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Systematic Literature Review on SMEs Financing Decision

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Abstract

A systematic review of the existing literature on SMEs financing from 2017 to 2020, is demonstrated in this paper. The review covers 60 articles indexed in SSCI, SCIE and AHCI, analyzing the literature from 4 aspects: research design, scope of research, sampling/data collection and data analysis. The study indicates that this line of research has the following characteristics: (a)high use of formalized, statistical and longitudinal. (b) concentration on Europe and Asia. (c)a prevalent use of the whole population. (d)heavy reliance on an econometric model.

Keywords

Capital Structure; SME; Literature Review; Financing.

1. Introduction

Small and medium enterprises (SMEs) perform a pivotal role in the growth and stability of the economy. SME is the dominant type of enterprise around the world. For instance, SMEs account for 99% of the companies in China, contributing to more than 50% of tax revenue and generating 60% of gross domestic product (GDP). Additionally, SMEs make a great contribution to innovation, nurturing and employment generation. It creates over 80% employment and fosters 70% of the innovation in China. Although the contributions of SMEs may differ from various countries, researchers have proved that there is a positive relationship between the development of SMEs and economic growth. However, SMEs are facing financial constraints when they need funds to maintain or expand their business. Moscalu, Girardone and Calabrese [1] point out that financial constraints is one of the most pressing issues that impede the growth of SMEs. Given the contribution and importance of SMEs to the economy, it is imperative to better understand SME financing and the obstacles that prevent SMEs from procuring finance to support and expand their business. For this reason, a systematic literature review is conducted to provide a systematic and holistic review of the extant empirical research on SMEs financing.

To drive the sample, articles are selected by the following steps: first, all papers are searched in the Web of Science core collection by the topics "capital structure" or “leverage” or “financing”; the result is shown as set 1 in the advanced search. Then, advanced search is utilized to add topics "SME" and “small and medium enterprise” into the search history, which are set 2 and set 3 in advanced search, respectively. Next, the articles meet the requirements of set 1 and set 2 or set 1 and set 3 are selected. After that, articles indexed in Social Science Citation Index (SSCI), Science Citation Index-Expanded (SCIE) and Arts & Humanities Citation Index (AHCI) in the research area of business economics are retained. Last, irrelevant articles are excluded by manually checking all titles, abstracts and author keywords. In total, 60 papers ranging from 2017-2020 have been included in the samples (see Table 1). The number and the publication year of the articles are plotted in Fig. 1.

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Table 1. The selected articles

	Authors	Article Title	Source Title	Year
1	Calabrese, R; Cowling, M; Liu, WX	Understanding the Dynamics of UK Covid-19 SME Financing	BRITISH JOURNAL OF MANAGEMENT	2021
2	Ho, KC; Gong, YJ	Information asymmetry and capital structure: Evidence from the Chinese stock market	INTERNATIONAL FINANCE	2021
3	Lu, Q; Deng, Y; Yu, M; Song, H; Liu, BN	Supply chain network and financing performance of small and medium enterprises in China: a survey and quasi-replication using fuzzy-set qualitative comparative analysis	BALTIC JOURNAL OF MANAGEMENT	2021
4	Cowling, M; Liu, WX; Conway, E	Ethnicity and bank lending before and during COVID-19	INTERNATIONAL JOURNAL OF ENTREPRENEURIAL BEHAVIOR & RESEARCH	2021
5	Lu, ZQ; Wu, JJ; Li, HY; Nguyen, DK	Local Bank, Digital Financial Inclusion and SME Financing Constraints: Empirical Evidence from China	EMERGING MARKETS FINANCE AND TRADE	2021
6	Liu, Y; Zhang, YF; Fang, HY; Chen, X	SMEs' line of credit under the COVID-19: evidence from China	SMALL BUSINESS ECONOMICS	2021
7	Hasan, I; Jackowicz, K; Jagiello, R; Kowalewski, O; Kozlowski, L	Local banks as difficult-to-replace SME lenders: Evidence from bank corrective programs	JOURNAL OF BANKING & FINANCE	2021
8	Eldridge, D; Nisar, TM; Torchia, M	What impact does equity crowdfunding have on SME innovation and growth? An empirical study	SMALL BUSINESS ECONOMICS	2021
9	Mina, A; Di Minin, A; Martelli, I; Testa, G; Santoleri, P	Public funding of innovation: Exploring applications and allocations of the European SME Instrument	RESEARCH POLICY	2021
10	Peon, D; Guntin, X	BANK CREDIT AND TRADE CREDIT AFTER THE FINANCIAL CRISIS: EVIDENCE FROM RURAL GALICIA	JOURNAL OF BUSINESS ECONOMICS AND MANAGEMENT	2021
11	Serrasqueiro, Z; Leitao, J; Smallbone, D	Small- and medium-sized enterprises (SME) growth and financing sources: Before and after the financial crisis	JOURNAL OF MANAGEMENT & ORGANIZATION	2021
12	Khowaja, IA; Talpur, U; Soomro, SH; Khan, MS	The non-banking financial institutions in perspective of economic growth of Pakistan	APPLIED ECONOMICS LETTERS	2021
13	Bongini, P; Ferrando, A; Rossi, E; Rossolini, M	SME access to market-based finance across Eurozone countries	SMALL BUSINESS ECONOMICS	2021
14	Archer, LT	Formality and Financing Patterns of Small and Medium-Sized Enterprises in Vietnam	EMERGING MARKETS FINANCE AND TRADE	2021
15	Lin, MS; Song, HJ; Sharma, A; Lee, S	Formal and informal SME financing in the restaurant industry: The impact of macroenvironment	JOURNAL OF HOSPITALITY AND TOURISM MANAGEMENT	2020

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16	Coakley, J; Huang, W	P2P lending and outside entrepreneurial finance	EUROPEAN JOURNAL OF FINANCE	2020
17	Wang, XD; Han, L; Huang, X	Bank competition, concentration and EU SME cost of debt	INTERNATIONAL REVIEW OF FINANCIAL ANALYSIS	2020
18	Martinez-Cillero, M; Lawless, M; O'Toole, C; Slaymaker, R	Financial frictions and the SME investment gap: new survey evidence for Ireland	VENTURE CAPITAL	2020
19	Lam, WR; Liu, Y	Tackling Small and Medium-Sized Enterprises (SMEs) Financing in China	ANNALS OF ECONOMICS AND FINANCE	2020
20	Park, S; Lee, IH; Kim, JE	Government support and small- and medium-sized enterprise (SME) performance: the moderating effects of diagnostic and support services	ASIAN BUSINESS & MANAGEMENT	2020
21	Arrieta-Paredes, MP; Hallsworth, AG; Coca-Stefaniak, JA	Small shop survival - The financial response to a global financial crisis	JOURNAL OF RETAILING AND CONSUMER SERVICES	2020
22	Arcuri, G; Levratto, N	Early stage SME bankruptcy: does the local banking market matter?	SMALL BUSINESS ECONOMICS	2020
23	Tang, Y; Moro, A	Trade credit in China: Exploring the link between short term debt and payables	PACIFIC-BASIN FINANCE JOURNAL	2020
24	Ullah, B	Financial constraints, corruption, and SME growth in transition economies	QUARTERLY REVIEW OF ECONOMICS AND FINANCE	2020
25	D'Ignazio, A; Menon, C	Causal Effect of Credit Guarantees for Small- and Medium-Sized Enterprises: Evidence from Italy	SCANDINAVIAN JOURNAL OF ECONOMICS	2020
26	Erdogan, AI	FACTORS AFFECTING COLLATERALIZED BORROWING BY SMES: EVIDENCE FROM EMERGING MARKETS	PRAGUE ECONOMIC PAPERS	2020
27	Lu, ZQ; Wu, JJ; Liu, J	Bank concentration and SME financing availability: the impact of promotion of financial inclusion in China	INTERNATIONAL JOURNAL OF BANK MARKETING	2020
28	Motta, V	Lack of access to external finance and SME labor productivity: does project quality matter?	SMALL BUSINESS ECONOMICS	2020
29	Wang, XD; Han, L; Huang, X	Bank market power and SME finance: Firm-bank evidence from European countries	JOURNAL OF INTERNATIONAL FINANCIAL MARKETS INSTITUTIONS & MONEY	2020
30	Wu, L; Xu, L	The role of venture capital in SME loans in China	RESEARCH IN INTERNATIONAL BUSINESS AND FINANCE	2020
31	Trunina, A; Liu, XL; Hafeez, M; Chen, J; Sarker, SA	Network, reputation, VC-financing: SME in Zhongguancun and Silicon Valley	CHINESE MANAGEMENT STUDIES	2020
32	Mol-Gomez-Vazquez, A; Hernandez-	Do foreign banks intensify borrower discouragement? The role of	INTERNATIONAL SMALL BUSINESS	2020

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	Canovas, G; Koeter-Kant, J	developed European institutions in ameliorating SME financing constraints	JOURNAL-RESEARCHING ENTREPRENEURSHIP	
33	Dowling, M; O'Gorman, C; Puncheva, P; Vanwalleghem, D	Trust and SME attitudes towards equity financing across Europe	JOURNAL OF WORLD BUSINESS	2019
34	Veiga, MG; McCahery, JA	The Financing of Small and Medium-Sized Enterprises: An Analysis of the Financing Gap in Brazil	EUROPEAN BUSINESS ORGANIZATION LAW REVIEW	2019
35	Botta, M	Financing Decisions and Performance of Italian SMEs in the Hotel Industry	CORNELL HOSPITALITY QUARTERLY	2019
36	Dewaelheyns, N; Van Hulle, C; Van Landuyt, Y	Employment Protection and SME Capital Structure Decisions	JOURNAL OF SMALL BUSINESS MANAGEMENT	2019
37	Maes, E; Dewaelheyns, N; Fuss, C; Van Hulle, C	The impact of exporting on financial debt choices of SMEs	JOURNAL OF BUSINESS RESEARCH	2019
38	Nguyen, LT; Su, JJ; Sharma, P	SME credit constraints in Asia's rising economic star: fresh empirical evidence from Vietnam	APPLIED ECONOMICS	2019
39	Erdogan, AI	Determinants of perceived bank financing accessibility for SMEs: evidence from an emerging market	ECONOMIC RESEARCH-EKONOMSKA ISTRAZIVANJA	2019
40	Liu, B; Cao, J; Johan, S; Leng, TC	The real effect of liquidity provision on entrepreneurial financing: evidence from a natural experiment in China	EUROPEAN JOURNAL OF FINANCE	2019
41	Hautala, P; Lorentz, H; Toyli, J	Value chain perspective on the use of trade credit during the 2006-2015 business cycle - evidence from Eurozone SMEs	INTERNATIONAL JOURNAL OF LOGISTICS-RESEARCH AND APPLICATIONS	2019
42	Howell, A	Ethnic entrepreneurship, initial financing, and business performance in China	SMALL BUSINESS ECONOMICS	2019
43	Barbu, TC; Bucur, RC; Cepoi, CO; Strachinaru, AI	Is the Increase on SMEs' Access to Finance in the Capital Markets Union Context Real? An Empirical Investigation	EKONOMICKY CASOPIS	2019
44	Kaya, O; Masetti, O	Small- And Medium-Sized Enterprise Financing And Securitization: Firm-Level Evidence From The Euro Area	ECONOMIC INQUIRY	2019
45	Wasiuzzaman, S; Nurdin, N	Debt financing decisions of SMEs in emerging markets: empirical evidence from Malaysia	INTERNATIONAL JOURNAL OF BANK MARKETING	2019
46	Ferrando, A; Preuss, C	What finance for what investment? Survey-based evidence for European companies	ECONOMIA POLITICA	2018
47	Duarte, FD; Gama, APM; Gulamhussen, MA	Defaults in bank loans to SMEs during the financial crisis	SMALL BUSINESS ECONOMICS	2018

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48	Dufour, D; Luu, P; Teller, P	The influence of cash flow on the speed of adjustment to the optimal capital structure	RESEARCH IN INTERNATIONAL BUSINESS AND FINANCE	2018
49	Mol-Gomez-Vazquez, A; Hernandez-Canovas, G; Koeter-Kant, J	Legal and Institutional Determinants of Factoring in SMEs: Empirical Analysis across 25 European Countries	JOURNAL OF SMALL BUSINESS MANAGEMENT	2018
50	Zeidan, R; Galil, K; Shapir, OM	Do ultimate owners follow the pecking order theory?	QUARTERLY REVIEW OF ECONOMICS AND FINANCE	2018
51	Badaj, F; Radi, B	Empirical investigation of SMEs' perceptions towards PLS financing in Morocco	INTERNATIONAL JOURNAL OF ISLAMIC AND MIDDLE EASTERN FINANCE AND MANAGEMENT	2018
52	Belas, J; Gavurova, B; Toth, P	Impact Of Selected Characteristics Of Smes On The Capital Structure	JOURNAL OF BUSINESS ECONOMICS AND MANAGEMENT	2018
53	Moro, A; Wisniewski, TP; Mantovani, GM	Does a manager's gender matter when accessing credit? Evidence from European data	JOURNAL OF BANKING & FINANCE	2017
54	Zhao, TS; Jones-Evans, D	SMEs, banks and the spatial differentiation of access to finance	JOURNAL OF ECONOMIC GEOGRAPHY	2017
55	Hasan, I; Jackowicz, K; Kowalewski, O; Kozlowski, L	Do local banking market structures matter for SME financing and performance? New evidence from an emerging economy	JOURNAL OF BANKING & FINANCE	2017
56	Matias, F; Serrasqueiro, Z	Are there reliable determinant factors of capital structure decisions? Empirical study of SMEs in different regions of Portugal	RESEARCH IN INTERNATIONAL BUSINESS AND FINANCE	2017
57	Mc Namara, A; Murro, P; O'Donohoe, S	Countries lending infrastructure and capital structure determination: The case of European SMEs	JOURNAL OF CORPORATE FINANCE	2017
58	Seo, JY	A Study of Effective Financial Support for SMEs to Improve Economic and Employment Conditions: Evidence from OECD Countries	MANAGERIAL AND DECISION ECONOMICS	2017
59	McCarthy, S; Oliver, B; Verreynne, ML	Bank financing and credit rationing of Australian SMEs	AUSTRALIAN JOURNAL OF MANAGEMENT	2017
60	Hahn, SB; Kwon, S; Yun, J	The effects of policy funds on the financing constraints of small- and medium-sized enterprises in South Korea	APPLIED ECONOMICS LETTERS	2017

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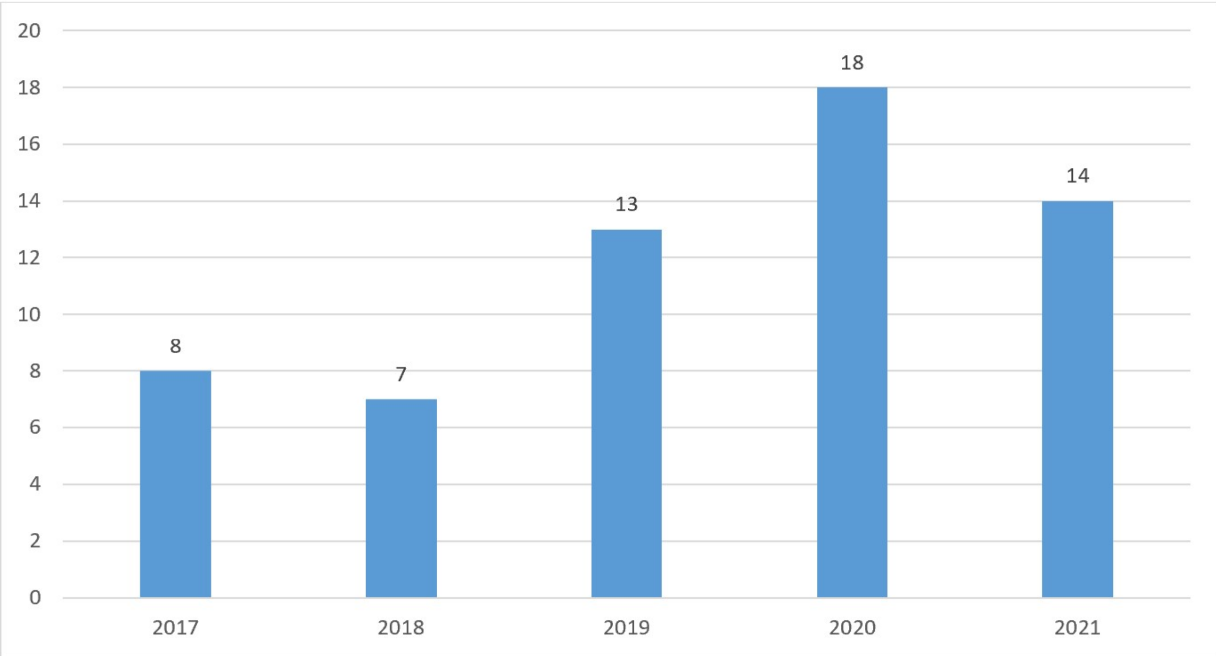

Figure 1. Number of relevant publications.

Following Aykol and Leonidou [2], articles were organized into the following sections: first, research design. In is section, the form of problem statement, the type of data set will be discussed. Second, the scope of research. This section will focus on the topical scope as well as the distribution of geography and industry where the research is conducted. Third, sampling/data collection. It includes sampling design, data collection, data source and sample size. Fourth, data analysis. It will concentrate on the model utilized in the research.

2. Research Design

Formalized approaches, which are demonstrated as hypotheses, are employed to state the research problem in all the articles (see Table 2). In contrast, exploratory studies are not found in the articles. This might be caused by third reasons. First, in general, an exploratory study is used to investigate the problem which is not clearly defined and studied. However, this line of research has been researched from different perspectives since Modigliani and Miller [3] proposed the MM theory. Second, this study only selects the articles published within the last 5 years; the number of articles accounts for a small part of the articles relating to SME financing. Third, recent articles may emphasize a specific area. There are 16 articles exploring the relationship of SME financing and banks, as bank is considered the difficult-to-replace lenders for SME [4]. For example, some articles explore the impact of bank concentration on SME financing [5-7].

Similarly, a statistical approach is adopted by all of the selected articles as various kinds of database could provide comprehensive data. A database could enable researchers to find firms with specific characteristics, such as SME, and perform a detailed analysis with large sample sizes. On the contrary, a smaller sample size is required in the case study [8]. Normally, a case study aims to gain an in-depth understanding based on a specific unit of analysis. VanWynsberghe and Khan [9] suggest that the similarities and differences found in the case study are conducive to expanding the scope of the theory. In spite of it, a case study is not used in the selected articles. Nevertheless, the absence of case studies in recent articles does not mean that it is not applicable to the study of SMEs financing. A case study could give an answer

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to 'what' and 'how' research questions, hence exploring a cause-and-effect relationship [10]. For example, Eldridge, Nisar and Torchia [11] investigate the impact of equity crowdfunding on SMEs' growth and how crowdfunding to narrow the financing gap for SMEs. The authors use 230 SMEs in the UK as the sample. In this case, a case study on a smaller size of samples could be considered as an alternative.

Table 2. Research design of articles on SME financing

Research design	Total (n=60)	2017 (n1 =8)	2018 (n2=7)	2019 (n3=13)	2020 (n4 =18)	2021 (n5 =14)
Problem crystallization						
exploratory	0%	0%	0%	0%	0%	0%
Formalized	100%	100%	100%	100%	100%	100%
Topical scope						
Statistical	100%	100%	100%	100%	100%	100%
Case study	0%	0%	0%	0%	0%	0%
Time dimension						
Cross-sectional	23.33%	12.50%	57.14%	38.46%	11.11%	14.29%
Longitudinal	76.67%	87.50%	42.86%	61.54%	88.89%	85.71%

With reference to the time dimension, cross-sectional and longitudinal research make up 23.33% and 76.67% of the research, respectively; therefore, longitudinal study is mainstream in recent years. In a longitudinal study, researchers collect the data from samples over a period of time in an attempt to detect the changes pertaining to the characteristics of the samples. Therefore, cause and effect relationship could be identified by a longitudinal study. As aforementioned, a large proportion of the selected articles are longitudinal studies. The authors investigate the impact of an event or new financing resource or policy on SME financing [4, 6, 11-17]. The advent and development of databases may contribute to the high use of longitudinal studies, as it significantly reduces the time spent collecting the data over a period of time. The low use of the cross-sectional study might be because this method is not capable of exploring the relationship in dynamic circumstances.

3. Scope of Research

As shown in Table 3, 70% of the research involves a single country. Although there is a fluctuation between 2017 and 2021, the single-country study is a dominant type of study. Multiple countries' studies are mainly conducted in Europe [7, 18-20], probably because the countries in the European Union can share the data and have a strong economic tie, which facilitates the research in multiple countries of Europe. In terms of the focus region, over 60% of the research is conducted in Europe, followed by Asia (28.33%) and Latin America (3.33%). 90% of the articles focus on a cross-section of industries, while only 10% of the articles focus on a single industry. It reflects the fact that researchers have a preference for using a large sample size. It could be attributed to the utilization of a database, allowing researchers to study the issue by a large sample size. Moreover, a large sample size enables researchers to produce a more accurate result. Although some articles study a single industry from 2019, it experiences a decrease in the number and percentage in the following 2 years. Hotel, retailer, restaurant and manufacturing are the industries studied in the articles [20-23].

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Table 3. Scope of research in articles on SMEs financing

Scope of research	Total (n=60)	2017 (n1 =8)	2018 (n2=7)	2019 (n3=13)	2020 (n4 =18)	2021 (n5 =14)
Countries involved						
1	70.00%	62.5%	71.43%	69.23%	55.56%	92.86%
2	1.67%	0%	0%	0%	5.56%	0%
3 or more	28.37%	37.5%	28.57%	30.77%	38.89%	7.14%
Focus region						
Europe	61.67%	62.5%	85.71%	69.23%	50.00%	57.14%
Asia	28.33%	12.50%	0%	30.77%	33.33%	42.86%
Latin American	3.33%	0%	14.29%	0%	5.56%	0%
Oceania	1.67%	12.50%	0%	0%	0%	0%
OECD	1.67%	12.50%	0%	0%	0%	0%
Emerging market	1.67%	0%	0%	0%	5.56%	0%
Not available	1.67%	0%	0%	0%	5.56%	0%
Industries covered						
Single	10%	0%	0%	23.08%	11.11%	7.14%
Multiple	90.00%	100%	100%	76.92%	88.89%	92.86%

4. Sampling/Data Collection

Overall, more than 70% of the articles cover the whole population of SMEs, but the utilization of the whole population hits a historic low in 2021. Probably due to the widespread use of the database. Generally, databases, such as AMADEUS, ORBIS and CSMAR, provide comprehensive data to scholars, covering the whole population of entities. In the countries where secondary data is not available, interviews, questionnaires, and case studies are the main forms of study. In particular, Wasiuzzaman and Nurdin [23] examine the debt financing of SME in Malaysia by questionnaire due to the strong protection of the data of banks and credit agencies. Another 28.33% of the studies employ probability samples and non-probability samples. Notedly, there is a tendency for the use of non-probability samples to rise from 2017 to 2021.

The sample size of the majority of the articles (81.66%) is more than 1000 units. It indicates a tendency to use a large sample size. As mentioned in section 3, 90% of the articles cover multiple industries. Compared to single industry study, they generally have a larger sample size as more SMEs are included. Additionally, the widespread use of the internet enables scholars to collect data from a larger number of the target population. Meanwhile, the advent of databases facilitates the data collection from more participants [2]. Furthermore, large sample size can be divided into separate segments in accordance with certain characteristics, such as gender and geography. In doing this, each segment has sufficient samples to perform statistical analysis, hence producing an accurate outcome.

5. Data Analysis

All of the articles employ an econometric model to analyze the data. According to the data shown in Table 4, the econometric model has become the most common way to investigate SME financing. An econometric model could transform a wide range of data into a clear model. For instance, the DID model could be utilized to measure the influence of a policy or an event on data. Peon and Guntin [13] investigate the impact of the financial crisis on credit for SME by building a DID model.

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Table 4. Data analysis in articles on SME financing

Data analysis	Total (n=60)	2017 (n1 =8)	2018 (n2=7)	2019 (n3=13)	2020 (n4 =18)	2021 (n5 =14)
Multiple regression model	23.33%	12.50%	0.00%	27.27%	27.78%	42.86%
DID model	3.33%	0%	0.00%	0%	0%	14.29%
GMM model	3.33%	0%	14.29%	0%	0%	7.14%
Probit model	21.67%	25.00%	14.29%	27.27%	16.67%	28.57%
Random-effects models	8.33%	25.00%	0%	0%	11.11%	7.14%
Logistic regression model	18.33%	25.00%	28.57%	0%	22.22%	0%
OLS regression model	10.00%	12.50%	14.29%	18.18%	11.11%	0%
structural equation model	5.00%	0%	14.29%	0.00%	11.11%	0%
Tobit model	1.67%	0%	0.%	9.09%	0%	0%
propensity score matching (PSM)	1.67%	0%	14.29%	0%	0%	0%
Panel Smooth Transition Regression model	1.67%	0%	0%	9.09%	0%	0%
Ordinal Generalized Linear Models	1.67%	0%	0%	9.09%	0%	0%

However, notably, there is a tendency to overuse econometrics in economic research. The scholars may obsess over the advanced econometric model and struggle with the statistical significance of coefficient estimation. They tend to invest time in establishing a seemingly profound econometric model rather than doing a field study to understand the real situation. This can be supported by the data in Table 5, 81.67% of the research uses secondary data from the database. In this way, researchers may not generate useful results to support economic growth.

Table 5. Sampling/data collection procedures in articles on SMEs financing

Sampling/data collection Procedures	Total (n=60)	2017 (n1 =8)	2018 (n2=7)	2019 (n3=13)	2020 (n4 =18)	2021 (n5 =14)
Sampling design						
Whole population	71.67%	75.00%	85.71%	69.23%	77.78%	57.14%
Probability sample	10.00%	12.50%	14.29%	15.38%	5.56%	7.14%
Non-probability sample	18.33%	12.50%	0%	15.38%	16.67%	35.71%
Data collection						
Questionnaire	15.00%	0%	42.86%	30.77%	5.56%	7.14%
Secondary data	81.67%	100%	57.14%	53.85%	94.44%	92.86%
Interview	3.33%	0%	0%	15.38%	0%	0%
Sample size						
99 or less	1.67%	0%	0%	0%	0%	7.14%
100-999	16.67%	12.50%	42.86%	30.77%	5.56%	14.29%
1000-4999	31.67%	12.50%	28.57%	23.08%	55.56%	21.43%
5000-9999	6.67%	0%	14.29%	7.69%	5.56%	7.14%
10000 or more	35.00%	50%	0%	30.77%	33.33%	50.00%
Not available	6.67%	25.00%	14.29%	7.69%	0%	0%

6. Conclusion and Recommendation

This overview of the existing empirical study on SME financing has been drawn from a review of 60 research papers published from 2016 to 2020 and indexed in SSCI, SCIE and AHCI. The study performs a systematic literature review from research design, scope of research, sampling/data collection and data analysis.

With reference to research design, formalized is the overwhelming form of problem crystallization. It indicates that an in-depth study of SME financing has been conducted by various researchers. Based on prior research, the majority of the articles propose their new hypotheses. Moreover, most of the articles use a quantitative research method and statistical techniques. The authors estimate their models on certain hypotheses and perform hypothesis testing. In contrast, case studies are not prevalent in the study.

In terms of research scope, the countries in Europe and Asia are the main areas which studies focus on. The lack of studies in countries like Indian, Russia and Canada indicates there is space to expand the research scope. In addition, the majority of multiple-country studies focus on Europe in this review to evaluate the impact of the social and cultural environment, e.g., religious beliefs; multiple-country studies across the continent are recommended. The institutions located in various places could cooperate to investigate and support SME financing.

In the case of sampling/data collection procedures, a myriad of articles use the whole population to study. It is conducive to generating a reliable outcome. However, it also indicates that it may lack in-depth research on a smaller sample size through a case study. The lack of a case study also leads to the prevalence of econometric models, as shown in the data analysis section.

With regard to data analysis, modelling is widely employed in the line of SME financing; a variety of models are utilized in the study, such as the multiple regression model, probit model and logistic regression model. Models tend to be shown as a mathematical equation, representing some aspects of the world. It could uncover the correlation between a variety of variables and estimate the impact imposed on the dependent variable. Nevertheless, it is worth noting that the obsession with modelling may lead to the ignorance of the real situation. The study of SME financing lacks other research designs and data collection and analysis techniques. Hence, case study, field study or field experiment is highly encouraged to perform in an attempt to diversify research evidence and have a deeper understanding of SME financing by various methods.

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