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Debt Performance Policies of Small and Medium Enterprises: A Cross-Country Study

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ABSTRACT

Small and medium-sized enterprises (SMEs) are important contributors to employment, income generation and economic activity, yet their access to and management of debt finance remain persistent challenges across different economic environments. This study assesses the debt performance policies of SMEs and examines factors associated with loan repayment experiences in developing and developed countries. The study adopts a quantitative, cross-sectional research design and draws on primary survey data collected from SMEs in Ghana, Nigeria, Germany and the Netherlands. A stratified sampling procedure was used to obtain responses from 194 SMEs across the four countries, while descriptive statistics and regression-based analysis were employed to examine patterns of loan repayment and the association between selected management and financing variables and repayment experience. The descriptive results indicate substantial cross-country variation in debt performance. The proportion of respondents reporting default was 36.9% in Ghana, 33.3% in Nigeria, 32.0% in Germany and 66.7% in the Netherlands. Access to finance was the most frequently identified factor associated with loan default in Ghana and Nigeria, whereas regulations were the most frequently identified factor in Germany and the Netherlands. Regression results indicate that formal management procedures were significantly associated with loan repayment experience ($\beta = -0.166$, $p = 0.029$), whereas the overall model examining management procedures, business size and interest-rate favorability was not statistically significant at the 5% level ($F = 2.312$, $p = 0.078$). The findings suggest that SME debt performance is shaped by an interaction of firm-level management practices and country-specific financial and institutional

conditions. The study recommends strengthening financial management systems, improving access to appropriately structured credit, enhancing borrower support and training, and designing SME debt policies that reflect differences in institutional and financial environments.

INTRODUCTION

Small and medium-sized enterprises (SMEs) occupy an important position in national economies because of their contribution to employment, entrepreneurship, innovation and income generation. Their importance is particularly pronounced in developing economies, where SMEs can provide employment and income opportunities in urban and rural communities and contribute to diversification of economic activity. SMEs are also important in developed economies, where they form a substantial component of business populations and contribute to innovation, competition and regional economic development (Ayyagari et al., 2019). SMEs are vital components of economies worldwide, playing a crucial role in job creation and economic development (Abdilakimov, 2023).

Despite their economic importance, SMEs frequently experience constraints in obtaining and managing external finance. Compared with larger firms, SMEs may have less collateral, shorter credit histories, weaker bargaining positions and more limited access to financial information and professional financial management. These characteristics can increase the cost of external finance and may influence lenders' assessment of SME credit risk. Access to finance therefore remains an important element of SME growth and financial sustainability (Adomako et al., 2019).

The financing problem is particularly important because debt can simultaneously provide an opportunity for business expansion and create repayment obligations that expose firms to financial distress. Bank loans, trade credit and other forms of debt allow SMEs to finance working capital, investment, technology acquisition and business expansion. However, where cash flows are insufficient to meet scheduled obligations, debt financing can result in repayment difficulties or default. The ability of an SME to manage debt is therefore not determined exclusively by the availability of finance. It also depends on the quality of financial management, business conditions, interest rates, regulatory requirements and the institutional environment in which the firm operates.

The financing conditions faced by SMEs also differ between developing and developed economies. In developing countries, financing constraints can arise from limited financial-sector depth, information asymmetry, inadequate collateral and relatively restricted access to formal credit. (Alhassan and Sakara 2018), for example, identify financing constraints as an important issue affecting SME access to credit in Ghana. In developed economies, SMEs may have access to more diversified financial markets, but they can nevertheless face regulatory, compliance and labor-market constraints that affect business performance.

The literature therefore suggests that SME debt performance should be examined within its broader institutional and economic context rather than through a single financial variable. Financial constraints, managerial capacity, regulatory conditions and the terms under which credit is supplied may interact to influence repayment outcomes.

The present study contributes to this discussion by comparing SMEs in Ghana and Nigeria, classified for the purpose of the study as developing-country cases, with SMEs in Germany and the

Netherlands, classified as developed-country cases. The study specifically examines the factors respondents associate with loan default and assesses patterns of loan repayment across the four countries. It also examines whether selected firm and financing characteristics are statistically associated with loan repayment experience.

The study addresses three main questions:

- What factors are associated with loan default among SMEs in the four countries?
- How do SME loan repayment experiences differ across the selected developing and developed economies?
- To what extent are selected management and financing characteristics associated with SME loan repayment experience?

The study is relevant to the SME finance literature because it combines a cross-country descriptive comparison with statistical analysis of selected determinants of repayment experience. It also provides evidence that can inform lenders, SME managers and policymakers concerning the design of debt-management and SME-financing policies.

1. LITERATURE REVIEW

1.1 SME Financing and Debt Performance

Debt financing is an important source of external finance for SMEs. It can enable firms to acquire productive assets, finance working capital and respond to growth opportunities. However, the availability and cost of debt are influenced by firm characteristics and the institutional environment. SMEs generally face greater financing constraints than larger firm's because lenders may perceive them as opaquer and riskier.

(Adomako et al.,2019) identify access to finance as an important factor in SME growth in Ghana. Similarly, research on developing economies indicates that financing constraints can limit firm's ability to invest and generate sufficient cash flows. These constraints are particularly relevant to debt performance because a firm that has difficulty obtaining working capital may have difficulty meeting existing debt obligations.

Debt performance should therefore be understood as the capacity of an enterprise to manage its borrowing obligations in relation to its cash flows, operating conditions and financial management capabilities. A firm may have access to credit but still experience repayment difficulties if the loan is poorly structured or if the firm's operating cash flow deteriorates.

1.2 Sources of SME Debt Finance

1.2.1 Trade Credit

Trade credit represents an important source of short-term financing for SMEs. Under trade-credit arrangements, firms receive goods or services from suppliers and make payment at a later date. This mechanism can reduce immediate liquidity requirements and provide SMEs with working-capital flexibility. Rahman et al. (2018) identify trade credit as an important complement to bank finance, particularly for firms that face constraints in accessing formal credit.

However, trade credit also creates payment obligations. Excessive dependence on supplier financing may increase liquidity pressure where sales decline or customers delay payment. (Zimon

& Dankiewicz 2020) argue that effective trade-credit management is therefore important to SME financial stability. This is particularly relevant given the perceived challenges in business lending highlighted by (Carbo-Valverde et al.,2016). As noted by (Bussoli & Marino,2018), the size and turnover of these businesses directly influence the amount of trade credit that can be realistically extended to them.

1.2.2 Commercial Bank Lending

Commercial banks remain a major source of external finance for SMEs. Bank finance can provide larger amounts of capital and longer repayment periods than some alternative sources. However, collateral requirements, credit assessment procedures and the cost of borrowing can constrain SME access.

Infelise (2019) notes the importance of policies that improve SME access to bank finance. In Nigeria, John-Akamelu & Muogbo (2018) similarly identify difficulties relating to collateral and loan requirements as constraints affecting SME's ability to obtain bank loans.

The relationship between bank finance and debt performance is therefore potentially complex. Access to finance may improve liquidity and investment capacity, but expensive or poorly structured loans can increase repayment pressure.

1.2.3 Insurance and Risk Management

SMEs are exposed to operational, financial and environmental risks that can adversely affect their capacity to service debt. Insurance can provide protection against some of these risks and thereby contribute to financial resilience. Hankinson & Surminski (2018) highlight the potential role of insurance in helping smaller firms respond to climate-related risks. Similarly, Hallegatte (2019) emphasizes the importance of economic resilience in reducing the effects of shocks on firms and economies.

The availability of risk-management instruments is therefore relevant to SME debt performance because unexpected losses can reduce cash flows available for debt servicing.

1.3 Theoretical Framework

This study is informed by the theory of change, understood as a framework for explaining how interventions, institutional arrangements and changes in organizational behavior can contribute to desired outcomes. Rather than treating SME debt performance as a consequence of a single factor, the framework allows the analysis to consider the chain connecting financial policies, managerial practices, financing conditions and repayment outcomes.

For SMEs, changes in financing arrangements may affect business liquidity, investment and operating capacity. However, the eventual effect on debt performance depends on how those financial resources are managed and on the wider environment in which the firm operates. For example, improved access to credit may support growth where financing is appropriately structured and deployed, but may increase repayment pressure where borrowing is excessive relative to cash-flow capacity.

The theory is therefore relevant to this study because debt performance can be viewed as an outcome of interacting firm-level and institutional mechanisms. Changes in credit conditions, financial management practices, training, regulatory requirements and lender support may influence the capacity of SMEs to meet debt obligations. The theory of change has since long, been considered when the question of social development is raised. However, the transition and growth of small businesses are equally known to be sophisticated and require adequate planning execution, and evaluation. As such, caution and quality thoughts are sought to be invested in effecting the proposed change (Donkor et al., 2018).

Considering strategic changes in new policies, restructuring operational methods, social intervention and other important elements that mold the functioning of SMEs requires critical thought and well-organized procedures (Gereben, Petriček & Winkler, 2019). The theory of change helps build a strong cognitive blueprint that directs the organization of tangible and other types of assets toward the attainment of structural changes in businesses (Godelnik, 2021).

The OECD (2017) emphasizes the importance of adapting SME financing systems to changing business conditions and expanding the range of financing alternatives available to smaller firms. From this perspective, effective debt-performance policy requires not merely increasing credit availability but also improving the institutional and managerial mechanisms through which credit is accessed, allocated and repaid.

2. METHODOLOGY

2.1 Research Design

The study employed a quantitative, cross-sectional research design. A cross-sectional approach was considered appropriate because data on SME financing and loan repayment experiences were collected at a particular point in time. The design enabled the study to describe patterns across countries and examine statistical associations between selected explanatory variables and loan repayment experience.

The study covered Ghana, Nigeria, Germany and the Netherlands. Ghana and Nigeria were used as developing-country cases, while Germany and the Netherlands were used as developed-country cases. The comparison was intended to identify similarities and differences in SME debt performance across contrasting economic and institutional environments.

2.2 Population and Sampling

The study targeted SMEs operating in the four selected countries. A proposed sample of 260 SMEs was initially established, with 65 firms allocated to each country. A stratified sampling procedure was used, with country of operation serving as the principal stratification variable. Within each stratum, SMEs were selected using a random sampling procedure. Stratified random sampling involves dividing the population of interest into distinct subgroups, or strata, based on a pre-defined characteristic (Saunders et al., 2020).

A total of 194 usable responses were obtained and used for the principal analysis. The final country distribution was 103 SMEs from Ghana, 42 from Nigeria, 25 from Germany and 24 from the Netherlands.

2.3 Data Collection

Primary data were collected using a structured questionnaire. The questionnaire obtained information concerning SME characteristics, financing conditions, management practices and loan repayment experience. Respondents were also asked to identify factors they considered relevant to loan default.

Secondary literature and institutional reports were used to provide the conceptual and contextual basis for interpreting the empirical findings.

2.4 Measurement and Analytical Procedures

The study used frequency and percentage analysis to identify patterns in respondent's perceptions of loan default and repayment performance. The analysis was complemented by regression-based statistical testing.

The principal dependent variable was respondent's reported experience in paying their loan. Explanatory variables included the number of people employed in the business, the existence of formal management procedures such as record keeping and organizational structure, and respondents' assessment of whether loan interest rates were favorable to their businesses.

The general regression specification was:

$$Y_i = \beta_0 + \beta_1 \text{Size}_i + \beta_2 \text{Management}_i + \beta_3 \text{Interest}_i + \epsilon_i$$

where Y_i represents loan repayment experience, Size_i represents the number of employees, Management_i represents the existence of formal management procedures, Interest_i represents perceived favorability of interest rates, and ϵ_i is the error term. The analysis was conducted using SPSS.

3. EMPIRICAL RESULTS AND DISCUSSION

3.1 Factors Associated with SME Loan Default

The descriptive results indicate that respondents identified different factors as relevant to loan default across the four countries. The principal factors were availability of skilled staff, access to finance, competition, lending and interest rates and regulations.

Table 1. Factors Associated with SME Loan Default

Factor	Ghana	Nigeria	Germany	Netherlands	Total
Availability of skilled staff	10 (16.95%)	13 (23.21%)	8 (20.00%)	9 (23.08%)	40
Access to finance	15 (25.42%)	16 (28.57%)	6 (15.00%)	8 (20.51%)	45
Competition	9 (15.25%)	7 (12.50%)	6 (15.00%)	6 (15.38%)	28
Lending/interest rates	13 (22.03%)	12 (21.43%)	8 (20.00%)	7 (17.95%)	40
Regulations	11 (18.64%)	8 (14.29%)	10 (25.00%)	9 (23.08%)	38
Other	1 (1.69%)	0 (0.00%)	2 (5.00%)	0 (0.00%)	
Total	59	56	40	39	194

Source: Survey data, 2026

Access to finance was the most frequently reported factor in Ghana and Nigeria, accounting for 25.42% and 28.57% of responses, respectively. This pattern is consistent with literature

identifying financing constraints as a major obstacle to SME development in developing economies (Alhassan & Sakara, 2018; Adomako et al., 2019).

In Germany and the Netherlands, regulations received the highest proportion of responses, at 25.00% and 23.08%, respectively. This does not establish that regulation causes loan default; rather, it indicates that respondents in the two countries more frequently identified regulatory conditions as relevant to their repayment environment.

The availability of skilled staff was also reported across all four countries, ranging from 16.95% in Ghana to 23.21% in Nigeria and 23.08% in the Netherlands. This suggests that human-capital constraints are not exclusively a developing-country phenomenon. For SMEs, limited managerial and technical capacity can affect record keeping, cash-flow management, financial planning and the ability to respond to changing market conditions.

Interest rates were also frequently identified. The proportion was 22.03% in Ghana, 21.43% in Nigeria, 20.00% in Germany and 17.95% in the Netherlands. These results indicate that the cost of borrowing remains relevant across economic contexts, although the subsequent regression analysis does not establish a statistically significant relationship between perceived interest-rate favorability and loan repayment experience.

3.2 Developing and Developed Economies

The comparison indicates a different pattern in the factors emphasized by respondents in developing and developed economies.

In Ghana and Nigeria, access to finance was the most frequently reported factor. This is consistent with the argument that SMEs in developing economies may face greater financing constraints arising from limited access to formal financial services, collateral requirements and information asymmetry.

In Germany and the Netherlands, regulations received the highest proportion of responses. This finding should be interpreted as a respondent perception rather than evidence that regulatory requirements directly cause default. Regulatory compliance can generate administrative and financial costs, but the magnitude of such effects requires further investigation using firm-level longitudinal data.

The results also demonstrate that the distinction between developing and developed economies should not be treated as absolute. The Netherlands recorded a high proportion of reported defaults despite being classified as a developed economy, while Germany recorded a substantially lower proportion. This within-group variation indicates that national institutional and market conditions may matter in addition to the broad developing and developed classification.

3.3 SME Loan Repayment Performance

Table 2 presents respondent's reported loan repayment experience.

Table 2. SME Loan Repayment Performance

Category	Nigeria	Ghana	Germany	Netherlands	Total
Defaulted	14 (33.3%)	38 (36.9%)	8 (32.0%)	16 (66.7%)	76 (39.2%)

Difficulties in repaying	7 (16.7%)	15 (14.6%)	0 (0.0%)	1 (4.2%)	23 (11.9%)
Manageable	19 (45.2%)	42 (40.8%)	7 (28.0%)	6 (25.0%)	74 (38.1%)
Easy to pay	2 (4.8%)	8 (7.8%)	5 (20.0%)	1 (4.2%)	16 (8.2%)
None	0 (0.0%)	0 (0.0%)	5 (20.0%)	0 (0.0%)	5 (2.6%)
Total	42	103	25	24	194

Source: Survey data, 2026

The descriptive results reveal considerable variation in repayment experience. Default was reported by 36.9% of Ghanaian respondents, 33.3% of Nigerian respondents, 32.0% of German respondents and 66.7% of the Netherlands respondents.

Ghana had the largest number of respondents in the study and recorded 36.9% in the default category. At the same time, 40.8% reported loans as manageable. Nigeria recorded 45.2% in the manageable category, while 33.3% reported default. Germany recorded 32.0% default and 28.0% manageable, while 20.0% described repayment as easy.

The variation across countries illustrates why SME debt performance cannot be adequately explained by a single measure of financial development. Institutional arrangements, lender practices, firm characteristics, economic conditions and management capacity may interact to shape repayment outcomes.

3.4 Regression Analysis of Loan Repayment Experience

The study further examined whether business size, formal management procedures and perceived interest-rate favorability were associated with loan repayment experience.

Table 3. Regression Model

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	5.665	3	1.888	2.312	0.078
Residual	137.190	168	0.817		
Total	142.855	171			

Dependent variable: loan repayment experience.

Source: Survey data, 2026

The overall regression model was not statistically significant at the 5% level, $F(3,168) = 2.312$, $p = 0.078$. Consequently, the null hypothesis that the set of explanatory variables has no statistically significant relationship with the dependent variable cannot be rejected at the conventional 5% significance level.

The coefficient estimates are presented in Table 4.

Table 4. Regression Coefficients

Predictor	B	Std. Error	Beta	t	Sig.
Constant	3.612	0.280	—	12.905	0.000
Number of employees	0.059	0.062	0.072	0.943	0.347
Formal management procedures	-0.358	0.157	-0.172	-2.271	0.024
Favorable interest rates	0.107	0.109	0.075	0.985	0.326

Source: Survey data, 2026

Business size, measured by the number of employees, was not significantly associated with loan repayment experience ($\beta = 0.072$, $p = 0.347$). Similarly, perceived favorability of interest rates was not statistically significant ($\beta = 0.075$, $p = 0.326$).

Formal management procedures were statistically significant at the 5% level ($\beta = -0.172$, $p = 0.024$). The negative coefficient indicates that formal management procedures were associated with lower values of the coded repayment-experience variable.

The significant coefficient nevertheless suggests that formal management procedures merit further investigation. One possible explanation is that SMEs experiencing financial difficulties may be more likely to introduce or formalize management procedures in response to those difficulties. If so, the observed negative association may reflect reverse causality rather than an adverse effect of formal management practices. Another possibility is that the questionnaire measure captured the presence of procedures without measuring their quality, effectiveness or actual implementation.

These possibilities reinforce the importance of distinguishing between the existence of a formal policy and its effective implementation. Record keeping, organizational structures and financial procedures are unlikely to improve debt performance merely because they exist on paper. Their contribution may depend on managerial capacity, compliance, monitoring and the quality of financial information generated.

4. DISCUSSION

The findings provide three broad insights into SME debt performance.

First, financing constraints remain important in developing-country contexts. Access to finance was the most frequently reported factor associated with loan default in both Ghana and Nigeria. This finding is consistent with the broader literature on SME financing constraints (Alhassan & Sakara, 2018; Adomako et al., 2019). Limited access to external finance can constrain working capital and investment, while unfavorable credit conditions can increase the burden of existing debt.

Second, the results show that regulatory conditions and human capital remain relevant in developed economies. Regulations were the most frequently reported factor in Germany and the Netherlands, while skilled staff were also frequently identified. These findings suggest that financial development alone does not eliminate the institutional and managerial challenges faced by SMEs.

Third, the descriptive comparison reveals substantial variation within both developing and developed country groups. The Netherlands recorded the highest proportion of respondents reporting default, whereas Germany recorded a substantially lower proportion. This finding cautions against treating economic development status as a sufficient explanation of SME debt performance.

The regression results provide an additional perspective. The overall model did not achieve statistical significance at the 5% level, even though formal management procedures were individually significant. This distinction is important. An individually significant coefficient does not mean that the overall set of predictors explains repayment experience sufficiently to establish a general causal relationship.

The finding concerning management procedures is particularly important for policy. SMEs need financial management systems that produce reliable information on revenues, costs, liquidity and debt obligations. However, formal procedures may have limited value if they are not

implemented effectively. Training, managerial competence and monitoring may therefore be as important as the existence of written policies.

The results also indicate that interest-rate favorability was not statistically significant in the regression model. This does not imply that interest rates are unimportant in SME finance. Rather, within this sample and model, the study does not find sufficient statistical evidence to conclude that respondents' perceptions of interest-rate favorability were associated with loan repayment experience.

The difference between the descriptive findings and regression results is also instructive. Respondents may perceive access to finance, interest rates and regulations as important factors in their business environment, while these variables may not display statistically significant relationships with the particular repayment measure used in the regression model. Perceived importance and statistical association are conceptually different forms of evidence and should not be treated as interchangeable.

5. POLICY IMPLICATIONS

The findings have implications for policymakers, lenders and SME managers.

For policymakers in developing economies, improving access to finance remains important. However, expanding credit availability without strengthening borrower capacity may not be sufficient. Credit policies should therefore be accompanied by financial education, business-development services and mechanisms that improve the quality of SME financial information.

For lenders, credit assessment should incorporate the specific circumstances of SMEs rather than relying exclusively on collateral or firm size. Greater attention to cash-flow capacity, business records, sector conditions and repayment history can potentially improve credit assessment. For SMEs, strengthening financial management is essential. Accurate bookkeeping, cash-flow forecasting, separation of business and personal finances, and systematic monitoring of debt obligations can improve the information available to managers and lenders.

The findings also suggest that regulatory policy should consider the administrative capacity of smaller firms. Simplification of procedures, clear regulatory guidance and digital reporting mechanisms may reduce compliance burdens without weakening necessary oversight.

Finally, SME debt policies should recognize country-specific differences. The high variation observed among the four countries suggests that a uniform policy framework may not produce uniform outcomes. Financial-sector development, institutional quality, market structure and SME capabilities should be considered when designing debt-performance interventions.

5.1 Contribution of the Study

The study contributes to the SME finance literature in three principal respects.

First, it provides a comparative perspective on SME debt performance across developing and developed economies. By examining Ghana and Nigeria alongside Germany and the Netherlands, the study demonstrates that financing and repayment challenges occur across different levels of economic development, although their perceived drivers vary.

Second, the study distinguishes between descriptive perceptions and statistical associations. Access to finance, regulations, skilled staff and interest rates were identified descriptively as relevant factors, but the regression results show that not all such factors have statistically significant associations with repayment experience. This distinction contributes to a more cautious understanding of SME debt-performance determinants.

Third, the study draws attention to the importance of organizational and managerial systems. The significant association between formal management procedures and repayment experience suggests that future research should examine not only whether SMEs have management procedures but also whether these procedures are effectively implemented, monitored and used for decision-making.

5.2 Recommendations

Based on the findings, the following recommendations are proposed.

First, policymakers should strengthen SME financial inclusion while ensuring that expanded access to credit is accompanied by financial-management support. Credit programs should be designed around repayment capacity rather than credit availability alone.

Second, financial institutions should develop SME lending products that reflect differences in business cash flows and sector conditions. Credit assessment models should consider financial records, cash-flow performance and business prospects alongside traditional collateral requirements.

Third, lenders should provide appropriate borrower-support services, including financial-management training and guidance on debt planning. Such support may be particularly useful for SMEs with limited internal financial expertise.

Fourth, SMEs should strengthen record keeping, cash-flow forecasting and debt monitoring. Formal procedures should be implemented as active management tools rather than merely as compliance requirements.

Fifth, regulatory authorities should seek an appropriate balance between effective oversight and administrative simplicity. Clear procedures and accessible regulatory information can reduce unnecessary compliance costs for smaller enterprises.

Sixth, future debt-performance programs should recognize national differences rather than applying identical interventions across countries. The variation observed between Germany and the Netherlands, for example, indicates that developed economies may also require country-specific approaches.

5.3 Limitations and Directions for Future Research

The study has several limitations. First, the research covers only four countries. Ghana and Nigeria represent the developing-country group, while Germany and the Netherlands represent the developed-country group. The findings should therefore not be generalized to all developing or developed economies.

Second, the study relies substantially on self-reported survey responses. Respondents' perceptions of default factors and repayment experience may differ from objectively measured loan-performance data.

Third, the cross-sectional design limits the ability to establish causality. In particular, the negative association between formal management procedures and repayment experience may reflect reverse causality, omitted variables or differences in the way management procedures are implemented.

Fourth, the unequal country sample sizes limit direct comparison between countries. The relatively small samples from Germany and the Netherlands mean that country-specific percentages should be interpreted cautiously.

Future studies should employ larger and more balanced samples across countries and use longitudinal data to examine changes in repayment behavior over time. Future research should also incorporate objective indicators such as non-performing loan status, repayment arrears, debt-service coverage ratios, interest rates, loan maturity and collateral requirements. Qualitative interviews with SME owners, lenders and regulators could further explain why formal management procedures are associated with repayment experience and whether the observed relationship reflects causality or selection effects.

CONCLUSION

This study examined SME debt performance in Ghana, Nigeria, Germany and the Netherlands, focusing on factors associated with loan default and loan repayment experience. The findings demonstrate that SME debt performance is multidimensional and differs across national contexts. Access to finance was the most frequently identified factor associated with loan default in Ghana and Nigeria, while regulations were most frequently identified in Germany and the Netherlands.

Skilled personnel and lending conditions were also relevant across the four countries. The repayment data showed substantial variation, with reported default ranging from 32.0% in Germany to 66.7% in the Netherlands within the study sample.

The regression analysis showed that the overall model comprising business size, formal management procedures and perceived interest-rate favorability was not statistically significant at the 5% level. Business size and perceived interest-rate favorability were individually insignificant. Formal management procedures, however, were statistically associated with repayment experience.

Overall, the evidence suggests that SME debt performance should be addressed through a combination of improved financial management, appropriate credit design, lender support, financial education and context-sensitive regulation. The study contributes to the literature by demonstrating the importance of distinguishing between broad country classifications and the substantial variation that exists among individual national contexts.

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