

A comparative study of modern financing tools in the life-cycle of small and medium businesses

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ABSTRACT

Since 94% of business enterprises are composed by small and middle sized companies, and also 45% of the country's total employment is made up of these types of institutions, The stability and sustainability of these firms is important for economic growth in countries, Therefore, the purpose of the present study is to identify the traditional financing instruments, introducing new financing tools at each stage of the business life cycle including creation, growth, maturity, and decline. The research method is a qualitative research which is applied in terms of applied and descriptive method and has tried to use the library resources and researches and interviews with experts and owners of these firms to analyze the contents and lifecycle of small and middle sized businesses. Research outcomes suggest that traditional financing methods do not have the necessary flexibility and, in addition to the problem of availability, they cause an increase in the financial risk of these institutions. Using modern financing tools such as: Nanofinance, Microfinance and Macrofinance, and collective financing Creates more flexibility and will reduce the financial risk of these institutions. According to the results of the research, there should be a proportion and fittingness between the financing method and the characteristics of each stage of the business life cycle.

Keywords: small and medium sized businesses, financing, financing tools, business life cycle.

Introduction

Since the small and medium sized businesses are considered to be a factor in economic growth in a country, the growth of these institutions suggests an improvement in the business environment in that country or region. Therefore, these institutions are always struggling with fund and allocating the resources. In this case, other challenges and barriers faced by the owners of these businesses should be gradually eliminated in

order to allow their growth, development and stability in the market. Many entrepreneurs in these firms spend most of their time on financing issues and gaining cash and one of the main reasons for this problem is the traditional financing methods in Iran and the lack of replacement of new tools that are compatible with business life, which are often encountered by entrepreneur that are funding for a newly established firm or providing cash in circulation. Now, the society is the target of poor or low-income communities and special groups^[1] - women, youth, and villagers- which is more important. In the past, it has been believed that one of the main obstacles to the development of underdeveloped countries extending small and medium-sized enterprises is a shortage of fund, However in modern attitudes, provision of fund for businesses is a prerequisite, but not enough, because to grow these firms, in addition to financing, its suitability with the business life cycle and improving the business environment is necessarily demanded. In these circumstances, businesses can either recover their funds by borrowing, or by covering a part of the

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company's ownership of the capital when needed. Since then, the use of traditional tools in this situation is not very effective, since their cost of financing is high and because of a relatively high risk, it will have an impact on the credit rate^[2]. Again, entrepreneurs always rate the cost of financing the business with the rate of return. The business case is likely to be compared, and if the cost of financing is higher than the expected rate of return of the business, then there is no justification for investing in that industry^[3]. This is one of the disadvantages of traditional financing. In addition, one of the decisions that business executives must make to maximize shareholders and investors is to make financing decisions. Therefore, it is important to note that financing must be appropriate to the duration of the business life cycle so that it can be used in such a way as to make it more efficient. In this article, along with the pathology of traditional financial tools, the introduction of each of the financing tools in the business life cycle is addressed. In this study, the Scott Shin Life Cycle with the stages of birth, maturity and decline to introduce each one. Financing tools are used at each stage of the life cycle.

Problem Statement

Small and medium businesses range from home activities to manufacturing and services, so it's not surprising that there are no clear, yet comprehensive outreach of small and medium-sized businesses. More generally, the definitions of small and medium enterprises the basis of quantitative criteria is the number of employees, the turnover rate, the value of assets and the amount of capital. In terms of qualitative characteristics, the scope and scope of services of small and medium enterprises can be noted^[4]. On this basis, the majority of small and medium-sized enterprises only serve local customers or own a very small share of the market and are managed by one or a small group that is also the owner of the business. There are at least 2 cases of the following features that are needed in small and medium enterprises: the unity of ownership and management and capital, or ownership is provided by a person or a small group of people, and the work environment is generally local and employees and landlords are from same geographic area. The relative magnitude of the activity is within the industry relative to the smallest largest unit in the industry, or, in other words, is smaller comparing to the average size of that industry.^[5]

Today, small and medium-sized enterprises play a vital and strategic role in the global economy, because these enterprises make the efficiency and purposefulness of accumulated monetary resources shattered and, given the structural components of these institutions, provide a source for discovering entrepreneurial opportunities, creativity and innovation. Moreover, given the role that these institutions play in the economic growth of countries, they are mentioned as the fundament of economic growth and development in the world and now play a very important role in the export evolution. These institutions, by their very nature, lead the informal sector to the productive part of the economy as well as increasing the competitiveness of goods and services in the global arena^[6]. In addition to all of the above, it is important that these institutions are the main driver of increased employment in the

economy^[7]. Small industries have features that can include issues such as job creation and flexibility, innovation capacity, and profitability and productivity,^[8] On the other hand, it can be said that all small and medium enterprises, no matter In what country, create the following positive consequences in the economic sphere:

- Reducing unemployment and creating new job opportunities - Export boosts - Integrating microeconomic savings - Creating creative and entrepreneurial ideas in the economy - Driving the informal market into the productive part on the economy
- The flexibility of the small and medium-sized units has enabled these sets to be able to adapt to the demands of the market and, in a short time, change the production lines of their workshops and produce and deliver the goods to customers at reasonable and much lower costs than large ones. Subsequently, with the advent of small and medium-sized enterprises, these units were able to showcase the most creative and industrial innovation in diversifying their products and gaining new markets. This feature of small firms, called "Entrepreneurs Creative "has a global reputation, as in In 1993, over 90% of India's industrial innovations were implemented by small and medium-sized enterprises^[9].

However, business studies in Iran show a lack of transparency in the ruling ecosystem in the economy of small and medium-sized enterprises. From this, the macroeconomic environment of the country disrupts the business climate of enterprises that are driving economic growth. According to the report of the World Economic Forum Iran is 120th in the business world and 15th in the region, which is far from the perspective document. In a research conducted by the Center for Research on the Majles Research Institute in Iran, three main reasons that can be noted for the poor status of small and medium enterprises in the country are:

- Excluding 80% of the total economic space of the country by the government
- Bank pivot and lack of suitable platform for financial markets
- There was no specific support cycle for the growth and maturity of small and medium enterprises

Today, small and medium enterprises in Iran have a lot of problems in financing their projects, the lack of sufficient funds affects their investment. There are several ways to finance firms in the country, but more important than the financial tools and financing methods, is the firm's ability to properly apply resources and managing them while contemplating the business life cycle, until the desired outcome is established.

In addition, small and medium enterprises need less investment than large industries to start up and even develop, and the cost of creating a job in them is much lower than that of the large industries. However, the employment rate of these enterprises is higher than that of big firms, and the strategic position of

these firms in macroeconomics, investors and entrepreneurs in practice to start and develop these types of businesses, encounter many obstacles and challenges. Assessments indicate that easy access to finance is currently one of the first problems of manufacturing units. Some case studies show that acute financial problems blockout creative entrepreneurship and innovative actions ^[10].

The current tools available to fund these firms are typically: using personal fund or friends' and family's - the money market and borrowing from the banking system - the capital market. Using your personal fund and family's or friends' to start up a business in the current economical situation is not enough in addition to being highly risky. And it's not possible to get a loan from the bank for all companies, especially micro and small firms, since the costs of financing is high. At the same time, the financing of these institutions is difficult and not possible for everyone. On the other hand, the capital market in the present situation does not play a role in financing firms. Since then, the main source of funding for firms is the lack of a specific structure for creating clear policies and long-term strategy for small and medium-sized businesses, as well as financing them. This has caused the financial sector of the economy not to be in the hands of the real economy. In such a situation, the creation of cross-sectoral and unsustainable solutions will make it difficult to finance small and medium-sized enterprises ^[11].

According to numerous studies carried out in this field, one can conclude that among the most important obstacles for small and medium business financing are organizational and cultural barriers, laws and regulations, information, infrastructure, support and education and fund, These barriers will ultimately increase the cost of financing for small businesses and reduce the extracted economic value of these businesses.

In addition, limited financial products and services in the traditional banking system poses a problem of optimal allocation of financial resources for firms because, given the higher credit risk of these firms than larger firms, the banking network tends to be less willing to invest in small and medium enterprises ^[12]. Besides this, limited financial products and services in the traditional banking system have this problem of optimal allocation of financial resources for firms ,since given the higher credit risk of these firms than larger firms, the banking system tends to be less likely to finance small and medium enterprises.

On the other hand, the design and approval of low-cost loans for small and medium enterprises due to the lack of participatory system and supervision over the use of funds, there is a large potential for diversion of the cost of facilities from its goals; therefore, given the high profits of unproductive routes towards the manufacturing sector, Problems present in the banking system, the lack of a regulatory system for the cost of funds, and the lack of extensive banking specialization for small and medium enterprises, make the banks networking not to be able to properly finance the firms in the present situation ^[13].

The statistics also show that small and medium enterprises in the country do not have sufficient financial coverage that microfinance is mostly available for small firms, and these

companies are basically unable to receive medium-to-high facilities. Because of the major barriers presented, the challenges of traditional financing tools include:

- A. Issues of the current system of the monetary market and banking: Bank-based financing the existence of traditional instruments-Potential borrowing in the traditional banking system-Non-compliance-Distributive inequity in the provision of facilities-The lack of modern banking tools-The high costs of financing -Development of guarantees or risk-generating obligations-specific policy deficiencies in the financing of these institutions.
- B. The lack of dynamism of the market capitalization in the financial institutions: the lack of indication of the existing instruments in the monetary market and the recession of this market in the financing of enterprises
- C. Small and Medium-Sized firms Issues: Minor Financial Independence-Financial and Commercial Instability to Large-Risk Investors - High Risk Fraud Refinancing - Lack of Financial Literacy in Most Owners of These Businesses-Support needing of these financial Institutions.

According to Barn and Shin, there are two major reasons for the difficulty of financing new businesses: information asymmetry that makes entrepreneurs more informative than investors and the other is uncertainty ^[14]. Therefore, they must be addressed with specific measures for Fundraising with new financing tools for new businesses. The traditional financing methods are presented in the table below.

Table 1. Introduction of traditional financing tools

High return risk	Average return risk	Low return risk	Low return risk
Capital instruments	Combined tools	Borrowing finance	Financing based on asset
-Private Finance	- Unauthorized debts	- Corporate bonds	-loan based on finance
-Risk investment	- voteless partnership	-provide debt by financial intermediaries	- Discount of receivables
-Helping Businesses	- Profit participation	- Convertible debt	- Purchase financing
-Asset financing	- Guaranteed bonds	- Covered bonds	-Deposit
	-Mezzanine financing		

Financing SMEs and Entrepreneurs and OECD Scoreboard, 2015

Entrepreneurial opportunities exist in micro and macro markets, but the development conditions for exploiting these opportunities are influenced by a variety of factors that government policies play a central role in exploiting these opportunities. The most important of these factors is education, law, technology, and financing. Among these, financing tools owns a great importance.

The formation of fund is the most important element of economic growth. Using these tools causes more flexibility and reduces institution's financial risk yet provides faster and easier access to traditional financing instruments. In this article, we have tried to identify among modern financing tools by the three instruments of the Nanofinance, Microfinance and Macrofinance, based on the surface coated.

A.Nanofinance

In this method of financing, unlike the traditional methods of financing, special attention has been paid for the poor and low-income groups of society that do not have the financial resources necessary for financial autonomy. This hopefully causes entrepreneurs from certain groups of society with less financial ability than the middle and poor sectors of the community to be able to start their own business and, at the same time, save money from the livelihood of unofficial lenders (grooming) and ultimately descend, in conclusion, home-grown jobs with high flexibility are formed. In this way, the financing of essential and small loans with a simple process of free-lending and for one year without profit for the special purpose group, such as women, youth and villagers, is urgently available. The way in which it is repayable is flexible, customers negotiate and agree how to repay these ordinary and low amounts with a lender or creditor with specific criteria. These types of loans are not collateral and the cost of these types of loans is very low.

Table 2. Table of Borrower Requirements and Implementing Factors in the Nanofinance

The borrower	Execution Factors
Often get a minimum loan	Follow up to obtain a lending license from the competent authorities
Most new and small business owners with monthly fixed income	Determining the type of company: often limited liability companies and joint stock companies
No financial background but with repayment power	Companies with the ability to accept financially and financially desirable financial risk
Determine the minimum amount of the loan received in accordance with the terms of each individual or business (small or small)	Determine the minimum capital for obtaining a license
No promissory note required	Funding from micro-investors in exchange for speculation
Charges and crimes and service fees and charges totaling up to 36% per annum	The debt ratio is below 7

Considering this important point, it is imperative that the mechanisms and indices of informal and personal loans and nano-finance are different. To clarify the difference between these financing methods, it can be clearly and clearly distinguished from their characteristics in the table below. ^[15]

Table 3. Differences of nanofinenes with personal loans and unofficial loans

Indicators	Unofficial loan	Personal loan	Nanofinenes
Type of profit rate	Fixed profit rate	Efficient profit rate	Efficient profit rate
Target of getting loan	-Emergency loan -Personal need	-Funding for personal needs	- Access to more capital -increasing job service -Low illegal loans
Target of group	-people needs for a loan -Low-income groups -Replacing a bank loan for a low-income segment	Individuals with a fixed income	-Individuals without fixed income
Gurantee	Not required	Not required (even toggle)	Not required
Requirements of borrowers	Undefined	- Fixed income -Business owners - Specific nationality	Real or legal persons with the ability to repay the loan
How to repay the loan	-Use illegal tools - Daily rebate, weekly ... (agreement) - Identify the institution receiving the debt by the lender	-Investor's bill to the borrower Or full refund Or repay at least 10% of the loan or more of it	-Billing to the borrower - Mostly monthly repayment -The form of repayment must be formal and legal
Disadvantages	- Very high profit rate -uncontrollable -Determined time of repayment only by the lender - Unfunded profit rate (between 24% - 120%)	- The recipient must have fixed income - Very high profit rate (28%) - Impact on company credit rating in case of non-repayment	- Almost high profit rate (36%) - Impact on company credit rating in case of non-repayment

In addition to the foregoing, the new borrowers, despite the flexibility of this method, in some cases they can be strict. Therefore, the methods better be facilitated by obtaining loans in particular small businesses and accelerating access for the effectiveness of this market financing method. On the other hand, in order to deal with unnecessary loans and the

unfortunate phenomenon of desperation, the agents and those interested in participating in this scheme should not only be contracted by small companies. Because these companies face high risk of non-repayment of their loans, they are faced with changes in interest rates and borrowing costs are highly sensitive. Therefore, it would be better to put the operating

factors of this type of financing apart from other investors and entrepreneurs to reduce the risk of the project. Therefore, nanosecond financing for small businesses has always had positive outcomes ^[16].

One of the characteristics of organizational systems is the complexity of the present situation. This creates a disorder for them. But within this disorder, there is a sort of order in disorder that is known in management science to the theory of chaos. This theory has certain characteristics. As an example, the effect of a parachute, that is, a small measure, can have an effective effect. Since financing systems are also subject to risk and uncertainty due to structural and environmental constraints, the tools used in financing should be the response of these changes to businesses. The leverage effect can be applied on even larger businesses in a timely manner. The issue is that in the financing of medium-sized and sometimes even bigger businesses, it is financed in a way that the borrowed and assigned resources actually exceed the amount, this will increase the financial risk of the institution and reduce borrowing power. In nanoseconding, the basic business issue has been identified and the focal point of the problem has been identified so that only the financing part can be done for that point. It is important, however, that with little financing in that sector, there can be gradually greater implications for that institution. Recognizing this focal point in the process of producing and delivering services in the middle and upper-sized businesses and creating a higher value for the allocation of the necessary financial resources is called the leverage effect on the business. The capabilities of the theory of chaos and the neural network, the use of these two Model in the financial and business finance markets, especially financial markets has given special attention. ^[17]

B. Microfinance

Microfinance is a proven instrument for combating poverty at a widespread scale. This powerful tool offers microfinance to

poor people who are often women in society, in order to set up a business for themselves or develop their work. By doing so, the poor can also find a way out of poverty by using their initiative, creativity and endeavors, and sponsoring microfinance institutions. In addition, with the availability of financial tools, families can, depending on their priorities for paying children's education, Health services, and business of nutrition or buying a house to invest in ^[18].

Unlike conventional commercial loans, there is no need to obtain a guarantee for microloans and usually the entire loan is repayable within six months. This repayment will be repaid in the lending cycle, causing the money to be repaid and reach the next borrowers. Microfinance customers often have a high rate of reimbursement. The repayment rate is 95-98%, which is much more favorable compared to student loans or credit card debt in the United States. MFIs are also highly affiliated. In many cases, their experts go directly to the workplace of applicants to get a loan or receive payments ^[19].

Normally, banks do not provide financial services, such as loans or other financial facilities, to customers who have little or no income. Banks, regardless of the customer's account, receive account management costs from their customer. In addition, the poor are deprived of the property that they can give the bank as collateral. Even those who own the land do not have a document that can be provided in a warrant. Due to such problems, needy people when they need money, turn to relatives or acquaintances, or to local grocers whose rates of interest they receive are very high. Micro-finance is the only solution that can at least solve a part of these bottlenecks. Given the microfinance and financial financing functions, this question arises as to the potential difference between the two methods of financing and the similarity of the two methods. In the table below, the basic differences between the two methods are mentioned.

Table 4. Microfinance and Nanofinances Difference

Indicators	Microfinance	Nanofinances
Type of financing	Provision of Small and Urgent Small-Scale Mortgage-Insurance Services	Provide small and essential loans with minimal information
Financing process	A bit complicated than nanofinances	Simple
Goal of community	Special groups, both men and women	Generally, women use leverage in businesses
Profit rate	A high profit rate with a weekly pay-monthly	Free loan rates for one year
Determining how to pay	Financial institutions	Often by customers and adaptive
Financing costs	A little high	very low
Risk	Low profit, risk maker	No profit, risk maker
Success factor	The existence of self-governing groups	Trustworthy social networks
Guarantee	Protection against potential risk	Not required
Goal	Helping the Disadvantaged to Create Sustainable Jobs and Small Businesses with Financing Institutions	Helping the poor for anyone with minimal resources

Microfinance is a more comprehensive concept compared to microcredit. This term refers to a set of loans, savings, insurance, transfer services and other financial services that are addressed to low-cost customers. While microcredit is a small

amount of money from a bank or lender, in the form of a loan to applicants. Now, it is necessary to introduce microcredit according to microfinance. In short, there are three major differences between micro-credit and micro-finance:

A: Microcredit is defined as a financial facility (loan) for poor customers, while Microfinance includes a wide range of financial services for customers (individuals).

B: The microcredit itself is part of the macrofinance.

C: Microcredit only includes credit (financial) activities, while micro-finance involves both credit (financial) activities and non-

financial activities, such as savings, retirement, and insurance.^[20] Therefore, for clarity of the subject and Contributing to the distinction between the two types of financing, the difference between them is indicated in the table below.

Table 5. Microsphere distinctions with microcredit

Indicators	Microfinance	Microcredit
Financing type	A wide range of financial services and insurance and savings	microloans with Low profit
Community target	Special groups in the community and small companies that do not have the power to receive loans from the bank	People with little or no income and no credit history and people below zero
Performance condition	New Flexible Banking Services	Lack of access to traditional banking services
Content	Includes credit activities (microcredit) and untrustworthy activities	A kind of credit activity (itself a microfacies subset)
Type of facility	Small and medium credit facilities	Small credit facility
Period	Flexible time period	Short term period
Goal	Help small businessmen and start a business and help the poor	Helping Small Entrepreneurs
Advantage	Protection against risk	No need for bail
Focus	Often for women and eliminating sex discrimination	Often for villagers

C. Macrofinance

Macro financing is defined in the macroeconomic field at the national or regional level. In this way, activities such as policy formulation and planning, or programs such as subsidies or funding, or the operation of long-term development plans aimed at creating employment are carried out. For example, in a part of the country, according and regional studies, there is a need to establish a dam or an electric power plant or a single production unit. In this case, the government will officially tender for the project, and thus a company will be accepted for the project, the government will then officially and through the

legal process by a bank operating with the participation of private sector and related companies will pay them. The purpose of the government is to provide such assistance to the region and develop national interests. If this allocation is made for a specific person because of his needs, it's called microfinance, however, macro-financing on a regional level or national, is done in order to improve the quality of life of people in that area and help them to work. According to the contents provided for macro financing, the structural differences between these two methods of financing can be illustrated in the following table:

Table 6. Macrofinance Differentiation with Microfinance

Indicators	Macrofinance	Microfinance
Level	Macro-national or regional	Micro- -specific people or groups
Goal	Helping the poor and helpless people and helping them with their independence and self-sufficiency	Creating a job-productive and sustainable investment-in-general, economic development
Function	Financial Services: Loan-Savings-Insurance	Design Policy-Planning Assistants and Funds
Funds	Organize financing tools	Operational development plans
Gurrantee	Often does not need	Needs
The essence of the financing request	Private sector and generally people	Often in the public sector or with the private sector participation
Financing process	Simple and flexible and fast	Quite formal and often long
Risk	Low	High
Course type	A continuous and endless activity	A great activity at a specified time
Result	Increase the financial self-confidence of individuals	Increase the level of development of the country

It should be noted that other methods of financing for small and medium enterprises are involved, including collective financing of the attraction of crowdfunding or social investment. In this way, financing usually tries to attract a population of people like

the charities and Investors or an entrepreneur to start-up projects and supply funds.

In a set of investment opportunities in the form of an idea or project, entrepreneurs will be introduced in the Internet, and

individuals with little cash or no intermediaries can contribute through four methods based on benevolent, reward-oriented, lending and equity contributions to supply fund and support from producers. And finally, the projects that are open to the public and the fund they are required to start with.

Analysis method

The research method is qualitative research which is descriptive in terms of applied purpose and descriptive method. It has been tried to analyze the contents of its financing in each of the projects using library resources and researches and interviews with experts and owners of these firms. Stages of the life cycle of small and medium-sized businesses.

Research findings

As presented above, three types of financing tools were introduced: nanofinances, microfinance, and macro-finance. In addition, each and every one of them was described in terms of matter and function. At this stage, it is questioned that what tools do each of these use in the life cycle of small and medium-sized businesses? The life stages of firms in this research are divided into four stages based on the Scott Bruce model, which are chronologically:

The Stage of birth \leftarrow Growth stage \leftarrow Maturity stage \leftarrow the stage of decline

The stage of birth (emergence): This course focuses on the ideas and possibilities that will be realized in the future. What is

important at this stage is not necessarily what the market is about to buy, but the product or service that the market is willing to buy in the future.

Growth stage: At this stage, the first idea that had emerged at the company's birth stage is realized, and executive power in the organization is essential in order to implement the ideas of the birth stage. Financial resources are also more invested in productive assets, and Organizational systems, such as budgeting, personnel, etc., so that organizational output is organized.

Maturity stage: Given that the sales of the whole business, unit have reached significant stability, and more cash flows will flow, stating that the initial investment capacity is sufficient to meet the high market demand at maturity stage, and the cash flow business unit will create more input.

The stage of decline: issues like, unstable organizational culture, poor communication in the organizational hierarchy, the existence of abusive rules and regulations, excessive thinking, commitment to past strategies at this stage, make the organization to show characteristics of resisting change and can not consider important changes outside the organization. If the organization responds to these issues and take steps to correct them, it may be saved, otherwise it will face the organizations downcast. Based on reviews Performed in each stage of life cycle according to the conditions of that period Lee special Amyshvdkh have been shown in the following table is an overview.

Table 7. Funding Resources in Scott Bruce's Life Cycle ^[21]

Criteria / Life cycle	Stage of birth	Stage of growth	Stage of maturity	Stage of decline
Emphasis	- Educable resources in the future - Focus on innovative products	- The executive power - Comprehensive maximization of output	- Earn more cash flow to develop operations - Creating a competitive advantage	Timely changeability-Enhances organizational maturity
Traditional Financing Techniques	- personal resources - friends and acquaintances	- Financial resources: accumulated profit	- Provision of funds from the place of the capital	- Providing funds from the place of debt

To better understand how financing sources are in each stage of the life cycle of small and medium sized businesses below the

life cycle curve, prioritizing financing methods in each of these steps is outlined:

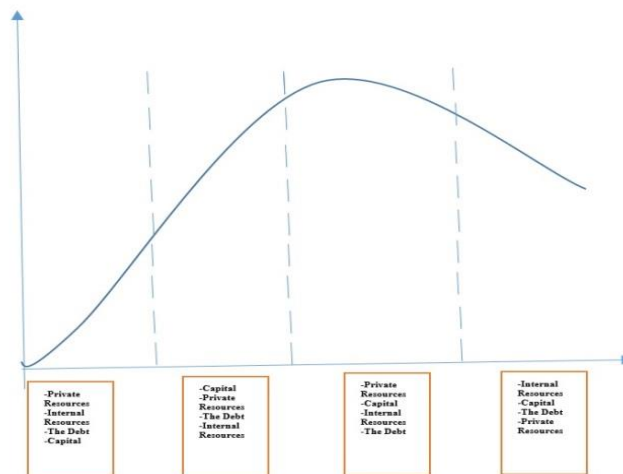


Chart 1: Ranking Financing Methods Based on Research ^[21]

Therefore, based on the research, prioritizing each financing instrument in each stage of the life cycle based on the AHP hierarchical analysis approach is presented in the following table.

Table 8. Prioritized Financing Tools with AHP

Financing Tools / Life Cycle	Birth stage	Growth stage	Maturity stage	Stage Decline
Personal resources	1	3	2	5
Friends and acquaintances	2	5	4	6
Asset sale	5	6	6	3
Accumulated profit	3	2	3	1
Redeemer business	6	4	5	4
Partners	4	1	1	2
Governmental and technical assistance	7	7	7	7

The factors mentioned above can be implemented in an appropriate and economical manner. When financing, it is necessary to pay attention to the financial factors associated with the firm or the funded project. Therefore, in this situation, any business to finance must pay close attention to factors such as: The mechanism of dividing the profit-cost of the financing process, the place of use funds, the optimal capital structure, the company's credit status and the risk of using the financial tool. [22] But it is important to note that new financing tools with more flexibility will have more useful outcomes, especially for small and medium businesses. The results of research on the use of modern finance and business experiences reflect the following events:

- Nanotechnology is often used for home-based businesses and retail businesses, as well as for individual autonomy in individual businesses, especially for

Table 9. The new financing tools in business cycle Scott Shane

Type of business-life stages	Birth	Growth	Puberty	wane
small businesses	Nanofinans	Nanofinance Microfinance	Microfinance	Business Accumulated Profit
Medium Businesses	Microfinance	Other microfinance loans	Other Microfinance loans and Collective Financing	Business Accumulated Profit
Big business	Macrofinance	Collective financing	Collective financing and financial contributions	Partnership-assignment

Therefore, it can be said that each of these financial instruments are effective if they can be effective in the life cycle of a business and, given the size of the business, contribute to its durability and sustainability.

Conclusion

The challenge for the growth and dynamism of small and medium enterprises in the country is the problem of the provision of these firms. On the other hand, current financing methods have failed to create the incentive for the maturity and development of these businesses. Unlike large companies, due to lack of collateral for borrowing and Financial and operational instability, there's risk of non-repayment for the supplier of financial resources.

women. It can also be used to finance some start-ups and the marketplace for simpler ideas.

- Micro-financing is often used for small businesses, creating and launching business for specific groups and startups.
- Macro financing is used for medium and large businesses in the national dimension.
- Moreover, these tools can be used in the business life cycle.
- The state of the industry should be analyzed in the application of financing
- There should be proportional between new financing tools and each stage of the business life cycle [23].

In the following, it should be noted that the application of the modern financing tool in the business life cycle has a high degree of diversity and has not been defined for the stable state. But what matters is the fit between the type of new financial instruments with the type of business cycle phase as well as the size of the business. This fit is as follows:

A: Birth stage: You can use nanofinance to start and set up a home business in the fetus stage of the business.

- But for the development and growth of the same business to the stage of maturity, Microfinance can be used.
- To start medium sized businesses, and to bring this business to growth and maturation, other modern tools can be used in the microfinance.
- To begin the big business, Macrofinance is used, and it can be used to finance a massive or, if necessary, business development in Macrofinance, in order to extend it to maturity.

Thus, new methods of supply with more flexibility and a simpler and less risky process should be able to overcome traditional financing problems. In this study, some modern financing tools that can be useful for small and medium enterprises called nanofinance, Microfinance and Macrofinance, were introduced.

Nano financing is used for financial self-sufficiency and the creation of stable and unsustainable home-based businesses and businesses without collateral or profit. Micro-financing is provided for micro enterprises and micro groups, small businesses. Macro financing for large enterprises are used to help the country's economic development

In addition, each of these financing tools at each stage of the business life cycle will have a strategic impact on the financing

of these firms. In addition, it has been pointed out that collective financing for the financing of small and medium-sized enterprises can be exploited, with investment opportunities in the form of an idea or project, entrepreneurs will be introduced on the Internet and individuals with little or no intermediaries can invest in it. What matters is that the use and application of each of these tools require an appropriate infrastructure, information and environment in order to have the best results.

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