance of SMEs: Evidence from Sri Lanka During the Financial Crisis Period

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Abstract: Small and Medium Enterprises (SMEs) are considered the lifeblood of the country's economic performance. Indeed, financial constraint is one of the critical indicators for the failure of SMEs. The Bootstrap financing methods act as a strategic tool to overcome the challenges in SMEs. However, still, there is a void in how it works under crises in developing countries like Sri Lanka. Therefore, this research aims to examine the influence of using bootstrap financial methods on the business performance of Sri Lankan SMEs during crises. A quantitative study utilizes the survey strategy with SMEs through various databases by collecting data from 425 SMEs in Sri Lanka. The study reveals that delaying payment, minimizing the accounts receivable, minimizing investment and private owner funding bootstrap financing methods are influence the business performance of SMEs. Research also indicates that age, gender, education, and experience significantly affect bootstrap financial methods. Accordingly, the study suggests that the SME sector managers and owners should adopt bootstrap financing methods to influences the performance of the organization with the intension of overcoming the financial constraints of the SMEs in all situations. The study emphasizes the importance of SMEs in Sri Lanka's economy, offering insights vital for policymakers, and stockholders by understanding bootstrap financing's effectiveness informs interventions, supporting SMEs during crises, fostering job creation, entrepreneurship, and sustainable economic development after financial crisis faced by Sri Lanka.

Keywords: *Bootstrap Financial Methods, Demographic Characteristics, SMEs, Business Performance, Financial Crisis, Sri Lanka.*

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01. Introduction

Small and Medium Enterprises (SMEs) are considered the lifeblood of economic performance worldwide. The Central Bank of Sri Lanka (2021) data reveals that around 62 percent of businesses fall into the SME category, contributing more than 52 percent to GDP and nearly 50 percent to new employment creation in Sri Lanka. Although SMEs are considered the backbone of Sri Lanka's economy, it is often questioned whether SMEs are getting necessary assistance, especially in access to finance during crises. The crisis brought on by the global pandemic disrupted normal operations and brought about new challenges for many enterprises. The findings of some scholars (Bourletidis & Triantafyllopoulos, 2014; Robinson & Kengatharan, 2020; Akmal, 2022; Lakshila, 2022) confirmed that micro, small, and medium scaled enterprises (MSMEs) are badly affected by the economic crisis. In addition, Robinson and Kengatharan (2020) also stated that the COVID-19 pandemic negatively impacted them in Sri Lanka. Further, some researchers (Block et al., 2022; Li & Alvarado, 2021; Fadil & St-Pierre, 2021) quoted crisis in global due to the coronavirus outbreak led to many disruptions in economic activities across the world. Similarly, Sri Lanka's dollar crisis led to electricity or power supply shortages, production failures, declining imports and exports, demand and supply shocks etc. The crisis situation, SMEs have been

especially hard hit by the local as well as global crisis because this sector is more vulnerable now for many reasons: not only has the traditional challenge of accessing finance continued to apply, but new, particularly supply-side, difficulties are currently apparent. According to Fadil & St-Pierre (2021), SMEs face many issues related to finance, such as owner capitalization, no credit rating, being heavily dependent on credit, and fewer financing options.

Several studies stated that SMEs have challenges in getting formal financial facilities. For example, in 2021 Sandbox Consulting (Pvt) Ltd survey noted that the SMEs' impact on Sri Lanka's economy under post covid environment worsened the economic condition, forcing banks not to enhance lending facilities for SMEs in the upcoming period. Further, the International Trade Centre (2018) explains that banks in Sri Lanka (both private and public) are continually denied access to SMEs' finances without proper records and tangible collateral. Even in the case of financial support, banks charge premium pricing from SMEs and higher costs to funds for SMEs (International Trade Centre, 2018). Similarly, Zhao et al. (2021) illuminate that failure to submit financial statements, no proper education and training on management exposure, no collateral, and no established market or brand name SMEs also do not support secure SMEs borrowing from the banks. Due to these constraints in borrowing money from banks, SMEs seek optional ways of managing their financial issues.

Under these circumstances, bootstrap financing is necessary for Sri Lanka, especially in a crisis environment. Bootstrap financing is a creative method to avoid dependency on finance and an efficient tool to address the ongoing economic crisis (Liu et al., 2022). Uncertainty times lead to self-reliance effects, and bootstrap financing is the internal source for self-financing highly related to periods where uncertainty is higher than before. Economic downturns affect liquidity restrictions, demand reduction to sales and turnover loss, cash flow constraints etc. This situation pushes or forces us to adopt bootstrap financing to a greater extent.

Van Auken and Neeley (1996) quoted bootstrap financing risk-free and easy to use for SMEs. Further, Winborg and Landstrom (2001) mentioned regularly used bootstrap approaches in SMEs and stated that empirical analysis of bootstrap financing is limited. Some have focused on theoretical perspectives (Clark, 1998; Sporn, 2001; Etzkowitz, 2004), while others have engaged in bootstrap financing factors (Rothaermel et al., 2007; Markuerkiaga et al., 2014). According to Irwin and Scott (2010), external financing methods such as debit and equity are widely covered in entrepreneurial financing academic papers; the least preference is given to financial bootstrapping. Explorers are limited in Sri Lankan context, especially during an economic crisis. While bootstrap financing is vital for SMEs' existence, academic aspects are not covered adequately. Further, only a few studies (De Silva & Nishantha, 2017) have identified that SMEs' lack of financial strength is a more excellent reason for the business shutdown. The development of SMEs in Sri Lanka is controlled due to financial constraints. In addition, some recent scholars (Prasanna et al., 2021) also argued that the difficulties in obtaining financial assistance control SMEs' start-ups or expansion. Due to the crisis, Sri Lankan SMEs face continuous pressure to run their business. Since there is a lack of studies to explore the level at which the Sri Lankan SMEs used Bootstrap financing during the crisis and how it influenced their performance in Sri Lanka. Accordingly, this study aims to fill this gap in research by discovering and examining the relationship between the usage of BSF and the performance of SMEs and exploring how demographic factors could influence the use of BSF. The following are the main research questions addressed by our study:

To what extent do bootstrap financing methods influence business performance among Sri Lankan SMEs during the Sri Lankan crisis?

What demographic characteristics of SME owners influence the use of bootstrap financing methods during the crisis in Sri Lanka?

The rest of the paper is structured in the following manner. Section 2 discusses the literature focusing on BSF, SME performance, and hypotheses development. The next section describes the research design and methodology. The fourth section presents the result while delivering a discussion. Lastly, conclusions and recommendations are provided in section 5.

02. Literature Review & Hypothesis Development

2.1 Literature Review

Small and Medium Enterprises (SME's)

According to Klonowski (2012) SMEs are blood of economy and circulation is compulsory to success of economy. Central Bank of Sri Lanka (2021) data reveals in Sri Lanka around 62% of businesses are fall into SME category. Further Central Bank of Sri Lanka (2021) data estimated SMEs contributes more than 52% to GDP and

nearly 50% to new employment creation. After researching many sources (Industrial Development Board of Sri Lanka, Department of Small Industries of Sri Lanka, Export Development Board and World Bank) and analyzing about SMEs it is understood that all sources give a similar definition with minor changes. For this study CBSL definition of SME, considered as turnover less than LKR 750.0 million and employees less than 300.

Bootstrap Financing (BF)

Winborg and Landstrom (2001) demarcated BF as strategy to avoid external borrowing. Authors Freear, Sohl and Wetzel (1995) define BF as new approaches in business environment. Winborg and Landstrom (2001) explained BF as tool to avoid external debt in long and medium term. Bhide (1992) believed BF as vastly inventive ways to be used in business. Ebben and Johnson (2006) indicated BF as resourceful new approach to scale down borrowing from outside. Lahm and Little (2005) stated BF creative methods that provide control and access to many resources towards growth of business. Ebben and Johnson (2006) and Lahm and Little (2005) both academic papers are agreed and adhere to the Winborg and Landstrom (2001) concept of BF same adhere to our report as well.

Bootstrap Financing Methods (BFM)

Many researchers classified and discussed about variety of BFM, and out of them famous researchers are Freear et al. (1995), Winborg and Landstrom (1997, 2001), Harrison et al. (2004), Neeley (2004) and Van Auken (2005). Scholar Van Auken (2005) marked five divisions from 28 BFMs such as delaying payments, minimizing accounts receivable, minimizing investment, private-owner financing and sharing resources. This study adopted the same.

Bootstrap Financing and Crises Situation

Zwane and Nyide (2016) quoted SMEs convert into survival mode and used more entrepreneurial survival tools during economic slowdown and specifically effective BFMs are unavoidable. Ebben (2009) explains SMEs are mostly underperform or highly vulnerable during economic impacts periods due to illiquid or not proper future planning.

Business Performance

Many authors argue sales and profits draw out business performance (Torres et al. 2021; Liu et al. 2021). Pedauga et al. (2021) reveals the technological development, innovation in process and new product development and related investment growth effects of business due to coronavirus and economic impact. Digital technology's role in SME help to practices different work routines to SMEs (Farida, 2021).

2.2 Bootstrap Financing Methods and Business Performance

The latest empirical analysis confirms that BFM is vital for improving SME performance (Wanjiru et al., 2019; Block et al., 2021; Li & Alvarado, 2021; Rita et al., 2021; Horvath, 2019; Mabonga, 2020; and Rita, 2019). These articles are delivered significant confirmation of the significant relationship between bootstrap financing methods and business performance.

The crises, especially during the economic downside and uncertain environment, SMEs will run through conditions where resources are limited or access to the resources is limited. Therefore, it demands a new approach, dynamic capabilities or strategy to develop the businesses. As BFM are abstracted as a dynamic capacity to address the timely need of the crisis. BFMs are practiced in SMEs to manage the cash flow positively by postponing expenses or following cost reduction ways. Winborg (2009) noted that BFM plays roles in SMEs as reduction of cost, capital and risk. Horvath and Szerb (2018) also agreed with Winborg (2009). However, early scholarly articles warranted SMEs to use BFM s as a resource to avoid depending on external long-term funding requirements. Horvath and Szerb (2018) recommend Bootstrap Financing Methods (BFM) new strategy practiced by IT tech firms to overcome capital investment constraints.

This hypothesis developed mainly based on empirical studies of Winborg and Landstrom (2001), Van Auken (2005) and Ebben and Johnson (2006). These articles conveyed the meaningful relationship between BFM and business performance. Van Auken (2005) argues that BFM is an essential factor for business performance in SMEs. Accordingly, the study identified some methods of bootstrap financing: Delaying Payments (DP), minimizing accounts receivable (MA), minimizing investment (MI), private-owner financing (PO) and sharing resources (SR). Therefore, how BFM are positive and significantly related to business performance.

H1a - Delaying bootstrapping payment methods is positively and significantly related to the business performance of SMEs during the crisis in Sri Lanka.

H1b – Minimizing accounts receivable bootstrapping methods is positively and significantly related to the business performance of SMEs during the crisis in Sri Lanka.

H1c – Minimizing investment bootstrapping methods is positively and significantly related to the business performance of SMEs during the crisis in Sri Lanka.

H1d – Private owner financing bootstrapping methods is positively and significantly related to the business performance of SMEs during the crisis in Sri Lanka.

H1e – Sharing resources with other bootstrapping methods is positively and significantly related to the business performance of SMEs during the crisis in Sri Lanka.

2.3 Demographic characteristics and bootstrap financing (BF) methods during the crisis

Demographic factors determine the broader concepts of the human being. Many researchers quoted that the demographic aspects of SME owners led to considerable returns in bootstrap financing methods. Many authors discussed gender and BF. Chipunza and Chipunza (2014) quoted that gender difference leads to BFM. Brush et al. (2006) mentioned that women owners in SMEs promptly use the BF. As per Neeley and Van Auken (2009), women are more likely to use bootstrapping than long-term external financing. Further, Chipunza and Chipunza (2014) also found that older people have creditability to their word and adopt more bootstrapping methods at first sight. Additionally, Siraji and Buvenedra (2019) also found that gender has significant influence on investment decision. Further, some studies focused on how age plays a role in bootstrap financing methods (Hanlon & Saunders, 2007). Similarly, some studies stated that education influence on the usage of BF. For example, Neeley and Van Auken (2009) ensured that educational levels maintain influence in implementing BFM. Irwin and Scott (2010) conclude that graduates find it hard to secure the resources for SMEs, while primarily educated SME owners prefer to use the BFMs ideally to address the capital needs of the firm. At the same time, Carter and Van Auken (2005) argue that SME owners' experience allows them to choose BFMs. Based on the above arguments, the researchers have developed the following hypotheses to understand how it play a role in using bootstrap financing during the crises in Sri Lanka.

H2a – Gender has an influence on bootstrap financing methods used by the owners of SMEs during the crisis in Sri Lanka

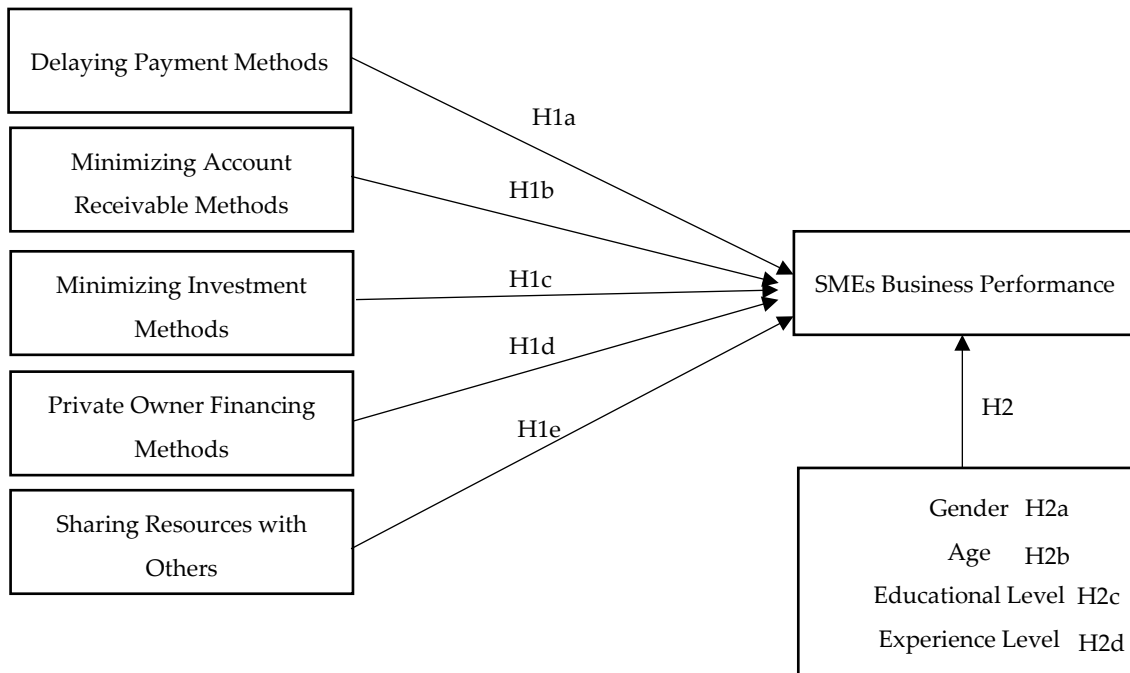
H2b – Age has an influence on bootstrap financing methods used by the owners of SMEs during the crisis in Sri Lanka

H2c – Educational level has an influence on bootstrap financing methods used by the owners of SMEs during the crisis in Sri Lanka

H2d – Experience level has an influence on bootstrap financing methods used by the owners of SMEs during the crisis in Sri Lanka

03. Research Design and Methodology

The study used a deductive approach to evaluate hypothesis to answer the research questions. The conceptual model was created based on the literature, as shown in figure -1. Based on the research questions, the Survey method was used as a research strategy to realize the research objectives. The data was collected in a cross-sectional time horizon. The operationalization of the concepts as a given table no - will measure the variables of this research. The target Population of the study is Sri Lankan SMEs. However, no source is available to define the total population of SMEs in Sri Lanka from the available data sources. Some of the associations agreed to share their databases: SME trade union; the Chamber of Commerce; National Enterprise Development Authority, Coconut Development Authority, The American Chamber of Commerce in Sri Lanka, curve up – SME Empowerment Institute and Sri Lanka Association for Software Services Companies and those data have been used to select the sample for the study. Accordingly, out of the 75000 population, the sample size was decided as 382 based on the Mohen table (Krejcie and Morgan, 1970). The questionnaires were distributed among the owner of the SMEs, and, finally, only 45 SME owners were responded.

Figure 1:*Conceptual Model*

Source: Researchers developed

The operationalization table is given below.

Table 1:*Operationalization of Variables*

Concept	Indicators	Questions with 5-point Likert Scale	References	Measurement Code
Bootstrap Financing Methods	Delaying Payments	Deliberately delay payment to suppliers	Van Auken (2005) adopted from Winborg and Landstrom (2001)	DP1
		Lease equipment instead of purchasing		DP2
		Practice barter instead of cash purchase of related services		DP3
	Minimizing Accounts Receivable	Deliberately choose customer who pay quickly		MA1
		Obtain payment in advance from customers		MA2
		Offer some business trading condition of all customers		MA3
		Prefer to trade on cash		MA4
		Speed up invoicing		MA5
	Minimizing Investment	Offer customers discount for cash payment		MI1
		Negotiate best payment terms with suppliers		MI2
		Manage routines working capital to minimize capital invested		MI3

	Private Owner-Financing	Obtain loans from relative or friends		PO1
		Run the business completely in the home		PO2
		Rely on other incomes – subcontract or recycle		PO3
		Withhold salary when necessary		PO4
	Sharing Resources with Other Businesses	Share employees with other business		SR1
		Share equipment with other business		SR2
		Share office space with others		SR3
Business Performance	Market Share and Customer segments	Compared to previous years, our products or services reach a wider market or customer segments increased	Abbas et al. (2019)	BP1
	Sales and Profits	Compared to previous years, our company sales volume or profits increased	Suliyanto and Rahab (2012)	BP2
	Technological development and innovation in process	Compared to previous years, technological developments or other innovations in business operations increased	Kulathunga et al. (2020)	BP3
	New product development and related investment	Compared to previous years, effective new product development or related investment increased		BP4
	Employee Strength	Compared to previous years, the number of employees or employee retention increased	Abbas et al. (2019)	BP5

Source: Researchers Compiled

The researchers use simple random sampling techniques to select the respondents. The structured questionnaire was sent via an Online survey link through email, and WhatsApp shared, completed via telephone, and printed questionnaires were sent via post and hand delivered to reach SME business owners received through trade associations. This study used a self-administered questionnaire as the data collection method. The questionnaire was prepared in English, Sinhala and Tamil to offer native-language convenience to respondents. Over 5000 questionnaires were circulated, and the response rate was around 8.5 percent. The hypotheses were tested by collecting the primary data through a questionnaire developed based on previously tested instruments (Van Auken, 2005 adopted from Winborg and Landstrom, 2001; Abbas et al., 2019; Suliyanto and Rahab, 2012; Kulathunga et al. 2020). The questions were amended to suit the current study based on Sri Lankan nature. A five-point Likert scale measure was used, while a few statements were revised to improve understandability. Pilot test conducted. Study demonstrated reliability and validity via Cronbach alpha value is 0.897 which is more than 0.7. The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) value is 0.621, which is greater than 0.6. Thereafter according to Kaiser (1974), the sample was adequate for factor analysis. Initially, the researcher has identified that all 43 Likert statements are loaded into 12 components. Thereafter, 15 statements were eliminated and the remaining statements were considered to construct the variables. Please refer appendix F for full outcome of pilot study CFA. A skewness value between +1 and -1 indicates that the data are approximately normally distributed. The validity and reliability of variables were retested and satisfied.

Descriptive analysis, Independent Two sample T-Test, one way analysis of variable (ANOVA) and Structural Equation Modeling (SEM) carried out to found the relationships between the variables. Data analyzed by using the SPSS 21 and Amos 20 software. Test of Normality carried out for entire data set and satisfied. Reliability and validity performed for each variable and results showed perfect results. The finding of table 4 and table 5 describe independent two samples T-Test and ANOVA test results which were used to examine the impact of demographic factors such as gender, age, the highest level of educational qualification and years of business experience towards the understanding of the usage of financial bootstrapping methods and business performance. The SEM structural model was created to explore the direct impacts of delayed payment, account management, investment management, private ownership and resource sharing on business performance. The suggested structural model was made up of six basic latent components, one of which was exogenous (business performance), and the others were endogenous (Delay payments, minimizing accounts, minimizing investments, private owner and sharing resources). The graphic below depicts the structural model for the direct relationship between the variables.

04. Data Analysis

Demographic Profile of the Respondent

The sample characteristics analysis reveals that the majority of the respondents were males. According to the statistics, 313 were males out of the total respondents of 425. Most of the respondents were in the age category of 31 – 40. Experience of participation show that most respondents have 4 – 5 years of experience with 142 participants (33.4 percent). Highest number of participants which amounted to 106 (24.9 percent) had a bachelor's degree as their highest educational qualification, while 19.3 percent of the respondents have completed their diploma studies.

Table 2:

Respondents' Demographic Profile (n=425)

Profile	Participant's Group	Frequency	Percentage (%)
Gender	Male	313	73.6
	Female	112	26.4
Age	20-30	83	19.5
	31-40	195	45.9
	41-50	95	22.4
	51-60	46	10.8
	61+	6	1.4
	Primary Education	11	2.6
	Secondary Education	78	18.4
Education	Certificate	65	15.3
	Diploma	82	19.3
	Bachelor Degree	106	24.9
	Master's Degree	80	18.8
	PhD	3	0.7
	0 years	117	27.5
Experience	1-3 years	80	18.8
	4-5 years	142	33.4
	6-10 years	36	8.5
	11+ years	50	11.8

Source: Researchers developed

The level of business operation also measured through this study. Most of the participants which indicated 180 reported that their business is growing marginally (42.4 percent). 341 participants (80.2 percent) have indicated that they have initiated or started the business by them. In terms of the business operation, 163 participants (38.4 percent) have indicated that their business was operated for 3-12 years. The highest number of frequencies was reported as 311 where (73.2 percent) participants stated they have employees between 1-50. Most of the participants which was reported as 117 are (27.5 percent) operating their business in the service sector. 96 and 64 participants are operating their businesses in the retail (22.6 percent) and manufacturing (15.1 percent) industries respectively. Highest number of participants which was stated as 231 are having their business location in the urban area (54.4 percent). 149 participants (35.1 percent) indicated that there is having a partnership business. Most of the participants which was reported as 249 stated that they annual turnover is between LKR 100,000 – LKR 10,000,000 (58.6 percent).

Reliability & Validity**Table 3***Reliability & Validity*

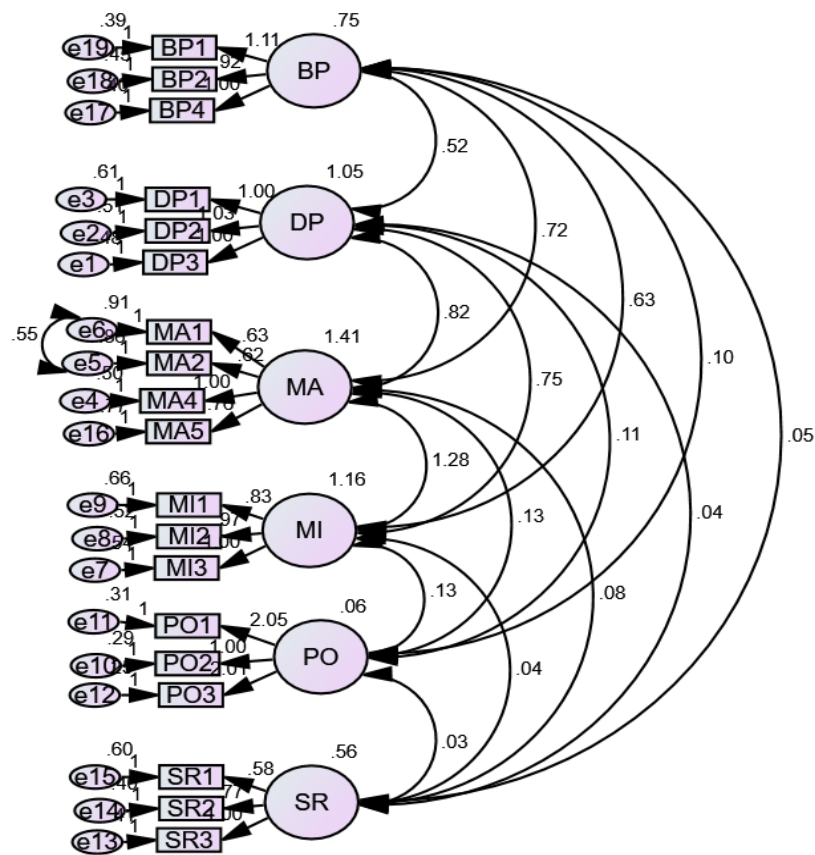
Variable	No. of Items	Reliability Cronbach Alpha	Validity KMO	Bartlett's
BP	5	0.706	0.746	0.000
DP	3	0.857	0.735	0.000
MA	5	0.726	0.695	0.000
MI	3	0.836	0.711	0.000
PO	4	0.706	0.742	0.000
SR	3	0.700	0.639	0.000

Source: Survey Data

As per the results, the dependent variable, business performance (BP) has a Cronbach alpha value of 0.706 which is higher than 0.7. The KMO value (0.746) is greater than 0.6 and the Bartlett's test was significance (0.000). Therefore, the variable has satisfied the required reliability and validity criteria. The independent variable, delay payment (DP) has a Cronbach alpha value of 0.857 which is higher than 0.7. The KMO value (0.735) is greater than 0.6 and the Bartlett's test was significance (0.000). Therefore, the variable has satisfied the required reliability and validity criteria. Minimizing accounts (MA) variable has a Cronbach alpha value of 0.726 which is higher than 0.7. The KMO value (0.695) is greater than 0.6 and the Bartlett's test was significance (0.000). Therefore, the variable has satisfied the required reliability and validity criteria. Minimizing investments (MI) variable has a Cronbach alpha value of 0.836 which is higher than 0.7. The KMO value (0.711) is greater than 0.6 and the Bartlett's test was significance (0.000). Therefore, the variable has satisfied the required reliability and validity criteria. Private owner (PO) variable has a Cronbach alpha value of 0.706 which is higher than 0.7. The KMO value (0.742) is greater than 0.6 and the Bartlett's test was significance (0.000). Therefore, the variable has satisfied the required reliability and validity criteria. Sharing resource (SR) variable has a Cronbach alpha value of 0.700. The KMO value (0.639) is greater than 0.6 and the Bartlett's test was significance (0.000). Therefore, the variable has satisfied the required reliability and validity criteria.

Overall Measurement Model

Figure 2 – Measurement Model



Source: Survey Data

Goodness of Fit of the Measurement Model

Table 4

Goodness of Fit of the Measurement Model

Goodness of Fit Index		Observed Value	Acceptable Value
Absolute Fit Indices	CMIN/DF	2.546	< 3 or < 5
	GFI	0.920	0 – 1
	AGFI	0.888	0 – 1
	RMSEA	0.060	< 0.1
	TLI	0.933	0 – 1
Incremental Fit Indices	CFI	0.946	0 – 1
	RFI	0.893	0 – 1
	NFI	0.915	0 – 1
	PGFI	0.658	0 – 1
	PRATIO	0.795	0 – 1
Parsimony Fit Indices	PNFI	0.728	0 – 1
	PCFI	0.753	0 – 1

Source: Survey Data

Since the CMIN/DF value is less than 3, RMSEA value is less than 0.1 and other goodness of fit indices are close to 1 in the above table, the overall goodness of fit in the measurement model can be verified (Marsh and Hocevar, 1985).

Validation of the Measurement Model

The measuring model's validity was assessed using convergent validity and discriminant validity methods. Individual standardized component loadings, average variance extracted (AVE), and composite reliabilities were used to assess convergence validity (CR). The findings of the measurement model's convergent validity tests are shown in the table below.

Table 5

Convergent Validity of Measurement Model

Construct	No.of Items	Standardized Factor Loadings		Average Exacted (AVE)	Composite Reliability (CR)
		Min	Max		
BP	3	0.769	0.840	0.645	0.845
DP	3	0.798	0.667	0.667	0.857
MA	4	0.622	0.503	0.503	0.799
MI	3	0.754	0.636	0.636	0.840
PO	3	0.571	0.508	0.383	0.641
SR	3	0.488	0.501	0.422	0.680

Source: Survey Data

For reflective indicators, the appropriate level of standardized factor loadings is equal to or greater than 0.5. All of the standardized factor loadings were greater than 0.5 and significant at 5%, as seen in the table ahead. The approved AVE value must also be larger than 0.5. The PO, and SR variables do not meet the criterion, as can be observed. Fornell and Larcker (1981) found that if AVE is lower than 0.5 but CR is greater than 0.6, the construct's convergent validity is still satisfactory. As a result, the measuring model can accept the mentioned AVE values. Further, all the CR values are closer to or greater than 0.7. As a result, the measurement model may be said to have met the convergent validity conditions.

The table below shows the inter-construct correlation estimates for each component, which were compared to the square root of each construct's AVE to determine discriminant validity. Diagonal values represented the square roots of AVE for all constructs, whereas sub-diagonal entries represented estimates of inter-construct correlations among constructs. As can be observed, the AVE for each construct was greater than the squared correlations between the construct and other components (except for MA-MI). As a result, the discriminant validity can be declared to be met. The discriminant validity criterion of Fornell and Larcker (1981) state that if the correlation coefficient of the two dimensions is smaller than the square root of the AVE, the two dimensions have discriminant validity.

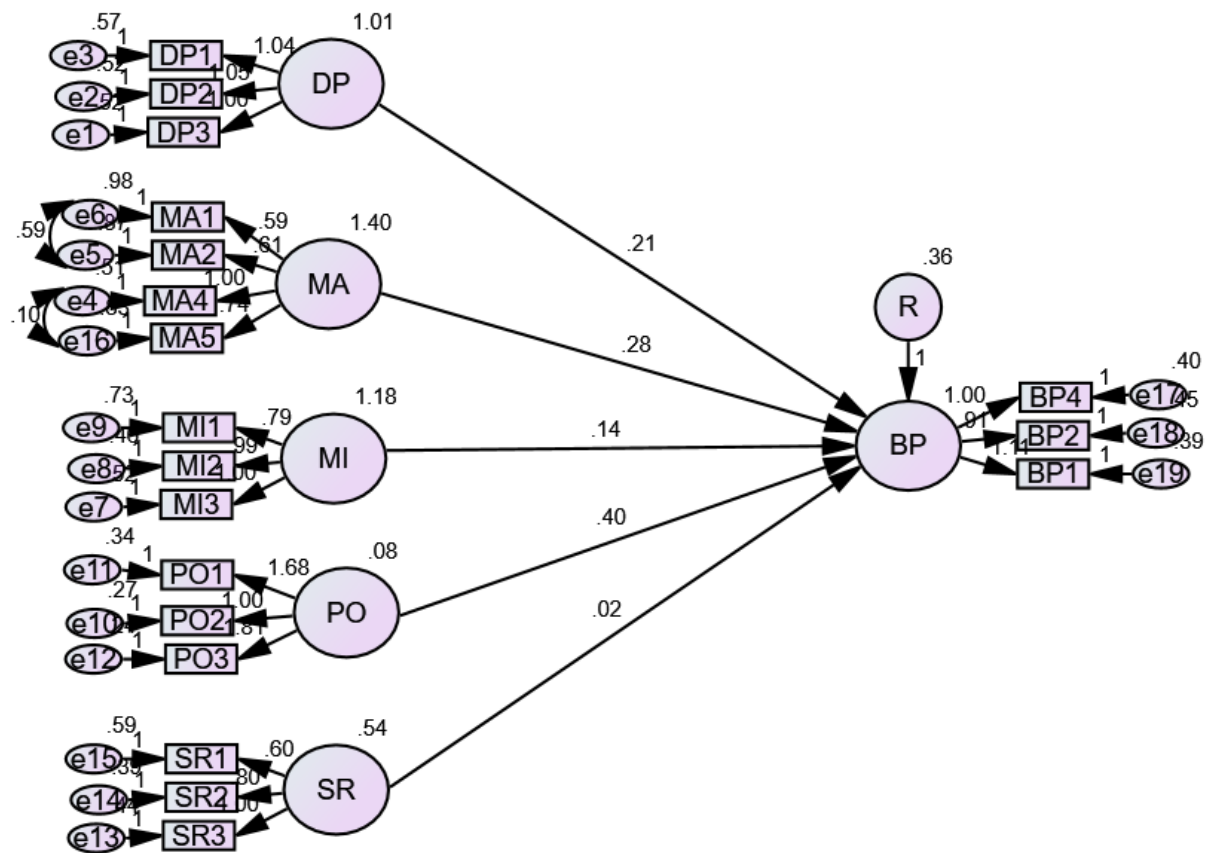
Table 6

Discriminant validity.

	SR	DP	MA	MI	PO	BP
SR	0.649					
DP	0.058	0.817				
MA	0.090	0.674	0.709			
MI	0.050	0.685	1.004	0.798		
PO	0.179	0.412	0.434	0.482	0.619	
BP	0.081	0.590	0.703	0.675	0.439	0.803

Structural Equation Model

Figure 3 – Structural Equation Model



Goodness of Fit of the Structural Model

Table 7

Goodness of Fit of the Structural Model

Goodness of fit Index		Observed Value	Acceptable value
Absolute fit indices	CMIN/DF	4.515	< 3 or < 5
	GFI	0.792	0 – 1
	AGFI	0.727	0 – 1
	RMSEA	0.098	< 0.1
	TLI	0.708	0 – 1
Incremental fit indices	CFI	0.752	0 – 1
	RFI	0.678	0 – 1
	NFI	0.727	0 – 1
	PGFI	0.604	0 – 1
Parsimony fit indices	PRATIO	0.848	0 – 1
	PNFI	0.617	0 – 1
	PCFI	0.638	0 – 1

Source: Survey Data

Since the CMIN/DF value is less than 5, RMSEA value is less than 0.1 and other goodness of fit indices are close to 1 in the above table, the overall goodness of fit in the structural model can be verified (Marsh and Hocevar, 1985). Following table indicate the effects of each variable towards the dependent variable which is the business performance.

Direct Effects of Variables

Table 8

Goodness of Fit of the Structural Model

	Path		Std. Estimate	Estimate	S.E.	C.R.	P	Decision
DP	→	BP	0.282	0.207	0.040	5.226	0.000	Supportive
MA	→	BP	0.445	0.278	0.049	5.644	0.000	Supportive
MI	→	BP	0.212	0.144	0.036	3.992	0.000	Supportive
PO	→	BP	0.153	0.398	0.158	2.520	0.012	Supportive
SR	→	BP	0.023	0.023	0.057	0.405	0.685	Not Supportive

Source: Survey Data

As per the results of the above table, delayed payment (DP) has a significant positive impact towards business performance ($\beta = 0.282$, $p = 0.000$). Managing accounts (MA) has a significant positive impact towards business performance ($\beta = 0.445$, $p = 0.000$). Minimizing investments (MI) has a significant positive impact towards business performance ($\beta = 0.212$, $p = 0.000$). Private ownership (PO) has a significant positive impact towards business performance ($\beta = 0.153$, $p = 0.012$). On the contrary, sharing resources ($p = 0.685$) did not indicate any significant impact towards the business performance.

Research Finding

The normality of data, referred through skewness and kurtosis values are within the range of +2 and -2. All variables satisfied the required reliability and validity criteria.

H1a - Delaying payment bootstrapping methods is positively and significantly related to business performance.

As per the results, it indicated that delaying payment bootstrapping method was statistically significant on business performance ($p = 0.000$). Therefore, hypothesis H1a is supported. Thus, it can be concluded with 95 percent confident that delaying payment bootstrapping method has a significant positive influence on business performance. Authors such as Epstein and Myers (2009) and Spiceland et al. (2011) stated that delaying payment-related bootstrapping, which entails avoiding cash loss by persuading vendors, is an option. This method is appropriate for a SME that pays for a reasonably short length of time. Hervas-Oliver et al (2021) argues entrepreneurs like to negotiate special conditions with sellers but same have impact on reputation damage. Authors Hiran (2022) argues request to extend the credit period will lead to purchase cheap products and needs well establish relationships. Ebben (2009) confirms postpone several payments was successful method to use for long term. According to the current study, delaying payment is proportionated to the Sri Lankan SMEs to use towards business performance, since SME owners valued as tactic to safeguard the cash flow.

H1b – Minimizing AC receivable bootstrapping methods is positively and significantly related to business performance.

As per the results, it indicated that minimizing AC receivable bootstrapping method was statistically significant on business performance ($p = 0.000$). Therefore, hypothesis H1b is supported. Thus, it can be concluded with 95 percent confident that minimizing AC receivable bootstrapping method has significant positive influence on business performance. It revealed that SME owners are considering minimizing the AC receivable towards business performance during economic crisis period. Scholars debated the importance of reducing account receivables. According to Van Aukun (2005), preferably, a business would appreciate its consumers to settle as soon as possible, or even before the date of delivery of the products and services, in order to have payment in cash. As a result, SMEs prefer clients that pay quickly. Others who are frequently regarded lousy payers to business (Van Aukun,

2005). Hiran (2022) argues that minimizing the AC receivable is useful in surviving as an entrepreneurial endeavor during a crisis. Li & Alvarado (2021) explain when SMEs are focus to reduce the AC receivable, strong conversation and understanding build among business owners and customer. Therefore, Li & Alvarado (2021) argues to minimize ac receivable within trade entire competitors needs to agree in common trade terms. Results reveals in Sri Lanka, SMEs are practicing the minimizing ac receivable approach during the unfavorable market situation.

H1c – Minimizing investment bootstrapping methods is positively and significantly related to business performance.

As per the results, it indicated that minimizing investment bootstrapping method was statistically significant on business performance ($p=0.000$). Therefore, hypothesis H1c is fail to reject and supported. Thus, it can be concluded with 95 percent confident that minimizing investment bootstrapping method has a significant positive influence on business performance. It can be understood that current findings related to the minimizing investments are almost compatible with previous literature study findings. Ensuring that, in the research conducted by Van Auken (2005), he claimed that reducing investments is particularly crucial to the boots trapper, with techniques such as acquiring secondhand equipment at a lesser price, negotiating for a significant discount for funds, or even employing temporary workers. It might be beneficial to practice bargaining talents and utilize them to acquire optimal terms from vendors. Furthermore, he considered that limiting investment strategies included avoiding from investing in enterprise until absolutely required or decreasing the demand for cash. These are low-cost routes that businesses can take without seeking financing (Van Auken, 2005). Considering the past literatures, Winborg and Landstrom (2001), Neeley (2004) and Ebben and Johnson (2006) have also mentioned in their studies that minimizing investment bootstrapping technique is a vital strategy for the business performance in the SMEs. In the current context of Sri Lanka, most of the businesses are operating under a pressurized environment. Given that, it can be understood that most of the SME business owners have preferred minimizing investments bootstrap method to reduce the downhill impact occurred in their businesses.

Hence, as stated in the current study, buy used equipment, customer discount for cash, hire temporaries, negotiate best terms with suppliers, use routines to minimize investment and employ relatives/friends at low salary strategies have considered by the business owners when utilizing the minimizing investment bootstrap technique. Similarly, Block et al. (2021) discovered a positive association between the intensity of the crisis and the usage of reducing investments bootstrapping. This survey was done in Germany, and it included 17,046 German entrepreneurial pursuits and self-employed citizens. As a result, it is possible to infer that the favorable influence of the reducing investments bootstrap approach is an important component for company performance in the context of Sri Lanka, and relevant actions/strategies must be implemented to improve business performance by applying this method.

H1d – Private owner financing bootstrapping methods is positively and significantly related to business performance.

As per the results, it indicated that private owner financing bootstrapping method was statistically significant on business performance ($p=0.012$). Therefore, hypothesis H1d is not rejected and supported. Thus, it can be concluded with 95 percent confident that private owner financing bootstrapping method has significant positive influence on business performance. Private owner financing was another important strategy discussed in the previous studies. Thomas et al. (2010) stated that human resource management is a crucial for SMEs, since a major portion of the budget is allocated to the compensation of human resources and business operation depends on human resource aspects. In terms of cutting expenses, SMEs will employ private owner finance, including the assets of family members and friends, to labor for little or no pay. Liu et al (2022) says acquiring loans from relatives and friends is common in emerging markets since financing to SME was not developed. Van Auken (2005) encourages SME owners to use personal credit cards for minor sums.

H1e – Sharing resources with others bootstrapping methods is positively and significantly related to business performance.

As per the results, it indicated that sharing resources with others bootstrapping method was statistically not significant on business performance ($p=0.685$). Therefore, hypothesis H1e is rejected and not supported. Thus, it can be concluded with 95 percent confident that sharing resources with others bootstrapping method does not have a significant positive influence on business performance.

Sharing resources with other businesses was also considered as a significant bootstrap method by previous researchers. Given that, SMEs often have considerably less assets, this strategy is viewed as a chance to share resource amongst firms to maximize benefits (Van Auken, 2005). However, Hiran (2022) reviews pooling resources with other market players were not realistic solution to firms within same sector since it's exploring the particular firms' competitive advantages. Hervas-Oliver et al (2021) further stated, sharing resources strategy reveals purchasing raw materials or other commodities in collaboration with other enterprises, with the intension to decrease the expenses involved with shipping, warehousing, and bulk discounts, but same may led to expose companies'

suppliers, trade term agreement, costing and market pricing projection for final product. Even though sharing resources bootstrapping methods did not indicate a significant impact towards the business performance in the current context, all other factors as recommended by previous scholars providing evidence.

However, current study did not support sharing resources. Therefore, it is important to understand the reasons that might have caused these outcomes in the contemporary study. Major differentiating factor time of research has been applied in the previous studies as well as in the current research. It was noted that most of the research were conducted when the country was not in a critical situation. However, currently, Sri Lanka is facing a huge economic crisis and that may have caused these findings to be not significance. Specifically, Sri Lankan economic hit a huge downhill from 2019 onwards due to the outbreak of COVID 19 pandemic. Further, it has expanded recently due to the political usability of the country. Hence, these findings absorbed serious economic conditions of the country. This was further, proven by the study conducted by Block et al. (2021) as they have mentioned that there is lack of literature conducted for bootstrap financing methods specifically under a crisis situation. Further, various cultural and attitude behaviors may have affected the decisions taken by the SME participants of the current study. For example, delaying payments for suppliers, delaying tax payments, share equipment with other business, obtain loans from relatives/friends, choose customers who pay quickly, coordinate purchases with other business, cease business with late-paying customers and other aspects are directly related with the cultural and personal attitudes of the owners. Especially since these SME owners are still trying to cope up with the growing market place, they hesitate to implement these kinds of practices (Jaber and Osman, 2006). For example, when firms delay payments to vendors, it jeopardizes their own activities since the company would struggle if even one supplier decided not to supply materials in future. On the other hand, successful trade agreements built on mutual trust and respect among SMEs engaged. The client-supplier interaction is a crucial element that promotes SME's competition, operating excellence, revenue and aims are intimately. Current findings are compatible with the literature. Hence, due attention needs to be given for those unnoticed aspects.

H2a – Gender has an influence on bootstrap financing methods

As per the results, it indicated that gender was statistically significant on bootstrap financial methods ($p=0.039$). Therefore, hypothesis H2a is fail to reject and supported. Thus, it can be concluded with 95 percent confident that gender has a significant influence on bootstrap financial methods.

Table 9

Independent Two Sample T-Tests for Gender Impact on Bootstrap Financing Methods

Variances	Levene's Test for Equality of Variances		T-test for Equality of Means		
	F	Sig.	t	Df	Sig. (2-tailed)
Equal variances assumed	5.891	0.016	-2.182	423	0.030
Equal variances not assumed			-2.076	179.298	0.039

Source: Survey Data

The aspect of gender revealed a significant impact towards the understanding of usage of bootstrap financial strategies of the participants. Gender is primarily valued in attempts to finance and allocate resources. Bootstrap financial strategies and business effectiveness investigate gender differences and respond to changes in outcomes. Numerous government establishments and donor organizations are working successfully to generate gender equality in the work environment to promote the growth of female SME owners. However, the results indicate that gender has impacted the usage of bootstrap methods in financing. According to the findings of Brush et al. (2006), women SME owners use bootstrap financing rapidly. According to the study, women are more likely than men to utilize bootstrapping rather than the outside long financing. They also stated that women-led enterprises are driving economic expansion through a great combination of capital structure and full-scope operational processes. Brush et al. (2006) also asserted that women-led corporations create the best use of available resources. As a result of existing literature, there is a major effect on gender to practices of bootstrapping financial strategies.

H2b – Age has an influence on bootstrap financing methods

As per the results, it indicated that age was statistically significant on bootstrap financial methods ($p=0.000$). Therefore, hypothesis H2b is fail to reject and supported. Thus, it can be concluded with 95 percent confident that age has a significant influence on bootstrap financial methods.

Table 10*Levene results for Age on Bootstrap Financing Methods*

Levene Statistic	df1	df2	Sig.
10.129	4	420	0.000

Source: Survey Data

Table 11*Anova results for Age on Bootstrap Financing Methods*

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.130	4	1.782	5.597	.000
Within Groups	133.746	420	.318		
Total	140.876	424			

Source: Survey Data

Table 12*Post Hoc results for Age on Bootstrap Financing Methods*

(I) Age	(J) Age	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
20-30	31-40	-.26266*	.06225	.000	-.4386	-.0867
	41-50	-.36315*	.07348	.000	-.5714	-.1549
	51-60	-.22612	.10738	.319	-.5367	.0845
	61+	.14888	.12124	.881	-.3184	.6162
31-40	41-50	-.10049	.07222	.832	-.3049	.1039
	51-60	.03654	.10652	1.000	-.2717	.3448
	61+	.41154*	.12048	.087	-.0566	.8796
41-50	51-60	.13703	.11345	.920	-.1893	.4634
	61+	.51203*	.12656	.030	.0482	.9758
51-60	61+	.37500	.14890	.190	-.1084	.8584

Source: Survey Data

Prior research has looked into how entrepreneurial orientation evolves with years old (Azoulay et al., 2020; Kerr & Armstrong-Stassen, 2011; Kautonen et al., 2014; Levesque & Minniti, 2006). The opportunity costs of time are an important component in constantly shifting entrepreneurial behavior. Consequently, they contend that aging influences the utilization of bootstrap financing in times of crisis. Given that, it can be stated that the current findings are compatible with the previous literature. Accordingly, it was identified that age has a significant influence over the usage of bootstrap strategies of the participants in the present investigation irrespective of the current crisis situation. Further, 20-30 and 31-40, 20-30 and 41-50, 41-50 and 61+ age groups also indicated a difference in the usage of bootstrapping methods. This is clear evidence as of how aging impacts the business.

H2c – Educational level has an influence on bootstrap financing methods

As per the results, it indicated that educational level was statistically significant on bootstrap financial methods ($p=0.000$). Therefore, hypothesis H2c is fail to reject and supported. Thus, it can be concluded with 95 percent confident that educational level has a significant influence on bootstrap financial methods.

Table 13*Levene results for Education on Bootstrap Financing Methods*

Levene Statistic	df1	df2	Sig.
5.261	6	418	0.000

Source: Survey Data

Table 14*Anova Results for Education on Bootstrap Financing Methods*

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9.925	6	1.654	5.280	.000
Within Groups	130.951	418	.313		
Total	140.876	424			

Source: Survey Data

Table 15*Post Hoc Results for Education on Bootstrap Financing Methods*

(I) Education	(J) Education	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
Primary school education	Secondary school education	.11189	.18046	1.000	-.5585	.7823
	Certificate qualification	-.20185	.19064	.996	-.8832	.4795
	Diploma	-.19433	.18488	.996	-.8687	.4801
	Bachelor Degree	.17336	.18100	.998	-.4974	.8441
	Master's Degree	.01165	.18548	1.000	-.6634	.6867
	PHD	-.05844	.20784	1.000	-.8485	.7316
Secondary school education	Certificate qualification	-.31374*	.09422	.024	-.6056	-.0219
	Diploma	-.30622*	.08193	.006	-.5586	-.0539
	Bachelor Degree	.06148	.07276	1.000	-.1620	.2850
	Master's Degree	-.10024	.08329	.995	-.3569	.1564
	PHD	-.17033	.12542	.905	-1.0364	.6958
	Diploma	.00752	.10243	1.000	-.3087	.3237
Certificate qualification	Bachelor Degree	.37521*	.09525	.003	.0805	.6699
	Master's Degree	.21350	.10351	.572	-.1060	.5330
	PHD	.14341	.13967	.987	-.5830	.8698
Diploma	Bachelor Degree	.36769*	.08312	.000	.1121	.6233
	Master's Degree	.20598	.09247	.432	-.0786	.4905
	PHD	.13589	.13170	.982	-.6507	.9225
Bachelor degree	De-Master's Degree	-.16172	.08445	.697	-.4215	.0981
	PHD	-.23181	.12620	.727	-1.0857	.6221
Master's degree	De-PHD	-.07009	.13254	1.000	-.8486	.7084

Source: Survey Data

Furthermore, numerous studies in venture capital demonstrate that academic achievement and access to external sources of finance are intimately connected (Bates, 1990; Coleman & Cohn, 2000; Tedmanson et al., 2012; Carter et al., 2003; Franke et al., 2006). Carter et al. (2003), for instance, show a favorable correlation between the level of learning and the acquirement of financial resources by self-employed individual people. Grichnik et al. (2014) also highlight that excellent education increases the probability of implementing better bootstrapping methods in the businesses. Because bootstrap financing has many different aspects, a relatively high educational attainment should be associated with a greater understanding of various bootstrapping options. As a result, Block et al. (2021)

assume that people with a better level of academic achievement are more likely to engage in bootstrapping financing activities in times of crisis and perform well in business. On the contrary, Irwin and Scott (2010) disagree to these findings because their research results in educational qualifications that are insufficient to supply the funds necessary for the organization. According to Irwin and Scott (2010), graduate students find it difficult to safeguard assets for SMEs, whereas primary educated SME owners tend to favor to utilize bootstrap financial methods excellently to address the capital requirements of the business. It can be understood that the literature findings are indicating various results in different aspects. On the other hand, level of education indicated a significant impact towards the usage of bootstrap methods under the current crisis. Accordingly, study results under the bootstrap aspect revealed that SME owners who had the qualifications of secondary school education and certificate qualification, secondary school education and diploma, certificate qualification and bachelor's degree, diploma and bachelor degree are proceeding differently in the usage of bootstrapping method for their businesses. Provided this evidence, it can be understood that some of the current findings are compatible with previous literature where as some are not. Further, the aspect of highest educational level qualification provides a bit of complexity to the situation as the literature findings are not compatible with one another.

H2d – Experience level has an influence on bootstrap financing methods

As per the results, it indicated that business experience level was statistically significant on bootstrap financial methods ($p=0.000$). Therefore, hypothesis H2d is failed to reject and supported. Thus, it can be concluded with 95 percent confident that business experience level has a significant influence on bootstrap financial methods.

Table 16

Levene Results for Business Experience on Bootstrap Financing Methods

Levene Statistic	df1	df2	Sig.
6.589	4	420	0.000

Source: Survey Data

Table 17

Anova Results for Business Experience on Bootstrap Financing Methods

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	32.822	4	8.205	31.894	.000
Within Groups	108.054	420	.257		
Total	140.876	424			

Source: Survey Data

Table 18

Post-Hoc Results for Business Experience on Bootstrap Financing Methods

(I) Experience	(J) Experience	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval Lower Bound	Upper Bound
0 years	1-3 years	-.08753	.06983	.903	-.2860	.1109
	4-5 years	-.63646*	.05986	.000	-.8054	-.4675
	6-10 years	-.31258*	.10353	.040	-.6161	-.0090
	11+ years	-.04512	.07784	1.000	-.2689	.1787
1-3 years	4-5 years	-.54894*	.07540	.000	-.7627	-.3352
	6-10 years	-.22505	.11324	.397	-.5530	.1029
	11+ years	.04241	.09034	1.000	-.2154	.3002
4-5 years	6-10 years	.32389*	.10738	.038	.0109	.6368
	11+ years	.59135*	.08288	.000	.3543	.8284
6-10 years	11+ years	.26746	.11834	.234	-.0745	.6094

Source: Survey Data

According to Schutjens and Wever (2000), efficiently and successfully facilitates business negotiating process improve with experience. According to Carter and Van Auken (2005), SME owners' comparison atmosphere substantially allows them to choose bootstrap strategies. Carter and Van Auken (2005) depict a long-term understanding of the business, which continues to inspire them to use low-cost bootstrap strategies. Proving that previous study findings are significant, current study also identified that previous experience and exposure in handling businesses have a significant impact towards the usage of bootstrap methods. Based on this evidence, it is clear that the current research results are consistent with previous literature findings.

Conclusion

The five bootstrapping financial methods, delaying payment bootstrapping method, minimizing AC receivable, minimizing investment, private owner funding and sharing resources analyzed against business performance. As per the results, it indicated that delaying payment bootstrapping method, minimizing AC receivable, minimizing investment and private owner funding are statistically significant on business performance. However, sharing resources bootstrapping considered as not significant on business performance. These findings were like the existing studies or researcher's outcome of Freear et al. (1995), Winborg and Landstrom (2001), Harrison et al. (2004), Neeley (2004), Van Auken (2005) and Ebben and Johnson (2006). This study exposes valued understandings into entrepreneurial finance and bootstrap financing aspects in SMEs in Sri Lanka context. It's observed in Sri Lanka, previously not conducted the similar research in this knowledge area. Therefore, this research will make new contribution into literature. Most importantly, SME owners who are participants of research recognized bootstrap financial methods and how practically they can apply the same into business environment. In addition to that, previous bootstrap related impacts studies in normal operating environment, whereas this research conducted in Sri Lanka, where uncertainty in business surrounding and economic slowdown are generally circulated nature. The outcomes develop SME owners bootstrap related financial techniques and expose situation in Sri Lanka against theoretical aspects.

Ebben (2009) argues SMEs use FBM during hardship as necessity. Study evidence is based reflection of post covid-19 new normal environment and in the edge of economic crisis. Recent coronavirus outbreak led to many disruptions in economic activities. Nationwide lockdown and travel restriction led to trade interpretation. Similar present dollar crisis in Sri Lanka led to power supply shortage, production failures, decline in imports and exports, demand, and supply shocks etc. The ongoing economic crisis and coronavirus impact are led to economic downturns. Bootstrap financing is a creative method to avoid dependency on finance and efficient tool to address ongoing economic crisis. In line with Neeley and Van Auken (2010), Mittal and Raman (2021) and Block et al. (2021) studies, our results reflect delaying the payment, minimizing the AC receivable, minimizing the investment and private owner investment bootstrapping methods are deliver the business performance. In addition to above, research analyzes the demographic characteristic impact on both business performance and practicing bootstrap financing. These aspects enhance the knowledge in Sri Lankan SME context, whereas gender, age, education level and experience play major influence to daily operation activities of SMEs. Current study results indicated that gender has no impact towards the business performance of the SME owners. However, the aspect of gender revealed a significant impact towards the understanding of usage of bootstrap financial strategies of the participants. Gender is primarily valued in attempts to finance and allocate resources. Accordingly, it was identified that age has a significant influence over the business performance and usage of bootstrap strategies of the participants in the present investigation irrespective of the current crisis. As per the current findings of the study, it was identified that level of education has no influence towards business performance. At the same time, level of education has positive influence towards adopting bootstrap financing during economic crises. Further, the aspect of highest educational level qualification provides a bit of complexity to the situation as the literature findings are not compatible with one another. Proving that previous study findings are significant, current study also identified that previous experience and exposure in handling businesses have a significant impact towards both the usage of bootstrap methods as well as enhanced business performance. Banks and government agencies can avoid making biases decision which may cost hugely for them. Author considers these results will eliminate the judgmental aspects or biases decisions in SME lending by external parties when considering demographic characters. □ This study contributes to the literature on small and medium enterprises (SMEs) by focusing on the utilization and impact of bootstrap financing methods in a developing country context, specifically Sri Lanka. Existing literature often emphasizes the importance of financial constraints on SMEs but lacks comprehensive analysis of the effectiveness of bootstrap financing methods, especially during crises. This study contribute to the existing literature by empirically investigating the influence of bootstrap financing methods on SME performance, the research fills a crucial void in understanding how these methods operate under adverse economic conditions, providing valuable insights for academics, policymakers, and practitioners, and also extends theoretical frameworks by examining how bootstrap financing methods, such as delaying payment, minimizing accounts receivable, and minimizing investment, influence SME performance during crises. By integrating insights from finance, economics, and management literature, the study offers a nuanced understanding of the mechanisms through which bootstrap financing strategies impact business performance. Finally, this has an implication to the SMEs in Sri Lanka's economic landscape, the findings have practical implications for stakeholders and policymakers seeking to promote sustainable economic growth and resilience. Understanding the efficacy of bootstrap financing methods can

inform policy interventions aimed at supporting SMEs during crises, thereby fostering entrepreneurship, job creation, and overall economic development.

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