

EXPLORING THE ROLE OF FINANCIAL DEVELOPMENT IN ENTREPRENEURIAL GROWTH A QUALITATIVE STUDY OF CREDIT ACCESS AND NEW BUSINESS FORMATION

Samuel K. Mwangi^{1*}, Grace W. Njeri², David O. Kamau²

^{1*}Department of Finance and Accounting, Faculty of Business and Management Sciences, University of Nairobi, Nairobi, Kenya. Email: samuel.mwangi@uonbi.ac.ke

²Department of Finance and Accounting, Faculty of Business and Management Sciences, University of Nairobi, Nairobi, Kenya.

Corresponding Author: Samuel K. Mwangi

ABSTRACT

This study aims to examine the effect of financial development on entrepreneurial growth by analyzing the relationship between financial development, new business formation and entrepreneurial entry across countries. The analysis is conducted using a quantitative research design, which is cross-country and based on data, using a dataset of 4,879 country-period records from 122 countries, with 1,262 complete observations from 119 countries retained for inferential analysis. Domestic credit provided by the financial sector was used to track financial development and the number of new limited companies and the new entry rate were used to track entrepreneurial growth. Growth of GDP was added as a control variable. Descriptive statistics, Pearson correlation, country-level comparisons and multiple linear regression were used. The results indicate that domestic credit was positively related to new company formation as well as to the new entry rate for limited companies. Further, regression analysis showed that domestic credit had a significant influence on both entrepreneurial outcomes, with a stronger explanatory relationship for the new entry rate. The absolute number of new companies was not statistically related to any change in GDP growth, while there was a slight positive relationship between GDP growth and new entry rate. In general, the results indicate that better financial systems and more credit facilitate business entry and the development of formal businesses, and that financing and financial intermediation for SMEs should be strengthened.

Keyword: Financial development; Domestic credit; Entrepreneurial growth; New business formation; New entry rate

Article History:

Article Type: **Research**

Received Date: 13/05/2026 | Revised Date: 17/07/2026 | Accepted Date: 20/08/2026 | Published Date: 29/08/2026

1. Introduction

The activities of entrepreneurship are well known to play a significant role in economic development, job creation, innovation and competitiveness in the market. Entrepreneurship development increases productive capacity and economic dynamism of the economy especially when it is possible for entrepreneurs to mobilize adequate capital. Other economic and financial factors matter as well as entrepreneurial attitudes for new business formation (Barrios et al., 2022; Haltiwanger, 2022). It is therefore important to consider financial development as an important determinant of entrepreneurial activity as it affects the supply of capital, its allocation, and the cost. The evidence indicates that financial inclusion and better access to finance help encourage entrepreneurial involvement and promote early-stage businesses (Ajide, 2020; Charfeddine & Zaouali, 2022). New financial technologies have also opened new financing possibilities for small companies, as an alternative to traditional banking financing (Abbasi et al., 2021; Apostoae & Bilan, 2026).

Financial development is the process of growth, efficiency, reach and effectiveness of financial institutions and markets in the mobilization of savings and credit allocation to productive activities. Domestic credit is a measure of the depth and strength of the financial system and is commonly used as an indicator of the strength and depth of a country's financial system. Improved credit access may alleviate credit constraints and help entrepreneurs to finance start-up, working capital, investment, and expansion. Evidence shows that better access to credit has a positive impact on self-employed identity and income of micro and small enterprises (Bairagya et al., 2020; Du & Nguyen, 2022). On the other hand, credit constraints, borrower disincentives and perceived financial constraints negatively impact firm growth and entrepreneurial investment (Brown et al., 2022; Du & Nguyen, 2022). Macprudential and monetary conditions may impact bank lending access as well, particularly affecting financing opportunities for SMEs (Ćehajić & Košak, 2022; Finnegan & Kapoor, 2023).

The growth of entrepreneurial activity can be considered as the increase in the number of entrepreneurial firms which can be explained by the process of establishment, survival and development of these firms. Entrepreneurial dynamism can be measured by the number of new forms of companies registered, as well as by the rate at which new companies are being created. Access to finance has been proven to help entry into the business and entrepreneurial growth, but the impact can vary by country, sector and ownership group (Chaudhuri et al., 2020; Gupta & Singh, 2026). Access to finance, combined with greater digital connectivity, can also facilitate the creation of new businesses in developing economies, reducing transaction and information costs (Haini & Pang, 2022).

While there is already some evidence on the link between finance and entrepreneurship, it tends to be country-specific, SME-specific, and/or financial channel-specific. A need exists for a more widespread cross-country empirical investigation into the link between financial development and the variation in new business formation and entry of entrepreneurs. A comparative approach, therefore, yields more

evidence on the linkages between domestic credit availability and entrepreneurial growth in different economic contexts.

The study is designed to look at the cross-country pattern of financial development, explore the differences in the rate of new business formation and rates of new entry, investigate the relationship between financial development and the ability of entrepreneurs to access domestic credit, see whether financial development is a significant driver of new business formation, and explore the nature of the relationship between financial development and entrepreneurship in a context of economic growth.

2. Methodology

2.1 Research Design

This study used a quantitative research method data analysis and a cross-country empirical design in order to analyze the relationship between financial development and entrepreneurial growth. The analysis examined countries domestic credit availability and how it is correlated with increases in entrepreneurial entry and new business formation. Because of different conditions of the overall economy, GDP growth was added as a macroeconomic variable for control.

2.2 Data Source and Sample

The study used the supplied dataset containing 4,880 country-period observations covering 122 countries. The data consisted of domestic credit extended by the financial sector, GDP growth, number of new limited companies and the new entry rate (Zanella, 2020). Since there were some missing values in each of the variables, regression analysis was conducted on the number of complete observations for the dependent, independent and control variables at the same time. No specific study period was identified in the dataset; thus, a specific study period was not assigned unless it was available from the original data source.

2.3 Study Variables

Financial development and general credit availability were proxied by the share of domestic credit from the financial sector in GDP. Two dependent variables, number of new limited companies and new entry rate, were used to measure entrepreneurial growth. The control variable of GDP growth, an annual percentage, was included because the expansion or contraction of macroeconomic activity may affect entrepreneurial activity and investment decisions.

2.4 Variable Measurement

The depth of financial intermediation in each economy was captured by domestic credit by the financial sector (% of GDP). Higher figures indicated greater access to credit to GDP. The number of new limited companies showed absolute volume of new company formation in the formal sector while new entry

rate indicated the relative intensity of new company formation. The prevailing macroeconomic conditions were reflected in GDP growth. Domestic credit is an economy-wide indicator so it was interpreted as an indicator of financial development and credit availability rather than as direct access to loans for the entrepreneurs.

2.5 Data Preparation

Before statistical analysis, the dataset was checked for missing values, duplicates, confusing country names and extreme values. Countries were checked for consistency of identification. Where all the variables for which the regression modelling was required were available, complete-case analysis was performed. The distributional irregularities and influential observations were also analyzed for the continuous variables. Only where necessary for comparative analysis, the original values were preserved, while a standardization was applied.

2.6 Statistical Analysis

The distribution of domestic credit, GDP growth, number of new limited companies, and new entry rates were summarized using descriptive statistics first. To see the direction and strength of relations between the study variables, Pearson's correlation was used. A comparative analysis at the country level was carried out to uncover the variations in financial development and entrepreneurial activity in economies. A multiple linear regression analysis was then conducted to check whether domestic credit had significant influence on entrepreneurial growth when the GDP growth was held constant. Major cross-country patterns and associations were also explored graphically.

2.7 Model Specification

Two regression models were estimated. The first model examined new business formation as the outcome:

$$\text{New Business Formation} = \beta_0 + \beta_1(\text{Domestic Credit}) + \beta_2(\text{GDP Growth}) + \varepsilon$$

The second model assessed entrepreneurial entry:

$$\text{New Entry Rate} = \beta_0 + \beta_1(\text{Domestic Credit}) + \beta_2(\text{GDP Growth}) + \varepsilon$$

In both models, β_0 represents the intercept, β_1 captures the effect of financial development, β_2 represents the effect of GDP growth, and ε denotes the error term. Model performance was evaluated using regression coefficients, standard errors, t-statistics, p-values, R^2 , and adjusted R^2 .

2.8 Statistical Software

All data processing and statistical analyses were conducted using Python. Data cleaning and numerical processing were done using the pandas and NumPy libraries, correlation analysis and regression

estimation as well as diagnostic testing were done using SciPy and statsmodels. Publication-quality figures and cross-country visual comparisons were created with Matplotlib. The choice of Python was due to its reproducible and transparent statistical analysis and graphical presentation.

3. Results

3.1 Sample and Dataset Characteristics

There were 4,879 country-period records (122 countries). The availability of data differed significantly with regard to the study variables. There were 4,191 observations of domestic credit supplied by the financial sector and 4,331 observations of GDP growth. There were 1281 valid observations for the two entrepreneurial indicators: number of new limited companies; new entry rate. Following complete-case screening of the variables needed for the regression models, there were 119 countries with 1,262 observations for inferential analysis. A calendar period (year) was not supported in the provided data, so the analysis was limited to empirical cross-country comparisons. Country identifiers were matched across the matching country observation blocks during data preparation. Table 1 shows that the entrepreneurship variables were considerably more likely to be missing than were the macroeconomic measures; only 1,262 complete observations were available for the regression.

Table 1. Dataset and Variable Characteristics

Variable	Total Records	Valid Observations	Missing Observations	Analytical Role
Country	4,879	4,879*	0*	Cross-country identifier
Domestic credit provided by financial sector (% of GDP)	4,879	4,191	688	Independent variable
GDP growth (annual %)	4,879	4,331	548	Control variable
Number of new limited companies	4,879	1,281	3,598	Dependent variable
New Entry Rate	4,879	1,281	3,598	Dependent variable

3.2 Distribution of Financial Development Across Countries

There was significant cross-country variation in financial development. The average domestic credit extended by the financial sector in the cross-section of the analytical sample was 74.75% of GDP, while the standard deviation of domestic credit was 61.73%. There were substantial variations in the extent of financial intermediation across the economies included, with values ranging from -52.69% of GDP to 350.08% of GDP. The average ratio of domestic credit to GDP at the country level is shown in Figure 1, which reveals most countries had relatively moderate levels of financial development, with a smaller number very high.

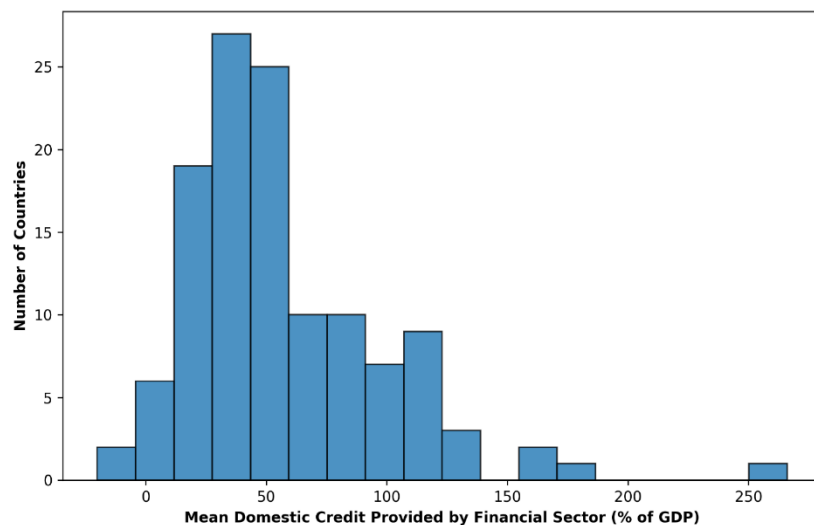


Figure 1. Distribution of Financial Development Across Countries

3.3 Descriptive Characteristics of Financial and Entrepreneurial Indicators

The key study variables are summarized in Table 2 using the 1,262 observations of complete information on financial development, GDP growth, and both entrepreneurial outcomes. The average growth rate of GDP was 4.03 and the average number of new companies registered as limited companies was about 28,935. There was much variation in the creation of new businesses, with values of just 1 to 577,069 companies. The mean rate of new entry was 3.26, and the highest rate was around 39.00 and this also indicates that there was very high variation in the intensity of entrepreneurship among the observations.

Table 2. Descriptive Statistics of Financial Development and Entrepreneurial Indicators

Variable	N	Mean	SD	Minimum	Maximum
Domestic credit provided by financial sector (% of GDP)	1,262	74.75	61.73	-52.69	350.08

GDP growth (annual %)	1,262	4.03	4.30	-14.80	54.16
Number of new limited companies	1,262	28,935.25	66,392.06	1.00	577,069.00
New Entry Rate	1,262	3.26	4.42	0.002	39.00

The relatively large standard deviations for domestic credit and new business formation confirm substantial economic and entrepreneurial heterogeneity within the cross-country sample.

3.4 Cross-Country Variation in New Entry Rates

There were also significant differences in the rates of entrepreneurial entry. The highest entry rates were observed in Cyprus (21.70), Hong Kong, China (20.72), New Zealand (18.60), Panama (15.46) and Malta (12.53) based on the country-level averages. Entrepreneurial entry activity was also comparatively high in other countries such as Estonia, Iceland, Australia and the United Kingdom. Figure 2 shows the top countries in terms of the mean new entry rate and the high degree of cross-country dispersion in formal entrepreneurial entry rates. The figure is used to support the use of new entry rate as a complementary indicator to the absolute number of newly registered firms as it is not only a measure of the volume of business but also a measure of the intensity of entrepreneurship.

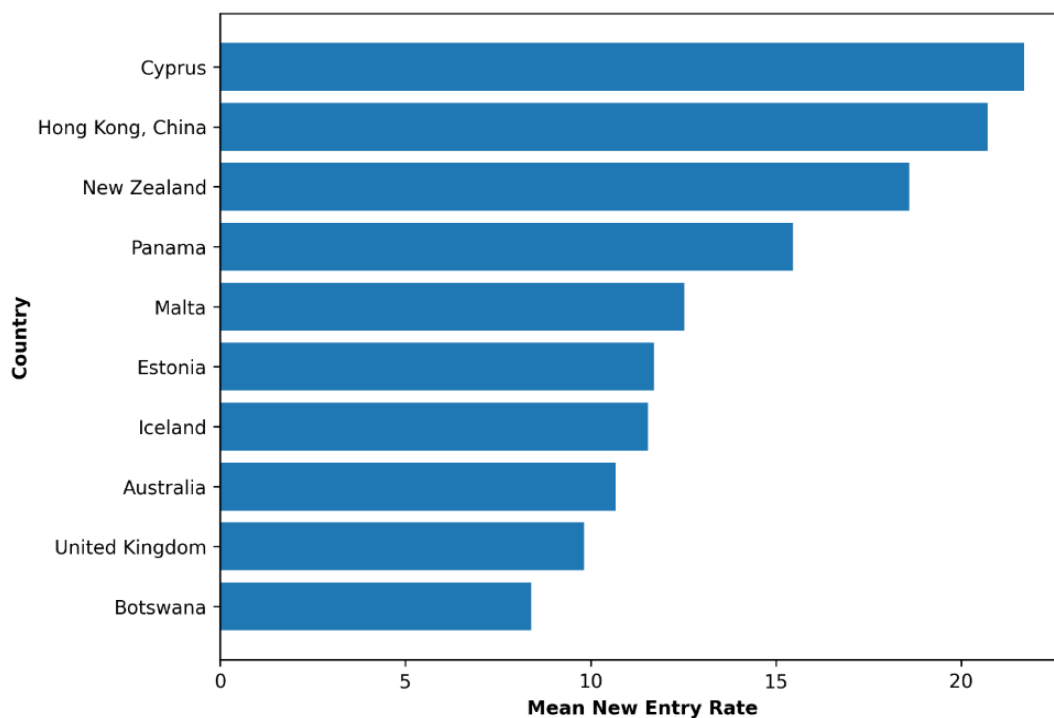


Figure 2. New Entry Rate Across Selected Countries

3.5 Correlation Analysis

The Pearson correlation analysis revealed that there was a positive relationship between financial development and both entrepreneurial growth measures. The number of new limited companies had a positive correlation with domestic credit ($r = 0.214$), while a stronger positive relationship for domestic credit was obtained with the new entry rate ($r = 0.435$). There was, however, a moderate negative correlation between GDP growth and domestic credit ($r = -0.355$) while the relationship with new business formation and new entry rate was relatively weak. The number of new limited companies was positively related to new entry rate ($r = 0.261$) shown in Table 3.

Table 3. Correlation Matrix

Variable	Domestic Credit	GDP Growth	New Limited Companies	New Entry Rate
Domestic Credit	1.000	-0.355	0.214	0.435
GDP Growth	-0.355	1.000	-0.075	-0.091
New Limited Companies	0.214	-0.075	1.000	0.261
New Entry Rate	0.435	-0.091	0.261	1.000

The correlation results indicate that greater financial depth was associated with higher entrepreneurial activity, particularly when entrepreneurship was measured through the new entry rate.

3.6 Financial Development and New Business Formation

The relationship between the number of new limited companies and domestic credit in a graphical form exhibited a positive trend, in general, but there was significant variation among the observations. The more domestic credit countries and observations had the more they were likely to capture high levels of formal business formation, although some of the high-value observations generated a significant amount of variation in the distribution of new company registrations. Figure 3 against the domestic credit versus newly registered limited companies on a logarithmic scale of business formation to address the large right-skewness of a dependent variable. The positive fitted correlation is in line with the results of the correlation and indicates that deeper financial systems tend to be correlated with higher formal business creation.

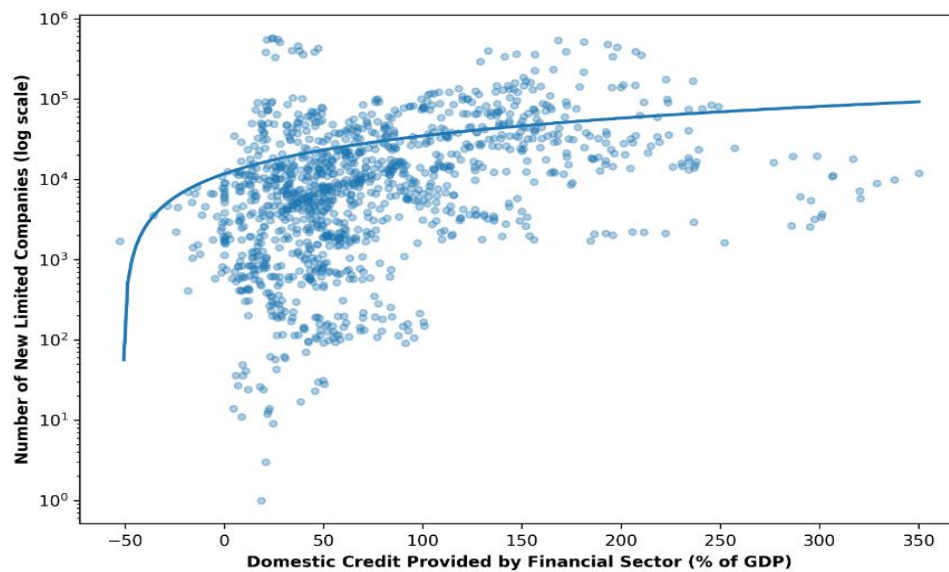


Figure 3. Relationship Between Domestic Credit and New Business Formation

3.7 Regression Analysis

Multiple linear regression was performed to find out if financial development was a significant predictor of entrepreneurial growth, controlling GDP growth. Domestic credit positively and significantly predicted the number of new limited companies in Model 1 ($\beta = 230.63$, $SE = 31.67$, $t = 7.28$, $p < .001$). There was no statistically significant growth in GDP ($\beta = 14.65$, $p = .974$). The model accounted for about 4.6% of the variance of new business formation ($R^2 = .046$; adjusted $R^2 = .044$).

In Model 2, domestic credit also significantly predicted new entry rate ($\beta = 0.033$, $SE = 0.002$, $t = 17.01$, $p < .001$). There was a smaller, but statistically significant positive relationship between GDP growth and new entry rate ($\beta = 0.074$, $SE = 0.028$, $t = 2.66$, $p = .008$). The results indicated that Model 2 accounted for about 19.4% of the total variance in entrepreneurial entry ($R^2 = .194$; adjusted $R^2 = .192$) in the 4th column of Table 4.

Table 4. Regression Results Predicting Entrepreneurial Growth

Predictor	β	SE	t	p
Model 1: New Limited Companies				
Constant	11,635.92	3,922.17	2.97	.003
Domestic Credit	230.63	31.67	7.28	<.001
GDP Growth	14.65	454.28	0.03	.974
Model Statistics	$R^2 = .046$	Adj. $R^2 = .044$	$F = 30.24$	$p < .001$

Model 2: New Entry Rate

Constant	0.490	0.240	2.04	.042
Domestic Credit	0.033	0.002	17.01	<.001
GDP Growth	0.074	0.028	2.66	.008
Model Statistics	$R^2 = .194$ $\text{Adj. } R^2 = .192$ $F = 151.21$ $p < .001$			

Overall, domestic credit emerged as a statistically significant predictor in both models, with a substantially stronger explanatory relationship for new entry rate than for the absolute number of newly formed companies.

3.8 Comparative Financial Development and Entrepreneurial Patterns

In order to further study the differences among countries, the bottom and top quartiles of mean domestic credit were used to classify countries into relatively low and high financial-development categories. The lower quartile covered those countries whose average domestic credit was less than about 31.27% of GDP, and the upper quartile covered those countries with more than about 80.67% of GDP. The high-financial-development group obtained above-average standardized values of both new company formation and new entry rate, and the low-financial-development group exhibited below-average entrepreneurial results. The comparison of standardized entrepreneurial indicators between the first and fourth quartile of financial development is presented in Figure 4.

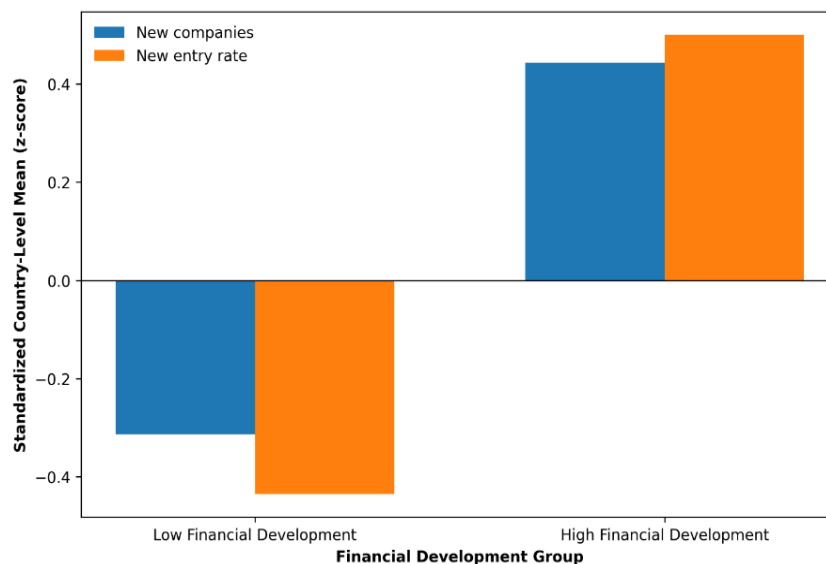


Figure 4. Comparative Financial Development and Entrepreneurial Activity

The high-credit group had a standardized mean of around 0.44 for the new business formation measure and 0.50 for the new entry rate, compared to -0.31 and -0.44, respectively, for the low-credit group. This comparative trend confirms the regression finding that the higher the level of financial development, the higher the value of entrepreneurial activity in the economies studied.

4. Discussion

The results indicate the relationship between financial development and entrepreneurial activity is positive for the countries studied. Domestic credit was positively related to both new limited company formation and new entry rate, with the latter relationship being stronger. Moreover, regression analysis indicated that domestic credit was a significant predictor of the entrepreneurial outcomes controlling for GDP growth. These findings add to the general argument that financial factors help promote entrepreneurial involvement by lowering the severity of the liquidity and financing constraints. This same evidence suggests that greater credit access leads to more chances for self-employment and the entry of entrepreneurs (Herkenhoff et al., 2021; Ribas, 2020).

The link between domestic credit and entrepreneurship is positive, indicating that more robust financial systems foster a more favorable business creation environment. Efficient financial intermediation help potential entrepreneurs get a loan to start a business, fund productive investments, and pay business expenses. Past studies have also demonstrated that access to finance has a positive impact on SME development and the economic role of small businesses (Manzoor et al., 2021). However, financing options can vary significantly based on borrower attributes, institutional barriers, and interactions with financial intermediaries (Hussain & Tyagi, 2025).

The positive and significant domestic credit coefficient for new limited companies suggests that a rise in the availability of credit in the economy is linked to a rise in new limited companies being established. Limited collateral, short credit histories and information asymmetry make it difficult to obtain financing for new firms. These can limit investment even when there are viable entrepreneurial opportunities (Nicolas, 2022). The availability of formal finance especially for micro, small and medium enterprises is still a big issue (Rajamani et al., 2022). Entrepreneurs can therefore mix sources of formal and informal capital when formal capital is not available or is not enough (Nguyen & Canh, 2021).

Better fits between domestic credit and new entry rate indicate that financial development may be particularly important in terms of the intensity of entrepreneurial entry. Financial-sector deepness may reduce the costs of entering the markets and increase the viability of formal enterprises. Digital financial development expands entrepreneurial opportunities, as well as lowers geographic and informational barriers, especially in relatively less developed regions (Liu et al., 2022). But the availability of finance is still inconsistent among population groups as illustrated by spatiotemporal variation in financing availability for women entrepreneurs (Maurya & Mohanty, 2021).

GDP growth was not a significant predictor of the number of new companies registered, but there was a moderate positive correlation with the rate of new registration. This suggests that the level of formal business creation may not be driven by economic growth in general. Even under a favourable macroeconomic growth environment, financial conditions may still be significant as entrepreneurs need

to access financial resources to turn business opportunities into businesses in practice. Thus, financing constraints are a stand-alone constraint for entrepreneurial investment (Cincera, 2021).

It points to the need for better financial systems to nurture start-ups and SMEs. Financial institutions, including banks, can facilitate access by designing suitable credit products and mitigating barriers to credit based on information. The greater adoption of ITCs can also boost financial accessibility and financial innovation for SMEs (Mushtaq et al., 2022). Policies that foster financial inclusion are also crucial: access to formal accounts, payments, savings, and credit facilities can enhance economic participation and financial resilience (Demirgüç-Kunt et al., 2022). Therefore, it is crucial that financing constraints of MSMEs remain a key part of entrepreneurship policy (Rajamani et al., 2022).

There are a number of limitations to note. Financial sector domestic credit is a broad measure and does not necessarily reflect access to credit, loan approval rates, borrowing costs or credit constraints faced by entrepreneurs. The data also had significant missing data for the entrepreneurial indicators and did not include an explicit year variable. Additionally, firm characteristics, entrepreneur skills, collateral availability, and borrowing experiences would not be detected at the macro-level data.

Future research should include direct indicators of SME credit, interest rates, loan approval and rejection rates, financial inclusion, institutional quality, unemployment and digital financial services. Special effort should be placed on digital finance and alternative financing options, as they lower the traditional credit barriers and create entrepreneurial opportunities in less-served markets.

5. Conclusion

The relationship between financial development and entrepreneurial growth was studied on the basis of cross-country data of domestic credit, new limited companies, new entry rate and growth of GDP. The results show that financial development is positively correlated with entrepreneurial activities, and among the financial indicators, domestic credit is significant for predicting entrepreneurial activity and new entry rate. The higher correlation found for new entry rate implies the possible importance of financial-sector depth in making entry for entrepreneurs and minimising formal business entry barriers. GDP growth, however, had only a slight relationship with the absolute number of new companies registered, but a weak positive relationship with the new entry rate. These findings suggest that economic growth is not enough to boost entrepreneurship if the necessary financial resources are not available and credit intermediation is not effective. The study thus underlines the need for enhancing financial systems, the financing of SMEs and start-ups, and for broadening financing mechanisms that can be available to prospective entrepreneurs in a form of inclusive financing. The findings are however limited by treating the total domestic credit as a proxy for financial access, and by their lack of detail regarding the firm level and time. Based on this study, future research is needed to include direct

indicators of SME lending, interest rates, loan approval, financial inclusion, institutional quality and digital finance to have a better understanding of financial development and entrepreneurial growth.

References

1. Abbasi, K., Alam, A., Brohi, N. A., Brohi, I. A., & Nasim, S. (2021). P2P lending Fintechs and SMEs' access to finance. *Economics Letters*, 204, 109890.
2. Ajide, F. M. (2020). Financial inclusion in Africa: Does it promote entrepreneurship? *Journal of Financial Economic Policy*, 12(4), 687–706.
3. Apostoae, C.-M., & Bilan, I. (2026). Non-Bank Financial Intermediation as an Alternative to Traditional Banking for New Business Creation. *Journal of Financial Services Research*. <https://doi.org/10.1007/s10693-026-00464-6>
4. Bairagya, I., Bhattacharya, T., & Bhattacharjee, M. (2020). Impact of credit accessibility on the earnings of self-employed businesses in India. *Journal of Asian Economics*, 69, 101202.
5. Barrios, J. M., Hochberg, Y. V., & Yi, H. (2022). Launching with a parachute: The gig economy and new business formation. *Journal of Financial Economics*, 144(1), 22–43.
6. Brown, R., Liñares-Zegarra, J. M., & Wilson, J. O. S. (2022). Innovation and borrower discouragement in SMEs. *Small Business Economics*, 59(4), 1489–1517. <https://doi.org/10.1007/s11187-021-00587-1>
7. Čehajić, A., & Košak, M. (2022). Bank lending and small and medium-sized enterprises' access to finance—Effects of macroprudential policies. *Journal of International Money and Finance*, 124, 102612.
8. Charfeddine, L., & Zaouali, S. (2022). The effects of financial inclusion and the business environment in spurring the creation of early-stage firms and supporting established firms. *Journal of Business Research*, 143, 1–15.
9. Chaudhuri, K., Sasidharan, S., & Raj, R. S. N. (2020). Gender, small firm ownership, and credit access: Some insights from India. *Small Business Economics*, 54(4), 1165–1181. <https://doi.org/10.1007/s11187-018-0124-3>
10. Cincera, M. (2021). Determinants of financing constraints. *Small Business Economics*. <https://www.academia.edu/download/88184681/s11187-021-00449-w.pdf>
11. Demirgüç-Kunt, A., Klapper, L., Singer, D., & Ansar, S. (2022). The Global Findex Database 2021: Financial inclusion, digital payments, and resilience in the age of COVID-19. World Bank Publications. [https://books.google.com/books?hl=en&lr=&id=NH3kEQAAQBAJ&oi=fnd&pg=PA1978&dq=D+emirg%C3%BC%C3%A7-Kunt,+A.,+Klapper,+L.,+Singer,+D.,+%26+Ansar,+S.+\(2022\).+The+Global+Findex+Database+2021:+Financial+inclusion,+digital+payments,+and+resilience+in+the+age+of+COVID-19.+World+Bank.&ots=dCJZSAAYSU&sig=wMTNQv7sizBlm9KTWvH3wi80q04](https://books.google.com/books?hl=en&lr=&id=NH3kEQAAQBAJ&oi=fnd&pg=PA1978&dq=D+emirg%C3%BC%C3%A7-Kunt,+A.,+Klapper,+L.,+Singer,+D.,+%26+Ansar,+S.+(2022).+The+Global+Findex+Database+2021:+Financial+inclusion,+digital+payments,+and+resilience+in+the+age+of+COVID-19.+World+Bank.&ots=dCJZSAAYSU&sig=wMTNQv7sizBlm9KTWvH3wi80q04)
12. Du, J., & Nguyen, B. (2022). Cognitive financial constraints and firm growth. *Small Business Economics*, 58(4), 2109–2137. <https://doi.org/10.1007/s11187-021-00503-7>
13. Finnegan, M., & Kapoor, S. (2023). ECB unconventional monetary policy and SME access to finance. *Small Business Economics*, 61(3), 1253–1288. <https://doi.org/10.1007/s11187-023-00730-0>
14. Gupta, R., & Singh, B. P. (2026). Effect of access to finance and investment climate on the performance of small and medium enterprises (SMEs) in India. *Journal of Innovation and Entrepreneurship*, 15(1), 35. <https://doi.org/10.1186/s13731-026-00642-9>
15. Haini, H., & Pang, W. L. (2022). Internet penetration, financial access and new business formation: Evidence from developing economies. *International Journal of Social Economics*, 49(9), 1257–1276.
16. Haltiwanger, J. C. (2022). Entrepreneurship during the COVID-19 Pandemic: Evidence from the Business Formation Statistics. *Entrepreneurship and Innovation Policy and the Economy*, 1, 9–42. <https://doi.org/10.1086/719249>
17. Herkenhoff, K., Phillips, G. M., & Cohen-Cole, E. (2021). The impact of consumer credit access on self-employment and entrepreneurship. *Journal of Financial Economics*, 141(1), 345–371.

18. Hussain, M. A., & Tyagi, M. (2025). Political connections and credit access: Evidence from small businesses and microenterprises in India. *Small Business Economics*, 64(3), 1463–1491. <https://doi.org/10.1007/s11187-024-00950-y>
19. Liu, S., Koster, S., & Chen, X. (2022). Digital divide or dividend? The impact of digital finance on the migrants' entrepreneurship in less developed regions of China. *Cities*, 131, 103896.
20. Manzoor, F., Wei, L., & Sahito, N. (2021). The role of SMEs in rural development: Access of SMEs to finance as a mediator. *Plos One*, 16(3), e0247598.
21. Maurya, P., & Mohanty, P. C. (2021). Inter-temporal and spatial variation in credit access to Indian unorganized women entrepreneurs. *Journal of Public Affairs*, 21(2), e2192. <https://doi.org/10.1002/pa.2192>
22. Mushtaq, R., Gull, A. A., & Usman, M. (2022). ICT adoption, innovation, and SMEs' access to finance. *Telecommunications Policy*, 46(3), 102275.
23. Nguyen, B., & Canh, N. P. (2021). Formal and informal financing decisions of small businesses. *Small Business Economics*, 57(3), 1545–1567. <https://doi.org/10.1007/s11187-020-00361-9>
24. Nicolas, T. (2022). Short-term financial constraints and SMEs' investment decision: Evidence from the working capital channel. *Small Business Economics*, 58(4), 1885–1914. <https://doi.org/10.1007/s11187-021-00488-3>
25. Rajamani, K., Jan, N. A., Subramani, A. K., & Raj, A. N. (2022). Access to finance: Challenges faced by micro, small, and medium enterprises in India. *Engineering Economics*, 33(1), 73–85.
26. Ribas, R. P. (2020). Liquidity constraints, spillovers, and entrepreneurship: Evidence from a cash transfer program. *Small Business Economics*, 55(4), 1131–1158. <https://doi.org/10.1007/s11187-019-00178-1>
27. Zanella, F. (2020). 108 countries put to test. 2. <https://doi.org/10.17632/srfm8c458f.2>

This article is licensed under a [Creative Commons Attribution 4.0 International \(CC BY 4.0\)](https://creativecommons.org/licenses/by/4.0/)

License; copyright remains with the author(s)