

# An Analysis on The Factors That Determine Credit Gap Among Women Entrepreneurs

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**Abstract**—Women entrepreneurs play a crucial role in driving economic growth, generating employment and promoting social development. However, they continue to face a persistent credit gap in accessing institutional finance, which limits the growth, sustainability and expansion their business ventures. Despite various financial inclusion initiatives and policy measures, this gap remains a major challenge due to several interrelated factors. These include limited awareness of financial schemes, lower levels of education, inadequate business experience, lack of collateral security, complex banking procedures, and insufficient government support. Such barriers not only restrict access to formal sources of finance but also deepen the gender gap in financial inclusion. In this context, the present study focuses on identifying the key determinants that influence the credit gap among women entrepreneurs and examining how these factors affect their ability to obtain institutional credit. The study further seeks to prioritize these factors based on their relative significance in contributing to the problem. Data for the study were gathered from women entrepreneurs and stakeholders associated with financial access using a structured instrument, ensuring the collection of relevant and reliable information. To systematically evaluate and rank the identified factors, the Analytical Hierarchy Process (AHP) is employed, utilizing pairwise comparison techniques based on Saaty's 1-9 scale to determine the relative importance of each factor. The analysis highlights the most critical barriers that hinder financial accessibility and provides insights into areas requiring policy intervention and institutional support. By addressing these challenges, the study contributes to strategies aimed at improving financial inclusion and empowering women entrepreneurs, thereby fostering inclusive and sustainable economic development,

**Index Terms**—credit gap, women entrepreneur, gender gap in finance, source of finance.

## I. INTRODUCTION

Women entrepreneurship arose as a key contributor to economic development employment generation and poverty reduction. In recent times, there has been an increasing participation of women in business activities, particularly in sectors such as agriculture, trade and services. However, despite their enhanced participation Women entrepreneurs continue to face a range of challenges, especially in resource acquisition. Credit accessibility plays a key role in the establishment, expansion and sustainability of business ventures. Financial institutions act as enabling factors by providing necessary capital. However, studies have shown that women entrepreneurs often receive comparatively lower financial support than their male counterparts. This disparity creates a credit gap, which restricts business growth and limits economic opportunities for women. The issue of credit gap is influenced by a range of factors such as lack of collateral, low financial literacy, sociocultural barriers, limited networking and institutional biases. Understanding these factors is critical to strengthening financial inclusion and support women-led enterprises.

Women entrepreneurs are getting comparatively less finance from institutions that adversely affect their business venture. Despite the intensifying participation of women in entrepreneurial activities, financial institutions continue to exhibit disparities in lending, creating significant barriers to business development. Addressing this issue is essential for facilitating financial inclusion and ensuring sustainability.

The study is important due to the systematic financial disparity faced by women entrepreneurs. Even though governments and financial institutions have

formulated various schemes and initiative, the credit gap still exists. The significance of this study lies in— Identifying the key factors responsible for the credit gap among women entrepreneurs, understanding barriers in accessing institutional finance, supporting policymakers in designing better strategies for financial inclusion, enhancing awareness among women entrepreneurs about opportunities for financial growth.

## II. LITERATURE REVIEW

Access to finance is a critical factor in promoting entrepreneurship among women. Studies have shown the economics with equal property rights and financial access lead to have higher participation of women in business activities. Legal and institutional reforms significantly improve women's access to credit and financial services, thereby reducing gender disparities in entrepreneurship (Almodovar-Reteguis et al.,2012). Further, MSME credit markets have been identified as key drivers of economic growth by enabling business extension-job creation and participation in global markets. However, unequal distribution of credit continues to persist, especially for women entrepreneurs (Shinozaki et al.,2024)

Entrepreneurship has traditionally been influenced by male-dominated norms, which create barriers for women entering and succeeding in business. Research indicated that the entrepreneurial ecosystem often reflects as male-centric mindset, making it difficult for women to access equal opportunities. (Bruni et al.,2004). Women entrepreneurs also face societal challenges such as limited mobility, family responsibilities and lack of support systems. Studies highlight that factor like education, family support and social networks play a crucial role in promoting women entrepreneurship (Belhaj and Arafat.,2025)

Financial literacy is a significant determinant of credit access among women entrepreneurs. Research suggests that financial knowledge, skills and behaviour directly influence the ability to access and manage financial resources effectively. (Oladapo.,2024). Entrepreneurial orientation, combined with financial literacy, enhances business performance through innovation, risk-taking and better decision-making. Additionally, skill

development and training programs contribute to improved financial inclusion and economic independence (Munawar.,2025). Moreover, participation in digital platforms and financial networks enhances access to both formal and informal credit sources. Technology acts as a mediating factor in improving financial accessibility and business sustainability (Feranita et al.,2024)

Government initiative and policy interventions play a crucial role in supporting women entrepreneurs, Programs such as MUDRA, Stand-Up India, and Startup India have contributed significantly to MSME growth by providing financial assistance and promoting entrepreneurship (Satsangi et al.,2025). However, challenges such as complex regulations, compliance costs and legal imbalances still hinder access to credit. Studies suggest that simplifying procedures and improving transparency can enhance borrower satisfaction and financial accessibility (Luthra et al.,2024, Bhargava et al.,2022)

Despite various initiative women entrepreneurs continue to face a significant credit gap. Research indicates that women-owned businesses often receive smaller loans and have lower probabilities of obtaining credit compared to male owned businesses (Chaudhuri et al.,2020). Financial barriers such as lack of collateral, poor financial records and limited business experience further restrict access to credit. These constraints negatively impact business growth and sustainability (Gebremaram.,2017)

Women entrepreneurs contribute significantly to poverty alleviation, employment generation and rural development. However, their growth is often constrained by low literacy levels, weak institutional support and limited access to financial resources (Sulah.,2025). Studies also show that participation in group networks and social institutions improves access to informal credit. Social capital plays a vital role in enhancing financial inclusion and business success (Mdoe et al.,2018)

Recently studies highlight the importance of combining financial, social and technological support to ensure sustainable growth of women entrepreneurs. Balanced support systems, including financial access, digital adoption and policy backing are essential for long term success. (Ismanto et al.,2024). Additionally, research emphasizes the role of multiple forms of capital-human, social, financial, physical and

intellectual in influencing entrepreneurial outcomes. Integration of these factors leads to improved business performance and re-silience. (Feranita et al.,2024)

From the review of existing literature, it is evident that several studies have examined financial access, gender barriers and policy support for women entrepreneurs, However, there is a lack of focused research that identifies and ranks the specific factors contributing to the credit gap. Provides a structured prioritization of these factors. Applies analytical tools to evaluate the relative importance of each factor. Therefore, this study attempts to fill this gap by analyzing and ranking the determination of credit gap among women entrepreneurs using a systematic approach.

### III. METHODOLOGY

Research Methodology explains the systematic procedures used to conduct the study and analyze the collected data. The present study aims to identify and rank the factors determining the credit gap among women entrepreneurs. The study adopts a structured analytical approach using the Analytic Hierarchy Process (AHP) to prioritize the major determinants influencing the credit gap. The methodology includes research design, area of study, population, sampling technique, data collection method, questionnaire design and analytical tools used for ranking the factors.

#### A. Research Design

The study follows a descriptive and analytical research design. Descriptive research is used to identify the characteristics of women entrepreneurs and understand the nature of credit access barriers. Analytical research is used to evaluate and rank the factors influencing credit gaps using the AHP technique. This approach enables systematic prioritization of multiple factors affecting credit access.

#### B. Area of Study

The study focuses on factors influencing credit access for women entrepreneurs from institutional financial sources. The analysis emphasizes identifying the most influential factors responsible for the credit gap.

#### C. Population of the Study

The population of the study includes stakeholders involved in women entrepreneurship and finance. Population includes women entrepreneurs, bank officials, policy experts, NGO/SHG representatives supporting women entrepreneurs. These respondents possess knowledge and experience regarding financial access issues faced by women entrepreneurs.

#### D. Sampling Technique

The study uses judgmental (purposive) sampling where respondents with relevant expertise in women entrepreneurship and finance were selected. AHP questionnaire is used for the survey of this research. The questionnaire consisting of all main factors and sub factors is designed to collect the pairwise comparison judgement from all experts. It is created with a nine-point Saaty's scale of relative importance which was originally developed by Thomas L Saaty. Table 4.1 shows the scale of relative importance for the AHP Questionnaire and its interpretation.

Multicriteria Decision Making (MCDM) benefits significantly from Analytic Hierarchy Process (AHP) as its popular effective decision technique. Professor Thomas L Saaty established AHP originally in the 1970s. AHP functions both a quantitative and qualitative methodology for subjective assessment of complex multiple criteria alternative evaluation processes. AHP helps in transforming complex problems to simple hierarchical structure.

Main steps of AHP include

- 1) Define the problem and objectives
- 2) Structure the decision hierarchy
  - a) Identify related factors and subfactors for evaluation of the stated objective These are identified based on literature review and expert opinion.
  - b) Develop hierarchical structure levels with goal, factors and related sub-factors.
- 3) Perform pairwise comparison based on experts
- 4) Construct a set of pairwise comparison matrices
- 5) Develop corresponding normalized matrices.
- 6) Calculate weights of factors and subfactors
- 7) Perform consistency check
- 8) Calculate global weights for factors
- 9) Publish the ranking of factors based on global weight

E. Data Collection

Primary data were collected using a structured questionnaire based on pairwise comparisons. Experts compared the importance of factors using Saaty’s 1-9 scale, which measures the relative importance between two criteria.

Table 3.1 Saaty Pairwise Comparison Scale

Scale Value	Interpretation
1	Equal importance
3	Moderate importance
5	Strong importance
7	Very strong importance
9	Extreme importance
2,4,6,8	Intermediate Values

Source: Secondary data (Saaty.1980)

Pairwise comparison is performed based on the above-mentioned relative scale. During pairwise comparison, each factor will get compared with all other factors. The number of rows can be calculated using the formula,  $n(n-1)/2$ , when there are n factors.

Secondary data was extracted from the Web of Science (WOS) database and provides a bibliometric overview of publications related to the selected research topic. The data spans from 1989 to 2026, covering a total of 9601 documents from 721 sources. (Journals, books and conference proceedings)

The main information table in fig 3.1 summarizes the key characteristics of the data set including the total number of publications, authors, sources-and the time period covered. It provides an overview of research scope and helps assess the size, diversity and reliability of secondary data used in analysis.

The three-field plot in Fig 3.2 illustrates the relationship among three variables in the data set. Each column represents a different field, and the size of each node indicates its frequency. The plot shows authors are connected to specific keywords and the journals in which they publish. The result depends on the data set used, and missing or biased data may affect the relationship shown in the plot.3.2

	A	B
1	Description	Results
2	MAIN INFORMATION ABOUT DATA	
3	Timespan	1989:2026
4	Sources (Journals, Books, etc)	721
5	Documents	9601
6	Annual Growth Rate %	11.56
7	Document Average Age	8.34
8	Average citations per doc	32.05
9	References	337174
10	DOCUMENT CONTENTS	
11	Keywords Plus (ID)	9286
12	Author's Keywords (DE)	20575
13	AUTHORS	
14	Authors	19598
15	Authors of single-authored docs	1495
16	AUTHORS COLLABORATION	
17	Single-authored docs	1586
18	Co-Authors per Doc	2.69
19	International co-authorships %	36.29
20	DOCUMENT TYPES	
21	article	9014
22	article; book chapter	9
23	article; early access	247
24	article; early access; retracted publica	2
25	article; proceedings paper	218
26	article; publication with expression of	2
27	article; retracted publication	9
28		100

Fig 3.1 Main information table

Source: Web of Science

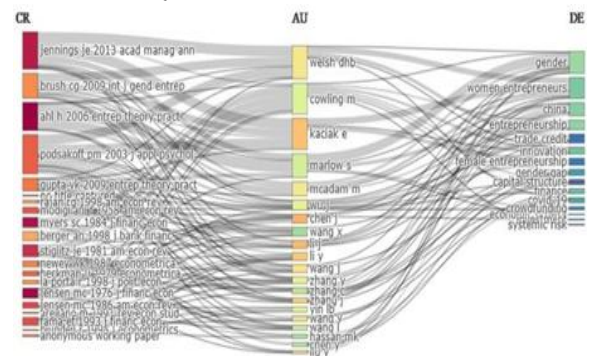


Fig 3.2 Three-field Plot

Source: Web of Science

F. Identification of Factors

Based on literature review and expert opinion, eight factors influencing credit gap among women entrepreneurs were identified.

Table 3.2 Main factors Influencing Credit Gap

Code	Factor
F1	Awareness of Financial Schemes
F2	Educational Qualification
F3	Business Experience
F4	Collateral Availability
F5	Banking Procedures
F6	Government Support and Policies
F7	Technological Factors
F8	Socio Cultural Factors

Source: Author

Sub Factors of Each Criterion

Each main factor contains three sub-factors.

Table 3.3 Sub Factors

Main factor	Sub Factors
Awareness of Financial Schemes	Awareness of subsidies & grants, Awareness of interest rates, Knowledge of loan programs
Educational Qualification	Level of education, financial literacy, Entrepreneurship training.
Business Experience	Years of experience, Past business performance, Management skills
Collateral Availability	Asset ownership, Value of collateral, Personal guarantees
Banking Procedures	Ease of loan application, Loan processing time, Interest rate policies
Government Support and Policies	Availability of grants, Regular incentives, Regulatory framework
Technological Factors	Digital literacy, Online banking access, Fintech usage
Socio Cultural Factors	Family support, Gender bias, social mobility support

Source: Author

Table 3.4 Consistency Results

Factor	$\lambda$ max	CI	RI	CR	Result
Educational Qualification	3.041	0.0205	0.58	0.0350	Consistent
Socio-Cultural Factors	3.057	0.0280	0.58	0.0480	Consistent
Technological Factors	3.081	0.0400	0.58	0.0690	Consistent
Financial Factors	3.039	0.0195	0.58	0.0330	Consistent
Business Experience	3.062	0.0310	0.58	0.580	Consistent
Collateral Availability	3.028	0.0140	0.58	0.024	Consistent
Govt Support and Policies	3.033	0.016	0.58	0.028	Consistent
Banking Procedures	3.074	0.037	0.58	0.064	Consistent

Source: Author

All matrices satisfy  $CR < 0.10$ , indicating reliable

G. Analytical Tool Used-Analytical Hierarchy Process (AHP)

The Analytical Hierarchy Process (AHP) is a Multi-Criteria Decision Making (MCDM) technique developed by Thomas Saaty. It helps in ranking alternatives based on pairwise comparisons and calculating priority weights.

The AHP process consists of the following steps. Steps in AHP

- 1) Identification of factors influencing credit gap
- 2) Structuring the hierarch of factors and sub factors
- 3) Constructing pairwise comparison matrices
- 4) Calculating priority weights
- 5) Checking consistency ratio (CR)
- 6) Ranking the factors based on global weights.

H. Consistency Test

To verify the reliability of judgements, the Consistency Ratio (CR) is calculated. A consistency ratio less than 0.10 indicates acceptable consistency.

Example Consistency Calculation (Sun Factor Matrix)

$\lambda_{max} = 3.041$  CI Calculation

$$CI = (\lambda_{max} - n) / (n - 1)$$

$$= (3.041 - 3) / 2$$

$$= 0.025$$

Random Index (RI)  $RI = 0.58$

Consistency Ratio  $CR = CI / RI$   $CR = 0.0205 / 0.58$

$CR = 0.035$

Since  $CR <$ , the matrix is consistent

I. Consistency Results for Major Factors

judgements.

Table 3.5 Final Ranking of Main Factors influencing Credit Gap

Rank	Factor	Global Weight
1	Educational Qualification	0.3488
2	Business Experience	0.1937
3	Collateral Availability	0.1226
4	Awareness of Financial Schemes	0.0884
5	Banking Procedures	0.0836
6	Govt Support and Policies	0.0742
7	Technological Factors	0.0529
8	Socio Cultural Factors	0.0358

Source: Author

Educational Qualification emerged as the most influential factor affecting the credit gap among women entrepreneurs.

Table 3.6 Ranking of key sub factors influencing credit gap

Rank	Sub Factor	Global Weight
1	Level of education	0.1744
2	Financial Literacy	0.1046
3	Years of Experience	0.0969
4	Entrepreneurial Training	0.0698
5	Asset Ownership	0.0613
6	Past Business Performance	0.0581
7	Ease of Loan Application	0.0422
8	Availability of Grants	0.0418
9	Management Skill	0.0387
10	Value of Collateral	0.0368
11	Family Support	0.0371
12	Loan Processing Time	0.0265
13	Digital Literacy	0.0265
14	Regular Incentives	0.0251
15	Personal Guarantees	0.0245
16	Gender Bias	0.0223
17	Income Stability	0.0179
18	Interest Rate Policies	0.0177
19	Regulatory Framework	0.0167
20	Online Banking	0.0159
21	Social Mobility Support	0.0148
22	Fintech Usage	0.0106
23	Credit History	0.0107
24	Savings Capacity	0.0072

Source: Author

These results show that education, financial

knowledge and entrepreneurial experience significantly influence women’s access to institutional credit.

#### IV. RESULT AND DISCUSSION

Based on AHP analysis and expert responses, following key findings were identified.

- 1) Educational Qualification is the most significant factor with a global weight of 0.3488
- 2) Business Experience ranked second with a weight of 0.1937
- 3) Collateral availability ranked third with a weight of 0.1226
- 4) Lack of awareness about govt schemes and subsidies contributes significantly to the credit gap.
- 5) Lengthy and complicated loan procedures discourage women entrepreneurs from applying for credit.
- 6) Although schemes exist their implementation and accessibility remain limited.
- 7) Limited digital literacy restricts online banking and fintech technology
- 8) Socio cultural factors like gender bias, lack of family support ranked lowest among eight factors.

The study confirms that education and financial knowledge are the most critical determinants of credit access. Practical exposure through business experience significantly improves creditworthiness. Structural barriers such as collateral requirements and banking procedures continue to hinder financial inclusion. Awareness and technical knowledge play a supporting role in bridging the credit gap. Although sociocultural factors exist, their direct impact is comparatively lower than financial and educational factors.

#### V. CONCLUSION

The study concludes that credit gap among women entrepreneurs is influenced by a combination of individual, financial, institutional and socio-cultural factors. Among these educational qualification and financial literacy are the most critical drivers. Improving these aspects can significantly enhance women’s ability to access formal credit. Additionally, simplifying banking procedures, increasing awareness of financial schemes, and promoting digital literacy can further reduce the credit gap. The findings

highlighted the need for integrated policy interventions including—Financial educational programs, Simplified loan procedures, better implementation of government schemes, support for collateral free lending. Overall, empowering women entrepreneurs through knowledge, experience and institutional support is essential for reducing the credit gap and promoting inclusive economic growth.

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