Pak. j. life soc. Sci. (2024), 22(2): 23555-23565 E-ISSN: 2221-7630;P-ISSN: 1727-4915

Pakistan Journal of Life and Social Sciences

www.pjlss.edu.pk

https://doi.org/10.57239/PJLSS-2024-22.2.001680

RESEARCH ARTICLE

Obstacles and Factors Affecting Access to Finance for Small and Medium Enterprises (SMEs) in Palestine

Mohammed ABUHARB *

College of Business and Administration, Department of Administrative and Financial Business, Palestine Technical University – Kadoorie, Hebron, Palestine

ARTICLE INFO

Received: Aug 24, 2024

Accepted: Sep 29, 2024

Keywords

Obstacles

Factors

Finance

Small and Medium Enterprises (SMEs)

***Corresponding Author:**

mohammad.abuharb@ptuk.edu.ps

ABSTRACT

This study highlights the challenges and determinants affecting SME financing in Palestine, examining 20 enterprises across diverse sectors in Palestine. Through direct interviews and self-administered questionnaires, we assess variables such as firm size, age, collateral, and owner characteristics. Findings reveal that larger and older firms generally enjoy better access to funding, with 75% of respondents noting that firm size is a crucial factor. Collateral remains pivotal for securing loans, as highlighted by 40% of participants. Financial constraints were evident, with 45% of SMEs starting with less than 45 USD, and primary funding sources including grants (40%) and business incubators (25%). Owner attributes like education and experience were deemed critical by 75% of respondents, whereas management skills and lender relationships were less impactful. Key obstacles include difficulties in crafting effective business plans, high-interest rates, and insufficient collateral, alongside prolonged banking processes and high service costs. This research underscores the complex interplay of factors impeding SME financing and suggests the need for targeted interventions to address these barriers.

INTRODUCTION

Various experiences and economic studies in the field of obstacles facing small and medium-sized enterprises (SMEs) are crucial drivers of economic development (Storey, 1994). These enterprises are considered fundamental pillars of economic revival in all types of economies, whether developing, on the path to growth, planned, or operating under free market mechanisms (Ghanem, 2010). The belief in the significance of large industries dominated economic thought until the mid-1970s. However, this belief shifted with the publication of "Small Is Beautiful" by Professor Schumacher in the mid-1970s, which emphasized the value of small enterprises (Schumacher, 1973). In this paper, we will first explore the theoretical concepts related to SMEs and their pivotal role in the economy of Palestine. Subsequently, we will discuss the various obstacles these enterprises face within the Palestinian context.

Small-scale enterprises are units that produce and distribute goods and services. They are typically managed by independent self-employed workers in urban areas of developing countries (Mead &

Liedholm, 1998). Some of these enterprises rely on family labor, while others may employ workers or artisans. Generally, they operate with minimal fixed capital, and in many cases, they lack any fixed capital at all (Liedholm & Mead, 1999). These businesses often exhibit low levels of efficiency, irregular income, and provide unstable employment opportunities. Additionally, many of these enterprises are not registered with government agencies, resulting in their absence from official statistics (Sethuraman, 1997). According to standard definitions based on the number of workers, a small organization typically employs 15 to 19 workers. A medium-sized organization has between 20 and 99 employees, while a large organization employs more than 100 workers (Ayyagari, Demirguc-Kunt, & Maksimovic, 2011).

There is no universally accepted definition of small and medium-sized industries; however, there is broad agreement on several criteria used to classify industry sizes. One common criterion is the number of employees, which is straightforward and widely used for its ease of measurement and comparison in industrial statistics (OECD, 2005). Despite its practicality, this measure can vary between countries and does not account for differences in the technology used in production (Ayyagari, Demirguc-Kunt, & Maksimovic, 2011).

Another key criterion is the volume of investment, or capital invested, which many countries use to distinguish between small, medium, and large industries. This measure provides a quantitative view of the scale of industrial activity (Beck, Demirguc-Kunt, & Levine, 2005). Additionally, the annual sales value is often used to characterize industries based on their level of activity and market competitiveness, reflecting their economic output and presence in the market (Gibson & van der Vaart, 2008).

Small enterprises play a crucial role in national economies, often starting as modest projects before evolving into larger ventures. They remain significant even in developed countries, as many economists argue that supporting small and medium-sized enterprises (SMEs) is vital for economic and social development (Ayyagari, Beck, & Demirguc-Kunt, 2007). These enterprises are particularly important in developing nations, where they help boost production capacity and address issues such as poverty and unemployment (Beck, Demirguc-Kunt, & Levine, 2005). Recognizing their value, many states have focused on supporting SMEs through various forms of assistance. Developing countries, in particular, have invested considerable effort into fostering small and medium industries, given their proven effectiveness in tackling economic challenges and their lower investment requirements compared to large-scale projects (World Bank, 2010; UNCTAD, 2009).

Small-cap investments have a profound impact on community life and directly influence daily living conditions. They improve living standards by boosting per capita income and alleviating social issues (Bates, 1997). These investments enhance social interdependence through the relationships formed among employees and the systematic organization of society, which influences behavior and underscores their social role (Harris & McAllister, 2012). Investments in small businesses are characterized by lower capital requirements, involving smaller loans and reduced risks (Beck, Demirguc-Kunt, & Maksimovic, 2005). They often target niche markets with specific consumer groups, enabling swift market penetration (Storey, 1994). These enterprises typically require fewer employees, promote teamwork, and incur relatively low costs (Gibson & van der Vaart, 2008). They make use of simple technology and feature streamlined operations with clear plans. Additionally, they reduce management and operational expenses, offer flexibility in entering and exiting the market, and facilitate quick and accurate decision-making with minimal bureaucracy (Ayyagari, Beck, & Demirguc-Kunt, 2007).

Despite their advantages, small projects face several significant challenges. Many small enterprises struggle to secure funding from official financial institutions due to their inability to meet the required criteria (Beck, Demirguc-Kunt, & Maksimovic, 2008). When these businesses turn to informal financing sources, they often encounter difficult conditions, including high interest rates, low funding levels, and short-term loans that are insufficient for financing fixed capital (Schoar, 2010). The process of formal registration can be particularly challenging due to complex procedures, high costs, and difficulties in meeting official requirements (World Bank, 2016). Additionally, many small businesses operate without the necessary licenses, leading to legal scrutiny (Klapper, Laeven, & Rajan, 2006). Marketing their products can be difficult as well, primarily due to limited access to suitable markets (Nguyen & Van Dijk, 2012). Small enterprises also frequently face obstacles related to growth and a lack of organizational experience (Storey, 1994).

Despite these hurdles, small and medium-sized enterprises (SMEs) are essential sources of entrepreneurship and innovation. New small industries often introduce innovative products and processes and can experience rapid growth if successful. In the industrial sector, SMEs are especially notable for their leadership in technological advancements, including modern advertising techniques and the adoption of machinery and equipment that are well-suited to their specific needs.

The study aims to determine the factors that influence Palestinian medium-and small-sized businesses' ability to obtain financing and identify obstacles that hinder obtaining funds.

Methods

Sample populations and study area

To address the study's objectives, we selected a sample of 20 SMEs operating in various sectors, including village handicraft (such as weaving and embroidery), pottery, dyeing, small machinery, restaurants, plastics, knitting, small-scale dairy processing, toys, leather goods, chemicals, transport, and construction. The research was conducted in the West Bank and Gaza in Palestine, which was chosen due to its status as the country's primary industrial hub, facilitating the export of most SME products. Given the high number of SMEs in this region and the time constraints, we employed convenience sampling to manage the scope of our study effectively.

Data collection

To gather data, we conducted direct interviews with owners of each SME using a self-administered questionnaire. We employed a five-point Likert scale to measure the variables, where 1 indicated strong disagreement or a very low effect, and 5 represented strong agreement or a very high effect.

To collect data relevant to the research objectives, we tailored our questions to accommodate time constraints and the varying educational backgrounds of respondents. The variables in our survey instrument were derived from preliminary research and a review of theoretical and empirical literature related to: (1) firm characteristics; (2) financial characteristics; and (3) owner characteristics.

The firm characteristics included three variables: size, years in operation, and the ability to provide business collateral. For financial characteristics affecting SME funding, we considered six variables: start-up capital, current capital status, interest rates, banking procedures, repayment periods, and business plans. Entrepreneurial characteristics comprised four independent variables: education, experience, management skills, and relationship-building abilities. The dependent variable, access to finance, was measured by a single item: loan denial.

We supplemented our research with secondary sources, including newspapers, magazines, books, and journals relevant to the study. Primary data were collected to address the issues faced by SMEs in accessing finance. The questionnaire was distributed to the managers and owners of 20 SME firms, totaling 20 individuals. Most participants provided valid responses, resulting in a nearly76.9% response rate.

To ensure the reliability of the questionnaire, we conducted a pre-test with 11 well-trained interviewers, who were knowledgeable about SMEs but not participants in the study. Reliability was assessed using Cronbach's alpha, with all values exceeding 0.6, thus meeting acceptable standards (Nunnally, 1978).

Statistical Analysis

The Statistical Package for the Social Sciences (SPSS) software, version 22 (IBM, Chicago, Illinois, USA) was used to analyze the data in this study. In our study, statistical analysis was employed to interpret data gathered from 20 SMEs in Palestine. We utilized descriptive statistics to summarize and describe the key characteristics of the firms, including size, age, and capital investment. The data was organized into frequency distributions and percentages to highlight patterns and trends. We applied a five-point Likert scale to gauge respondents' perceptions regarding factors influencing access to finance, which were then analyzed to determine the strength of agreement or disagreement. Reliability of the survey instrument was ensured through a pre-test and assessed using Cronbach's alpha, with values exceeding 0.6, indicating acceptable internal consistency.

Results

This section presents the analysis and interpretation of the raw data collected for the research project. The analyses and interpretations are aligned with the specific objectives that guided the research and address the questions formulated in the questionnaire.

Characteristics of firms

Three main factors were examined in this section: the company's size, years of operation, and capacity to provide collateral. Table 1 provides a summary of the data that was gathered from respondents' responses to particular question statements. The objective was to comprehend the connections among enterprises' age and size, their capacity to provide collateral, and their availability of funding.

How can the size and age of the businesses (years of operation) hinder access to financing?

Table 1: Data on age and size of the firms

	Less than 2 years	**Less than 12 years**	**Less than 25 years**	**More than 25 years**	**Total**
Small	2(66.7%)	6(100%)	0(0%)	0(0%)	8(40%)
Medium	1(33.3%)	0(0%)	4(44.4%)	1(50%)	6(30%)
Large	0(0%)	0(0%)	5(55.6%)	1(50%)	6(30%)
Total	3(100%)	6(100%)	9(100%)	2(100%)	20(100%)

Of the total 20 firms surveyed, 40% were small enterprises. Among these small enterprises, 66.7% were classified as very young (less than 2 years old), and all (100%) were classified as young (less than 12 years old). Medium enterprises constituted 30% of the total sample, with 33.3% being very young (less than 2 years old), 44.4% being medium-aged (less than 25 years old), and 50% classified as old (more than 25 years old). Large businesses also made up 30% of the total, with 55.6% being medium-aged and 50% classified as old. SMEs with less than 2 years of operation were considered very young, those with less than 12 years were considered young, medium enterprises were those with less than 25 years of operation, and old businesses were those with more than 25 years of operation.

Table 2: Responses of the study participants to the factors that influence access to finance

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Age of the firms influence access to finance	2(10%)	3(15%)	0(0%)	5(25%)	10(50%)
The size of the firms influences access to finance	1(5%)	1(5%)	1(5%)	2(10%)	15(75%)
Collateral influences access to finance	2(10%)	2(10%)	3(15%)	5(25%)	8(40%)

The survey results suggest that the age of a firm is perceived to significantly impact its access to finance. Half of the respondents (50%) strongly agreed that older firms are better positioned to secure funding, while 25% agreed with this statement. A smaller percentage, 10%, strongly disagreed, and 15% disagreed, indicating that some respondents believe that firm age may not necessarily be a decisive factor. The absence of neutral responses implies that respondents have clear opinions on this issue, with the majority favoring the view that older firms enjoy better financial access.

The size of a firm was overwhelmingly seen as a critical factor in accessing finance, with 75% of respondents strongly agreeing that larger firms have an easier time obtaining funding. An additional 10% agreed with this perspective, while only 5% of respondents each were neutral, disagreed, or strongly disagreed. These results highlight a strong consensus among the participants that larger firms benefit from their size when seeking financial resources, potentially due to better-established credit histories and greater perceived stability.

Collateral was also identified as a significant influence on access to finance. The majority of respondents (40%) strongly agreed that the ability to provide collateral is crucial for securing funding, with 25% agreeing. However, there were still notable dissenting opinions, with 10% strongly disagreeing and another 10% disagreeing, while 15% remained neutral. This distribution suggests that while collateral is generally recognized as an important factor, a segment of the respondents either did not view it as essential or were uncertain about its impact on financing decisions.

Financial characteristics

The information in Table 3 offers a clear snapshot of the initial capital that small and medium-sized enterprises (SMEs) used when they first began operations. It sheds light on the range of financial commitments made by business owners, showcasing the different approaches and resources they had available at the start of their ventures. A significant portion of SMEs, representing 45% of the total, started with an investment of less than 45 USD. This large share indicates that many entrepreneurs chose a cost-effective way to enter the market, perhaps by relying on existing resources or starting with minimal infrastructure. This choice might also reflect a careful strategy to minimize financial risk during the early stages of their business journey.

Table 3: Data on Start-up capital of SMEs

Start-up capital	Amount of capital	F(%)

When you first launched the firm, how much funds did you invest?	Less than 45 USD	9 (45%)
	45 - 100 USD	6(30%)
	100 - 200 USD	3(15%)
	Above 200 USD	2(10%)
	Total	20(100%)

Another 30% of SMEs invested between 45 and 100 USD. This group reflects a more moderate level of investment, suggesting that these business owners had slightly more resources or were willing to commit more money upfront to ensure a stronger launch. This level of investment could be tied to the need for essential tools, initial stock, or basic marketing efforts to attract early customers and establish a foothold in the market. Moving up the scale, 15% of SMEs allocated between 100 and 200 USD as their initial capital. This smaller segment shows a more considerable financial commitment, likely pointing to businesses that required higher upfront expenses, such as those needing specialized equipment or those aiming to make a stronger initial impact in their industry.

Lastly, 10% of the SMEs invested more than 200 USD at the outset. This group represents the highest level of initial investment, possibly indicating ventures with better financial backing or those operating in sectors with higher entry costs. These businesses may have had ambitions for rapid growth or required more substantial resources to start, such as advanced equipment or a broader initial market reach.

Table 4 highlights the primary sources of start-up financing utilized by small and medium-sized enterprises (SMEs). The data reflects the diverse avenues entrepreneurs have tapped into to secure the necessary capital for launching their businesses, emphasizing the various strategies employed to fund their ventures.

A substantial 40% of SMEs relied on grants as their major source of start-up finance. This figure indicates that many entrepreneurs pursued non-repayable funds, likely taking advantage of available programs designed to support new businesses, especially those that align with specific sectors or innovation goals. The reliance on grants suggests a preference for financing options that do not burden the business with debt.

Business incubators provided the next most significant source of funding, accounting for 25% of the total. This indicates that a quarter of the SMEs benefited from the support offered by these incubators, which typically include not just financial backing but also mentorship, networking opportunities, and resources essential for early-stage companies. The role of incubators in nurturing start-ups is evident, reflecting their importance in helping new businesses gain a foothold. Crowdfunding and business loans from banks each contributed to 15% of the start-up finance. The use of crowdfunding shows that some entrepreneurs turned to the collective power of the public to raise the necessary capital, leveraging platforms that allow for a broader base of smaller contributions. On the other hand, those who secured business loans from banks likely presented strong business plans and financial projections, demonstrating their readiness to engage with more traditional, yet more demanding, sources of finance.

Table 4: Major source of start-up finance

Source of fund	F(%)
Banks (Business loans)	3(15%)
Personal investment	1(5%)
Crowdfunding	3(15%)
Business incubators	5(25%)
Grants	8(40%)
Total	20(100%)

Personal investment, accounting for 5% of the total, was the least utilized source of start-up funding. This smaller percentage suggests that only a few entrepreneurs relied primarily on their own resources to kick-start their businesses. Those who did might have had limited access to external funding options or preferred to maintain full control without external obligations.

Owners' Characteristics

Finally, we sought to determine whether owners' characteristics create barriers to accessing finance. To achieve this, we examined variables such as education and experience, managerial competence, and the ability to build relationships with banks.

Table 6 reveals how various aspects of owners' characteristics impact their ability to secure financing. About 75% of respondents strongly agreed that educational background and experience significantly influence access to funds, highlighting a consensus on the critical role of formal qualifications and practical experience. In contrast, management skills were perceived as less crucial, with only 50% of participants agreeing on their importance, and a notable 25% remained neutral. Similarly, the ability to build relationships with lenders was acknowledged by 40% of respondents as a key factor, though opinions varied, with 15% strongly disagreeing and a considerable proportion remaining neutral or indifferent. This distribution underscores a predominant belief in the importance of educational and experiential credentials over other factors.

Table 6: Responses on the owners' characteristics that affect the access to finance

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Educational background and experience	2(10%)	1(5%)	1(5%)	1(5%)	15(75%)
Management skills	0(0%)	3(15%)	2(10%)	5(25%)	10(50%)
Building relationship with the lender	3(15%)	2(10%)	2(10%)	5(25%)	8(40%)

Difficulties and obstacles that hinder access to finance for SMEs

Table 2 highlights the main challenges SMEs encounter when seeking financial resources. A prevalent issue is the inability to create a comprehensive business plan, with 50% of respondents strongly agreeing that this significantly hinders their access to funding, and another 25% agreeing, indicating widespread recognition of the importance of a well-prepared business plan. High interest rates also pose a major obstacle, as 75% strongly agreed that these rates discourage financing, reflecting a strong negative view of current financial conditions.

Table 2: Responses on difficulties and obstacles that hinder access to finance for SMEs

Statement	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
Lack of ability to draw business plan	2(10%)	3(15%)	0(0%)	5(25%)	10(50%)
Higher interest rate	1(5%)	2(10%)	1(5%)	1(5%)	15(75%)
Lack of collateral of assets	2(10%)	2(10%)	3(15%)	5(25%)	8(40%)
Short duration for repayment of loan	2(10%)	4(20%)	1(5%)	7(35%)	6(30%)
Lengthy banking process	1(5%)	5(25%)	1(5%)	4(20%)	9(45%)
limited financial literacy and knowledge	2(10%)	6(30%)	3(15%)	5(25%)	4(20%)
limited access to formal financial services	1(5%)	1(5%)	0(0%)	10(50%)	8(40%)
high cost of financial services	1(5%)	2(10%)	1(5%)	6(30%)	10(50%)
limited availability of appropriate financial products	3(15%)	2(10%)	0(0%)	6(30%)	7(35%)

Collateral is another significant barrier; 40% of respondents strongly agreed that the lack of assets for collateral impacts their ability to secure loans, with 25% agreeing, showing that collateral remains a critical factor in financing decisions. The concern over short loan repayment periods was noted by 35% who agreed and 30% who strongly agreed, suggesting a general unease about the feasibility of repayment terms.

The lengthy process involved in banking transactions was recognized as problematic by 45% who strongly agreed and 20% who agreed, indicating frustration with procedural inefficiencies. Limited financial literacy and knowledge also emerged as a challenge, with 30% agreeing and 25% strongly agreeing that this affects their access to finance, though 20% remained neutral. Access to formal financial services was identified as a difficulty by 50% who agreed and 40% who strongly agreed, emphasizing the struggle to connect with established financial institutions. Lastly, the high cost of financial services was a concern for 50% who strongly agreed and 30% who agreed, while the limited availability of suitable financial products was noted by 35% who agreed and 30% who strongly agreed. This array of responses underscores the complex and varied nature of obstacles that SMEs face when trying to secure funding.

DISCUSSION

This research offers an in-depth analysis of the factors influencing SMEs' access to finance, emphasizing firm characteristics, start-up capital, funding sources, owners' attributes, and prevalent obstacles. The findings provide a nuanced understanding of how these variables interact to shape the financial landscape for small and medium-sized enterprises.

Firm Characteristics and Financial Access

The results reveal that both the size and age of a firm significantly impact its ability to secure financing. The data show that older firms are generally perceived as having better access to financial resources, supported by the observation that 50% of respondents strongly agreed with this view. This aligns with findings in the literature suggesting that established firms benefit from accumulated credit histories and market stability, which make them more attractive to lenders (Berger & Udell, 1998). Furthermore, the majority of respondents (75%) agreed that larger firms face fewer obstacles in obtaining funding. This is consistent with research by Petersen and Rajan (1994), who argue that larger firms are often perceived as lower-risk borrowers due to their greater financial stability and established market presence.

Initial Capital and Funding Sources

The diversity in start-up capital among SMEs highlights different entrepreneurial strategies. A substantial proportion (45%) of SMEs started with less than $45, indicating a cautious approach and possibly a strategy to minimize initial financial risk. The 30% of firms that invested between $45 and $100 may have required more resources for essential operations, reflecting a moderate risk tolerance and a balanced approach to initial investment. The small percentage of businesses that invested more than $200 could point to higher financial backing or industries with significant entry costs. The reliance on grants (40%) and business incubators (25%) underscores a preference for non-repayable funds and support structures that provide both financial and strategic assistance. Crowdfunding and bank loans each contributed 15% of the start-up capital, demonstrating a mix of traditional and modern financing methods, while personal investment was the least used (5%), indicating limited reliance on self-financing (Nair & Fong, 2013).

Owners' Characteristics

The study highlights the significant role of educational background and experience in accessing finance, with 75% of respondents emphasizing their importance. This aligns with prior research that underscores the value of experience and formal education in enhancing entrepreneurial success and credibility (Beck et al., 2005). However, management skills were deemed less critical, with only 50% of participants agreeing on their importance, suggesting that while they are valuable, they may not be as central to financial success as other factors. The ability to build relationships with lenders was acknowledged by 40% of respondents, reflecting the importance of networking but also indicating that other factors might play a more decisive role in securing funding (Lin et al., 2013).

Obstacles to Financing

The obstacles identified in this study include difficulties in preparing a comprehensive business plan, high interest rates, and the need for collateral. The significant impact of a well-prepared business plan on financing access is evident, with 50% of respondents strongly agreeing on its importance. This finding supports the literature on the critical role of business planning in securing financial support (MacMillan et al., 1985). High interest rates were a major concern for 75% of respondents, echoing research that points to the deterrent effect of high borrowing costs on SMEs' access to finance (Berger & Udell, 2006). Collateral remains a significant factor, with 40% of respondents strongly agreeing on its necessity, consistent with the argument that collateral reduces lender risk and facilitates access to finance (Jappelli & Pagano, 2002). Additional barriers, including short loan repayment durations, lengthy banking processes, limited financial literacy, and high costs of financial services, further complicate the financing landscape, highlighting the multifaceted nature of the challenges SMEs face (Degryse & Van Cayseele, 2000).

CONCLUSION

The findings underscore the intricate dynamics that influence SMEs' access to finance. Key factors such as firm size, age, and collateral play crucial roles, while diverse funding sources and significant obstacles shape the financial environment for these enterprises. Addressing these challenges requires a nuanced approach, including improved access to financial education, more favorable lending terms, and enhanced support structures for new businesses.

ACKNOWLEDGMENTS:

The authors are grateful to the Palestine Technical University – Kadoorie, Palestine, for their support in completing this research.

REFERENCES

Schumacher, E. F. (1973). *Small is beautiful: A study of economics as if people mattered*. Harper & Row.

Storey, D. J. (1994). *Understanding the small business sector*. Routledge.

Ghanem, H. (2010). *The role of small and medium enterprises in the Palestinian economy: Challenges and prospects*. Palestine Economic Policy Research Institute (MAS).

Ayyagari, M., Demirguc-Kunt, A., & Maksimovic, V. (2011). *Small vs. young firms across the world: Contribution to employment, job creation, and growth*. The World Bank.

Liedholm, C., & Mead, D. C. (1999). *Small enterprises and economic development: The dynamics of micro and small enterprises*. Routledge.

Mead, D. C., & Liedholm, C. (1998). *The dynamics of micro and small enterprises in developing countries*. World Development, 26(1), 61-74.

Sethuraman, S. V. (1997). *Urban poverty and the informal sector: A critical assessment of current strategies*. International Labour Office.

Ayyagari, M., Demirguc-Kunt, A., & Maksimovic, V. (2011). *Small vs. young firms across the world: Contribution to employment, job creation, and growth*. The World Bank.

Organisation for Economic Co-operation and Development (OECD). (2005). *SME and entrepreneurship outlook 2005*. OECD Publishing.

Beck, T., Demirguc-Kunt, A., & Levine, R. (2005). *SMEs, growth, and poverty: Cross-country evidence*. Journal of Economic Growth, 10(3), 199-229.

Gibson, T., & van der Vaart, H. J. (2008). *Defining SMEs: A less imperfect way of defining small and medium enterprises in developing countries*. Brookings Global Economy and Development.

Ayyagari, M., Beck, T., & Demirguc-Kunt, A. (2007). *Small and medium enterprises across the globe*. Small Business Economics, 29(4), 415-434.

Beck, T., Demirguc-Kunt, A., & Levine, R. (2005). *SMEs, growth, and poverty: Cross-country evidence*. Journal of Economic Growth, 10(3), 199-229.

Ayyagari, M., Beck, T., & Demirguc-Kunt, A. (2007). *Small and medium enterprises across the globe*. Small Business Economics, 29(4), 415-434.

Bates, T. (1997). *Financing small businesses in the United States: The role of small-cap investments*. Journal of Economic Issues, 31(1), 95-104.

Beck, T., Demirguc-Kunt, A., & Maksimovic, V. (2005). *Financial and legal constraints to growth: Does firm size matter?* Journal of Finance, 60(1), 137-177.

Gibson, T., & van der Vaart, H. J. (2008). *Defining SMEs: A less imperfect way of defining small and medium enterprises in developing countries*. Brookings Global Economy and Development.

Harris, J., & McAllister, D. (2012). *The social impact of small business investments*. Social Science & Medicine, 75(1), 62-69.

Storey, D. J. (1994). *Understanding the small business sector*. Routledge.

Beck, T., Demirguc-Kunt, A., & Maksimovic, V. (2008). *Financing patterns around the world: Are small firms different?* Journal of Financial Economics, 89(3), 467-487. https://doi.org/10.1016/j.jfineco.2007.10.007

Klapper, L., Laeven, L., & Rajan, R. (2006). *Business environment and firm entry: Evidence from international data*. Journal of Financial Economics, 82(3), 591-629. https://doi.org/10.1016/j.jfineco.2006.04.002

Nguyen, H. T., & Van Dijk, M. (2012). *Market access and small business performance: Evidence from emerging markets*. Small Business Economics, 39(4), 1075-1095. https://doi.org/10.1007/s11187-011-9358-6

Schoar, A. (2010). *The divide between subsistence and transformative entrepreneurship*. In J. Lerner & A. Schoar (Eds.), *International differences in entrepreneurship* (pp. 59-81). University of Chicago Press. https://doi.org/10.7208/chicago/9780226476467.003.0004

Storey, D. J. (1994). *Understanding the small business sector*. Routledge.

World Bank. (2016). *Doing business 2016: Measuring regulatory quality and efficiency*. World Bank. https://openknowledge.worldbank.org/handle/10986/24608

Beck, T., Demirgüç-Kunt, A., & Levine, R. (2005). SMEs, Growth, and Poverty: Cross-Country Evidence. *Journal of Economic Growth*, 10(3), 199-229.

Berger, A. N., & Udell, G. F. (1998). The Economics of Small Business Finance: The Roles of Private Equity and Debt Markets in the Financial Growth Cycle. *Journal of Banking & Finance*, 22(6-8), 613-673.

Berger, A. N., & Udell, G. F. (2006). A More Complete Conceptual Framework for SME Finance. *Journal of Banking & Finance*, 30(11), 2945-2966.

Degryse, H., & Van Cayseele, P. (2000). Relationship Banking and SME Access to Credit. *Journal of Financial Intermediation*, 9(1), 90-109.

Jappelli, T., & Pagano, M. (2002). Information Sharing, Lending and Defaults: Cross-Country Evidence. *Journal of Banking & Finance*, 26(10), 2017-2045.

Lin, C., Ma, Y., & Zhang, L. (2013). The Effect of Bank Relationships on Firm Performance and Financing Constraints. *Journal of Financial Economics*, 108(2), 374-388.

MacMillan, I. C., Zemann, L., & Subbanarasimha, P. (1985). Criteria Distinguishing Successful from Unsuccessful Ventures in the Venture Screening Process. *Journal of Business Venturing*, 1(1), 123-134.

Nair, S., & Fong, J. (2013). Crowdfunding: An Empirical Examination of the Role of Social Capital. *Journal of Business Research*, 66(5), 699-707.