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To what extent does supply chain finance reduce the bankruptcy risk for SMEs?

Dans quelle mesure le financement de la chaîne logistique réduit-il le risque de défaillance pour les PME ?.

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Abstract

This paper highlights Supply Chain Finance's (SCF) contribution to reducing default risk among small and medium-sized enterprises (SMEs) involved in the supply chain. Through an exploratory study, we seek to understand how SCF influences the performance of SMEs. At the practical level, we conducted a qualitative study with twelve Moroccan companies. Following the saturation principle, we interviewed different managers to gain insight into their management practices and knowledge of SCF, which is still rare in our context. Semi-structured interviews were used to collect data.

Based on our findings, SCF effectively facilitates coordination between different company departments, such as finance, purchasing, and logistics. It also improves the adaptability of companies and offers more liquidity to SMEs. We will provide further details on these benefits in the following sections. Moreover, our paper contributes to conceptualizing SCF as a financial and non-financial approach to supply chain management.

Like any research, our paper has limitations, such as limited access to information and the field, given the novelty of the concept of SCF among Moroccan companies. Therefore, a statistical analysis using structural equations would be necessary to provide a more general and comprehensive synthesis.

Keywords: Supply Chain Finance, Moroccan companies, Supply Chain Management, default risk, Exploratory approach.

Résumé

Ce papier s'inscrit dans le cadre des recherches mettant en exergue le rôle du SCF dans la diminution de la défaillance auprès des PME acteurs de la Supply Chain. Nous cherchons par le biais d'une étude exploratoire à comprendre la manière à travers laquelle le SCF influence la performance des PME. Au niveau empirique, une étude exploratoire dite qualitative a été menée auprès de douze entreprises marocaines suivant le principe de saturation. Nous avons cherché à interroger les différents dirigeants de ces entreprises sur la manière à travers laquelle leurs entreprises étaient gérées ainsi que sur leurs connaissances sur le concept du SCF qui est encore rare dans notre contexte. Pour arriver à nos résultats, des entretiens semi-directifs.

En se référant aux résultats obtenus, nous retenons que le SCF est moyen efficace d'abord de faciliter la coordination entre les différents services d'une entreprise (financier, achat, logistique …), améliorer la capacité d'adaptation des entreprises et d'offrir davantage de liquidités aux PME. Tous ces éléments seront détaillés dans les pages qui suivent. De manière plus générale, nous avons contribuer à la conceptualisation du SCF comme démarche à la fois financière et non-financière liée au supply chain management.

Cependant, comme toute recherche notre papier présente également certaines limites, tel que l'accès à l'information et au terrain car notre sujet est très exploré et presque méconnu par les entreprises marocaines. De ce fait, une analyse statistique en utilisant les équations structurelles serait nécessaire pour avoir une synthèse plus générale et bien approfondie.

Mots-clés : Supply Chain Finance, entreprises marocaines, Supply Chain Management, risque de défaillance, approche exploratoire.

1. Introduction

Thanks to scientific and technical progress, SMEs have emerged as a significant driving force in economic growth. They are considered a vital economic pillar of every country, playing a crucial role in its development and economic expansion worldwide (Ali et al., 2019; Lawal & Akingbade, 2018; Kunday & Şengüler, 2015). However, to maintain their growth and contribute to their respective country development, SMEs need to implement effective strategies that can help them attain significant operational and financial performance (McCarthy et al., 2017).

Despite their importance, SMEs face numerous challenges due to technological advancements, the dissolution of international borders, and recent financial crises. As such, SMEs must find ways to overcome these challenges and continue to drive economic growth (Ali et al., 2018). To address obstacles SMEs face in accessing financial resources amidst the credit crunch, Supply Chain Finance (SCF) has emerged as a simplified and innovative solution for small suppliers (Cavenaghi, 2014; Ali et al., 2018). This allows firms less affected by the situation to serve as cash providers and accept less favorable payment terms (Coulibaly et al., 2013). SMEs still require additional funds to fulfill their daily operational needs, which influences their overall performance (Lekkakos & Serrano, 2016; Ali et al., 2018).

Small and medium-sized enterprises (SMEs) are increasingly turning to supply chain finance (SCF) programs to improve their credit access (Yan et al., 2016). Banks provide financial support to SMEs based on the creditworthiness of their principals, which extends the benefits at different levels of the supply chain (downstream and upstream partners) (Wang et al., 2012; Wang & Wang, 2019). This approach is attractive to SMEs because it allows them to achieve significant savings by reconciling differences in credit ratings between buyers and suppliers (Pfohl & Gomm, 2009; Wuttke et al., 2013), as noted by Tanrisever et al. (2012). In China, for example, most SCF customers are SMEs that receive support from large companies, which are powerful supply chain partners (Wuttke et al., 2016; Zhang, 2010).

By encouraging longer settlement times and providing better payment facilities to their suppliers, SCF can ultimately improve firm performance (Wuttke et al., 2016; Ali et al., 2019).To this end, Supply chain finance (SCF) represents a new approach to optimizing goods, information and financial flows within the supply chain management (SCM) context. As such, it holds significant promise for companies seeking to improve their operations (Gelsomino et al., 2016; Wang & Wang, 2019). Unlike classic bank lending, SCF offers

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numerous advantages, such as low-interest rates, risk mitigation and flexible payment terms(Wuttke et al., 2013), making it an appealing alternative for many firms.

This study aims to investigate the impact of Supply Chain Finance (SCF) on mitigating the risk of failure among Small and Medium Enterprises (SMEs) and explore the underlying motivations driving firms to adopt such practices. To the best of our knowledge, limited research has been conducted on this topic in the context of developing countries. Therefore, our study aims to address the following research questions:

RQ1: What are the main objectives underlying the establishment of the SCF?

RQ2: What is the role of Supply Chain Finance in reducing the risk of default among Moroccan SMEs?

To effectively accomplish our established objectives, it is crucial to address our research questions comprehensively. In order to achieve this, it is necessary to identify a series of motivations that stem from our initial objective. The following points outline our areas of interest: Firstly, from a theoretical perspective, we aim to explore a new context within the existing literature. We aim to investigate the correlation between the impact of Supply Chain Finance (SCF) and its role in preventing companies' failure. Ultimately, we seek to understand how SCF contributes to failure prevention. On the practical side, our focus is to enhance our understanding of our main concepts, specifically in our context. We intend to provide valuable insights to decision-makers, researchers, and professionals in Morocco regarding the advantages and benefits of SCF.

In order to examine the link between SCF and the reduction of the risk of failure of SMEs by explaining its functioning, this research will employ qualitative analysis. In this regard, the paper will first focus on acquiring a state-of-the-art understanding of the general concept of Supply Chain Finance and its qualitative and quantitative benefits. To do so, our paper is structured as follows: Section 2 presents the literature on SCF. Then, the following section describes the sample and demonstrates the methodology adopted (section 3). Sections 4 and 5 present the results and discussion of the latter, and finally, the last section presents the research's conclusion, limitations, and perspectives.

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2. Literature review

2.1. Supply Chain Finance

SCF is a cutting-edge financing solution that enhances the overall creditworthiness of the entire supply chain, including suppliers, buyers, and financial service providers (Wuttke et al., 2013). By establishing a collaborative framework that offers financing and services with attractive interest rates, longer payment terms, and more working capital, SCF helps buyers, particularly SMEs, overcome financing challenges (Zhao & Huchzermeier, 2018; Martin & Hofmann, 2017).

To achieve this, obtaining a bank loan remains challenging for young companies. This limitation can result from several factors, including a short operational track record, the unavailability of financial statements, a high risk of default, or the case of a high-risk start-up whose characteristics are difficult to evaluate, as is the case for the majority of SMEs (Song et al., 2016; Lekkakos & Serrano, 2016).

Additionally, in the case of a high-net-worth client, the supplier's position may be weakened. As a result, trade credits may be subject to bargaining power. In this sense, the buying company can extend its accounts payable, but it risks negatively impacting the situation of its weaker suppliers. In other words, overall performance will be diminished (Jose et al., 1996; Fabbri & Klapper, 2016; Vousinas, 2019; Caniato et al., 2019).

In summary, supply Chain Finance (SCF) is an innovative financial approach that can assists companies in fulfilling their financial requirements to satisfy operational needs, mitigate the risk of failure, and improve performance. However, this concept should not be confused with loans, since it works as an extension of accounts payable rather than a form of financial debt, it does not impact the supplier's balance sheets. Instead, for the supplier, it represents a non-recourse sale of receivables.

2.1.1. Towards qualitative advantages :

Several benefits are derived from the application of SCF. We can list these as follows:

- SCF allows its users to have visibility and transparency on transactions thanks to the platforms used (it is an exchange between two financial institutions and the actors involved). This advantage can allow banks to obtain possible information on buyers, including their current situation. As a result, bank risk is significantly mitigated (Wohlgeschaffen & Finance, 2010; Stephenson & Hutter, 2009; Kristofik et al., 2012; He and Tang, 2012; Rogers et al., 2016). Warning of user insolvency problems becomes timelier (EBA, 2014).

- Such a program allows firms to collaborate and further strengthen inter-organizational relationships. From then on, SCF allows increased bargaining power (Lekkakos & Serrano, 2016). Collaboration is based on trust, which can create a business relationship in the long run (Hofmann, 2005; Aberdeen, 2011). In this regard, companies can include an external partner in the Supply Chain to foster and incentivize collaboration between the previously mentioned actors (Hang & Tung, 2019). In this way, the competitiveness of the entire SC can increase (Hang & Tung, 2019).
- SCF programs tend to eliminate paperwork through technology platforms that are key in processing invoices in real-time and facilitating information exchange (He and Tang, 2012; Zhao & Huchzermeier, 2018; Hang & Tung, 2019). Companies can accelerate the information transition (He & Tang, 2012).
- SCF can also build trust and certainty within the SC. As a result, buyers will no longer have to worry about the sudden failure of their key suppliers. Such a situation usually causes disruptions in production lines—for example, the events following the sudden bankruptcy of Lehman in 2008 (Cavenaghi, 2014).

2.1.2. Towards quantitative advantages :

Supply Chain Finance (SCF) program provides numerous benefits for all actors involved in the supply chain. Firstly, it can significantly reduce costs and mitigate risks, as highlighted by Kristofik et al. (2012). Suppliers benefit from optimized financing costs, thanks to the interest gap between SMEs and established companies, such as reverse factoring. On the other hand, buyers can enjoy longer payment terms, as pointed out by Lugli (2006) and Zhao & Huchzermeier (2018), providing a low-cost and flexible source of financing, particularly for sourcing from high-cost countries.

Secondly, SCF ensures a close and meaningful alignment between the movement of goods and payments throughout the supply chain, as stated by the European Banking Authority (EBA) in 2014. Buyers who hold a good credit rating with banks, order large quantities and offer their suppliers long payment terms can 'sponsor' these smaller suppliers, benefiting the most from modern SCF tools (Zhao & Huchzermeier, 2018).

Thirdly, SCF optimizes working capital by leveraging the buyer's credit rating to optimize payment terms between buyers and suppliers, as mentioned by Lugli (2006). This leads to an increase in accounts payable, providing buyers with more cash to finance their value-creating activities, as reported by Aberdeen (2011), Rogers et al. (2016), and Hang & Tung (2019). Lastly, SCF can create a win-win scenario for buyers and suppliers, as highlighted by Cavenaghi (2014). Suppliers benefit from better rates, while buyers can request longer payment terms, allowing sellers to receive payment immediately from banks. As a result, trade receivables reduce and improve cash flow (Hang & Tung, 2019).

2.2. SCF performance measures:

Supply chain financial performance is commonly measured using several metrics, including cost, inventory turnover, economic value added (EVA), return on assets (ROA), return on investment (ROI), sales, and cash-to-cash cycle, as reported by Galankashi et al. (2019). However, in the context of SCF, using EVA, Supply Chain Finance Cube, and Cash to Cash Cycle (C2C) are the most notable indicators suggested by Pawlicka and Władzynowicz (2019) to measure SCF performance.

Effective management of financial flows can be challenging, as it involves dealing with slow transaction processing, unpredictable cash flows, costly financial processes, increasing settlement times, and inefficient credit solutions, requiring more working capital than necessary to hedge against risk, as highlighted by Kristofik et al. (2012). In this regard, SCF is a win-win solution for all parties involved. It offers faster and simpler payment processes, leading to improved user collaboration, as Rostami et al. (2013) noted. According to Bank of America (2009), SCF programs offered by banks must be customized and tailored to each buyer's specific needs and processes.

While Net Working Capital provides a stable measure based on balance sheet analysis, it offers limited information regarding the duration companies require to convert cash into cash. Hence, it is essential to consider a dynamic measure like the cash-to-cash cycle, widely used in this context. One significant advantage of using the cash-to-cash cycle as a performance metric is that it allows for easy comparison across firms, regardless of their size, as De Boer et al. (2015) highlighted.

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3. Methodology :

3.1. Choice of the adopted methodology:

We have adopted an exploratory approach in our research as the concept of Supply Chain Finance (SCF) has received limited attention in the Moroccan context. Implementing a SCF program is complex, and it remains a challenge for companies regardless of their size or sector of activity. Therefore, our research aims to achieve the following objectives:

- Assess the knowledge of Moroccan managers on SCF practices
- Investigate existing SCF programs in the Moroccan market
- Establish the link between SCF and the government

Given the research questions and objectives, a qualitative approach is the most appropriate methodology for our study (Aastrup & Halldórsson, 2008; Seuring, 2008). Qualitative research is a powerful tool for collecting in-depth information, according to Voss et al. (2002). It allows us to gather open-ended and qualitative data, explore the field, and delve into the interviewees' ideas (DeJonckeere et al., 2019). Additionally, qualitative approaches can develop, refine, or deploy theories (Thiertart et al., 2014) and provide more expressive justifications for a specific phenomenon.

3.2 – Data gathering :

To collect our data, we designed an interview guide consisting of two main parts, from general to specific. The first part of the interview focused on semantic questions to assess the participant's understanding of the research context. The second part of the interview aimed to gain practical insights into the elements of SCF that mitigate the risk of SMEs' bankruptcy. To provide a better understanding of the main themes identified from the literature, we have outlined them below:

Part 1: Supply Chain Finance: Perceptions

- Motivations and barriers faced by SMEs when adopting Supply Chain Finance programs.

Part 2: Reducing the risk of default through SCF

- Using Supply Chain Finance as a Tool to Mitigate Default Risk for SMEs

We began by drawing a preliminary sample from a database of Moroccan companies, out of which we selected 22 potential participants. We contacted these companies via phone or email to gauge their willingness to participate in our study. In order to obtain a comprehensive overview of the perceptions of all actors involved in the supply chain, we conducted interviews with SMEs operating in diverse sectors. Following the principle of saturation, we

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limited our sample size to twelve companies. This decision was made since additional interviews did not provide new insights (Bloor & Wood, 2006). Our primary challenge was identifying SMEs actively using SCF in practice.

The interviews were conducted in March 2023, and all face-to-face meetings were held on the premises of the participating companies (Table 1). To ensure confidentiality, we agreed to preserve the anonymity of the companies. During the interviews, we used a semi-structured data collection guide that included open-ended questions (Appendix 1). Finally, we processed the data using thematic content analysis, which Thiétart (2014) recommended. The participants' responses we analyzed are presented in the following section.

Table 1. Companies interviewed

Interviewee	Size	Sector	Position	Duration
A	SME	Industry	Manager	30 min
B	SME	Industry	CEO	20 min
C	SME	Maritime	CFO	30 min
D	SME	Industry	CEO	35 min
E	SME	Industry	CFO	40 min
F	SME	Agri-food	Manager	40 min
G	SME	Retailer	CEO	30 min
H	SME	Industry	Manager	25 min
I	SME	Industry	CEO	20 min
J	SME	Retailer	Manager	25 min
K	SME	Agri-food	CEO	30 min
L	SME	Retailer	Manager	30 min

Source: Authors' elaboration

4. Results

4.1. Motivations and barriers faced by SMEs when adopting Supply Chain Finance programs

Wuttke et al. (2013b) highlight the significance of Supply Chain Finance (SCF) in mitigating potential disruptions that could result in imbalances within the supply chain. By subscribing to this program, firms can enjoy various benefits, including relief in cash flow, resolution of liquidity and solvency issues, resolution of late payment or non-payment concerns from

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customers, and, notably, the limitation of default risks for firms. Our respondents' primary responses are summarized in the table below.

Table 2. Motivations for adopting the SCF

Respondent	Motivations
A	*« Releasing cash before the due date is standard in our company, as most customers pay after the deadline. However, we need to pay our suppliers promptly, which can create liquidity problems … Supply Chain Finance (SCF) provides a solution by allowing supply chain partners to support SMEs facing liquidity challenges that could negatively impact their financial health.»*
B	*« Our client, who acts as our guarantor in the reverse factoring program, aims to ensure continuity and avoid disruptions in the supply chain. For the purchasing company, searching for new suppliers can be costly. »*
C	*« Simply put, it is the loyalty of the most important suppliers. »*
D	*« SCF provides flexibility and stability to the supply chain. »*
E	*« Venturing into new products... If a bank invests in a product, it must be effective. »*
F	*«Significant gains can be achieved when all company departments work cohesively and share information in real-time. »*
G	*« We are seeking to mitigate the risk of default. »*
H	*« SCF is an effective and relevant means of supporting SMEs strongly. »*
I	*« SCF facilitates coordination and information sharing among different departments of the company, both internally and externally. »*
J	*« Improving companies' adaptability to new technologies since the system is newly implemented and requires familiarity. »*
K	*« Our primary motivation is the reduction of costs, primarily financing costs, followed by other expenses resulting from transportation, storage, and other disruptions related to the supply chain. »*
L	*« The primary promotional argument for SCF products is the optimization of Working Capital. »*

Source: Authors' elaboration

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The literature identifies several obstacles that can limit the adoption of SCF. As highlighted by More and Basu (2013), these can include obstacles related to the complexity of the technology; differences in geographical locations; organizational processes and strategies; and finally, human skills. These challenges can be exacerbated, especially in international trade. The selected obstacles are listed below:

Table 3. Challenges to the adoption of SCF

Respondent	Challenges
A	*« Lack of information and knowledge about the programs and lack of specialist guidance. »*
B	*« Lack of trust between Supply Chain actors.*
C	*« Lack of transparency and information asymmetry can push companies away from adopting SCF. »*
D	*« Conflict of interests within companies and lack of coordination. »*
E	*« A high percentage of the informal sector in Morocco. »*
F	*« Banks' SCF products still need to be developed as in developed countries (France, Germany, China...). »*
G	*« The insolvency of some SME categories is seen as the main obstacle, an external factor. »*
H	*« Information asymmetry is one of the most significant barriers to adopting SCF. »*
I	*« Untrained personnel with limited experience. »*
J	*« The incompetence of employees involved in the process. »*
K	*« Significant cultural differences between companies in terms of organizational culture. »*
L	*« The Covid-19 pandemic in 2020 caused a decrease in trust from banks. »*

Source: Authors' elaboration

4.2. Using Supply Chain Finance as a Tool to Mitigate Default Risk for SMEs

Over the past few years, financing has become possible at different supply chain stages based on triggering events (More & Basu, 2013). In other words, various innovative solutions range from pre- and post-shipment financing. In the following lines, we detail how SCF provides support for SMEs and enables them to avoid any disruption in the chain.

In order to meet their financing needs and satisfy their operational requirements, companies tend to adopt Supply Chain Finance (SCF). Such a program mainly helps to mitigate the risk of SME failure. During the interviews, the most commonly identified banking tools are factoring, letters of credit, trade credit, inventory financing, and cash facilities. Additionally, two to three participants mentioned the use and knowledge of the latter (also called confirming) (A, G, H, K). The concept of Supply Chain Finance was new to the interviewed companies. However, all participants adopted SCF within their companies based on the descriptions provided by them and the definitions based on the literature.

Additionally, the survey participants indicated that factoring is the most widely used financial tool. Respondent L noted, "*While factoring can relieve the subscriber's cash flow, it comes with high commissions and interest rates*." Similarly, respondent C expressed concern that "*the use of factoring by a supplier could potentially harm their client relationships, even leading to the loss of the client portfolio. This type of credit is typically granted based on a company's market position and reputation."* However, it should be noted that despite its common use, factoring is not considered a part of the SCF selection criteria according to the literature.

Similarly, the letter of credit is a crucial component of SCF. Despite its complexity and high cost, it offers security guarantees for both parties. Furthermore, other tools identified in this study that can be classified as "traditional" SCF tools include overdrafts, customer insurance, and discount lines. Therefore, a summary of the above points suggests that these tools play an essential role in the SCF landscape :

- Supply Chain Finance (SCF) practices are widespread among many Moroccan companies, although some managers may need to be more familiar with the term. As noted by interviewee K, «*Financial institutions are expected to expand and refine the SCF concept shortly, offering innovative tools and services that align with this approach*.» As interviewee F observed, «*Inadequate profitability, insufficient liquidity, and reduced production are primary factors that can contribute to business failure. However, SCF offers a way to enhance SME liquidity by enabling them to obtain customer payments before the due date and subsequently pay their suppliers. It also improves inventory management through strategies such as Vendor Managed Inventory. By adopting SCF practices, companies can avoid overstocking, plan inventory more effectively, and ultimately operate more efficiently.* »

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- Respondent G highlights "*the significant role banks play in supporting SMEs through adopting supply chain finance solutions. As a third party, banks can facilitate access to financing, which can be challenging and complex for many small businesses*". This support can be precious for businesses struggling to obtain financing from traditional financial institutions. In this way, banks can play a crucial role in helping SMEs to navigate the complexities of the financial landscape and achieve their business objectives.
- All company departments are involved in the decision to adopt one of these tools and in expressing a need for financing and agreeing on the tool to adopt. All departments need to collaborate. Respondents D, H, and K agree, as "*information asymmetry can lead to excessive purchasing without knowing the actual inventory of the company*," or "*purchasing even when there is no dedicated budget*," or according to K, "*purchasing in large volumes in order to reduce the overall cost of the purchase.*" All these elements can harm the company's performance and put it at risk.
- The financial goals of buyers and suppliers can often be at odds with each other, creating a conflict of interest. However, supply chain finance (SCF) seeks to provide an innovative solution that addresses the needs and objectives of all parties involved, including third parties.

5. Discussion

SCF provides low-cost financing options for supply chain actors who cannot secure loans from traditional financial institutions due to their position (Wang et al., 2012; Marak & Pillai, 2019). As a result, it offers an effective means of reducing financing costs (Yang et al., 2018). By lowering the cost of financing, SCF can contribute to reducing the overall cost of the supply chain. This includes the cost of production and delivery of goods and services, for example (Gelsomino et al., 2016; Babich & Kouvelis, 2018).

In addition, SCF promotes collaboration within companies by enabling different departments to work together (Gelsomino et al., 2016). This strengthens intra-company collaboration and improves coordination within the supply chain (Marak & Pillai, 2019).

In both practice and literature, difficulties related to SME financing have always interested researchers. In the Moroccan context, the government has attempted to contribute to creating

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numerous projects to meet SMEs' financing needs. In this regard, this initiative will enable companies to reduce the constraints that SMEs regularly face.

Moreover, several factors may contribute to the slow development of SMEs. These may include insufficient equity capital or very fragile structures. This business category is typically limited by human capital, particularly knowledge, and skills. In addition, constraints on access to financing do not facilitate the growth and development of these companies. The objectives of SMEs can be highly dependent on the conditions mentioned above. Consequently, they are often compelled to seek subsistence instead of innovating and expanding.

Morocco has an inherent capacity for adopting and growing such a market (SCF). Indeed, the IFC (2020) survey demonstrated that SCF tools could address the financing issues SMEs face in Morocco. In order to ensure the success of this SCF program, a careful examination of the legislative, regulatory, and accounting frameworks present in Morocco must be carried out beforehand. Implementing such a large-scale program may face specific difficulties that must be anticipated and considered at this stage.

In other words, the regulatory framework applicable in Morocco has several gaps and areas for improvement that can pose obstacles for both banks and companies when adopting an SCF offer.

Companies must seek a balance between gaining competitiveness and maintaining the financial stability of the supply chain (Caniato et al., 2019). To achieve this, SCF aims to find this balance. Although the potential of this approach cannot be ignored, several challenges may arise in adopting SCF (Gelsomino et al., 2016)

Based on the conducted interviews, SCF represents a set of positive factors that can contribute to the development of SMEs, whether financially or non-financially. Buyers can benefit from a discount for early payment when payment is made at the expected due date, which can reflect on the buyer's profits (Vliet et al., 2015; Wuttke et al., 2016; Hang & Tung, 2019). Suppliers participating in an SCF program are exempted from credit evaluation and do not have to provide additional guarantees to financing banks (Cavenaghi, 2014).

SCF can encourage buyers to increase their order volume, reduce transaction costs, improve inventory management, and increase the financial capacity of businesses while reducing risks. As such, it represents a source of emergency capital for many companies during the financial crisis or economic slowdown. Suppliers tend to have better knowledge of buyers than financial institutions (Hang & Tung, 2019).

6. Conclusion

To conclude, SCF is a set of dynamic and innovative financial and non-financial solutions offered mainly by financial institutions that provide assistance to small and medium-sized enterprises (SMEs) in optimizing their working capital through the provision of funds at reduced capital costs and risk levels. This insight is highlighted in research conducted by Lamoureux and Evans in 2011. This concept has been widely recognized as a solution to the problems encountered by SMEs in terms of financing. However, literature has revealed that this concept improved accessibility to funds, particularly for small SC partners (Li et al., 2011; Wang et al., 2012; Hofmann & Zumsteg, 2015; Liu & Wen, 2017; Zheng & Zhang, 2017; Ali et al., 2019).

This research seeks to contribute to the existing literature on SCF, particularly in the context of developing countries, by shedding light on the potential benefits of SCF in mitigating risk and enhancing the financial performance of SMEs. Like any research, our paper has limitations, such as limited access to information and the field, given the novelty of the concept of SCF among Moroccan companies. Therefore, a statistical analysis using structural equations would be necessary to provide a more general and comprehensive synthesis.

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