# Appendices

## Sample countries and number of firms by size

Table 2: Sample countries and number of firms by size

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Sample countries | Firm sizes | | | | | |
| Micro | Small | Medium | Large | Total | (%) |
| Algeria | 13 | 309 | 234 | 43 | 599 | 0,0076 |
| Mozambique | 120 | 307 | 142 | 28 | 597 | 0,0076 |
| South Africa | 120 | 374 | 371 | 192 | 1057 | 0,0134 |
| Brazil | 35 | 650 | 741 | 369 | 1795 | 0,0228 |
| Burkina Faso | 19 | 206 | 85 | 43 | 353 | 0,0045 |
| Eritrea | 0 | 97 | 46 | 8 | 151 | 0,0019 |
| Fiji | 0 | 75 | 54 | 21 | 150 | 0,0019 |
| Mauritius | 32 | 177 | 131 | 53 | 393 | 0,0050 |
| Micronesia | 0 | 44 | 22 | 0 | 66 | 0,0008 |
| Samoa | 4 | 62 | 31 | 5 | 102 | 0,0013 |
| Tonga | 0 | 132 | 17 | 0 | 149 | 0,0019 |
| Vanuatu | 5 | 75 | 47 | 0 | 127 | 0,0016 |
| Angola | 7 | 167 | 112 | 41 | 327 | 0,0042 |
| Antigua and Barbuda | 0 | 92 | 50 | 6 | 148 | 0,0019 |
| Bahamas | 0 | 69 | 51 | 25 | 145 | 0,0018 |
| Barbados | 0 | 48 | 60 | 34 | 142 | 0,0018 |
| Belize | 0 | 79 | 61 | 10 | 150 | 0,0019 |
| Botswana | 5 | 124 | 93 | 43 | 265 | 0,0034 |
| Chile | 5 | 301 | 400 | 326 | 1032 | 0,0131 |
| Costa Rica | 17 | 190 | 207 | 121 | 535 | 0,0068 |
| Dominica | 0 | 103 | 43 | 4 | 150 | 0,0019 |
| Grenada | 0 | 99 | 41 | 13 | 153 | 0,0019 |
| Guyana | 0 | 54 | 71 | 40 | 165 | 0,0021 |
| Jamaica | 0 | 135 | 152 | 62 | 349 | 0,0044 |
| Mexico | 32 | 473 | 466 | 498 | 1469 | 0,0187 |
| Panama | 2 | 121 | 156 | 68 | 347 | 0,0044 |
| Stkitts and nevis | 0 | 82 | 58 | 8 | 148 | 0,0019 |
| Stlucia | 0 | 79 | 55 | 16 | 150 | 0,0019 |
| Stvincent and the grenadines | 0 | 105 | 39 | 5 | 149 | 0,0019 |
| Suriname | 0 | 66 | 77 | 9 | 152 | 0,0019 |
| Trinidad and Tobago | 0 | 169 | 102 | 98 | 369 | 0,0047 |
| Venezuela | 23 | 140 | 100 | 41 | 304 | 0,0039 |
| Central African Republic | 0 | 101 | 38 | 10 | 149 | 0,0019 |
| Iraq | 65 | 542 | 138 | 6 | 751 | 0,0096 |
| Rwanda | 10 | 108 | 85 | 32 | 235 | 0,0030 |
| Sri Lanka | 0 | 312 | 175 | 105 | 592 | 0,0075 |
| China | 1 | 599 | 1060 | 967 | 2627 | 0,0334 |
| Russia | 2 | 2248 | 1443 | 485 | 4178 | 0,0531 |
| Montenegro | 12 | 83 | 34 | 14 | 143 | 0,0018 |
| Albania | 21 | 239 | 62 | 19 | 341 | 0,0043 |
| Armenia | 16 | 162 | 133 | 46 | 357 | 0,0045 |
| Azerbaijan | 0 | 213 | 142 | 32 | 387 | 0,0049 |
| Bangladesh | 5 | 497 | 514 | 421 | 1437 | 0,0183 |
| Belarus | 7 | 187 | 99 | 64 | 357 | 0,0045 |
| Bosnia and Herzegovina | 14 | 201 | 103 | 41 | 359 | 0,0046 |
| Bulgaria | 21 | 156 | 75 | 39 | 291 | 0,0037 |
| Croatia | 11 | 202 | 109 | 36 | 358 | 0,0046 |
| Czech Republic | 1 | 134 | 80 | 32 | 247 | 0,0031 |
| Djibouti | 22 | 318 | 140 | 32 | 512 | 0,0065 |
| D R Congo | 18 | 362 | 106 | 24 | 510 | 0,0065 |
| Estonia | 16 | 159 | 66 | 28 | 269 | 0,0034 |
| Fyr Macedonia | 42 | 203 | 92 | 20 | 357 | 0,0045 |
| Georgia | 4 | 243 | 87 | 26 | 360 | 0,0046 |
| Ghana | 0 | 471 | 185 | 53 | 709 | 0,0090 |
| Hungary | 13 | 174 | 64 | 47 | 298 | 0,0038 |
| Israel | 2 | 232 | 154 | 92 | 480 | 0,0061 |
| Jordan | 17 | 250 | 174 | 123 | 564 | 0,0072 |
| Kazakhstan | 5 | 300 | 219 | 73 | 597 | 0,0076 |
| Kenya | 50 | 309 | 253 | 140 | 752 | 0,0096 |
| Kosovo | 2 | 120 | 68 | 12 | 202 | 0,0026 |
| Kyrgyz Republic | 4 | 110 | 119 | 37 | 270 | 0,0034 |
| Latvia | 13 | 205 | 84 | 29 | 331 | 0,0042 |
| Lebanon | 37 | 244 | 190 | 85 | 556 | 0,0071 |
| Lithuania | 19 | 134 | 77 | 30 | 260 | 0,0033 |
| Madagascar | 38 | 283 | 107 | 78 | 506 | 0,0064 |
| Moldova | 11 | 202 | 111 | 34 | 358 | 0,0046 |
| Mongolia | 4 | 196 | 126 | 34 | 360 | 0,0046 |
| Morocco | 2 | 137 | 154 | 100 | 393 | 0,0050 |
| Nepal | 0 | 293 | 143 | 50 | 486 | 0,0062 |
| Pakistan | 60 | 406 | 407 | 244 | 1117 | 0,0142 |
| Poland | 38 | 266 | 155 | 75 | 534 | 0,0068 |
| Romania | 19 | 298 | 154 | 66 | 537 | 0,0068 |
| Serbia | 15 | 185 | 109 | 51 | 360 | 0,0046 |
| Slovak Republic | 10 | 140 | 77 | 37 | 264 | 0,0034 |
| Slovenia | 5 | 148 | 76 | 37 | 266 | 0,0034 |
| Tajikistan | 16 | 182 | 121 | 32 | 351 | 0,0045 |
| Tanzania | 91 | 363 | 183 | 70 | 707 | 0,0090 |
| Tunisia. | 17 | 190 | 233 | 150 | 590 | 0,0075 |
| Turkey | 22 | 534 | 455 | 286 | 1297 | 0,0165 |
| Uganda | 46 | 432 | 175 | 47 | 700 | 0,0089 |
| Ukraine | 11 | 496 | 324 | 136 | 967 | 0,0123 |
| Uzbekistan | 10 | 142 | 142 | 95 | 389 | 0,0049 |
| Gaza West Bank | 0 | 290 | 115 | 23 | 428 | 0,0054 |
| Zambia | 32 | 419 | 202 | 51 | 704 | 0,0090 |
| Yemen | 46 | 163 | 101 | 39 | 349 | 0,0044 |
| Afghanistan | 26 | 232 | 110 | 28 | 396 | 0,0050 |
| Burundi | 0 | 85 | 64 | 8 | 157 | 0,0020 |
| India | 12 | 3050 | 4013 | 2179 | 9254 | 0,1177 |
| Malawi | 29 | 261 | 140 | 67 | 497 | 0,0063 |
| Mauritania | 0 | 71 | 53 | 21 | 145 | 0,0018 |
| Namibia | 13 | 414 | 110 | 27 | 564 | 0,0072 |
| Nigeria | 120 | 1494 | 617 | 146 | 2377 | 0,0302 |
| Senegal | 18 | 383 | 123 | 45 | 569 | 0,0072 |
| South Sudan | 16 | 635 | 70 | 7 | 728 | 0,0093 |
| Sudan | 3 | 359 | 233 | 43 | 638 | 0,0081 |
| Bhutan | 27 | 129 | 80 | 15 | 251 | 0,0032 |
| Ethiopia | 28 | 404 | 242 | 161 | 835 | 0,0106 |
| Indonesia | 21 | 463 | 450 | 383 | 1317 | 0,0167 |
| Malaysia | 26 | 318 | 329 | 297 | 970 | 0,0123 |
| Papua New Guinea | 0 | 13 | 33 | 19 | 65 | 0,0008 |
| Philippines | 3 | 448 | 497 | 361 | 1309 | 0,0166 |
| Solomon Islands | 0 | 63 | 66 | 19 | 148 | 0,0019 |
| Timor-Leste | 0 | 87 | 30 | 7 | 124 | 0,0016 |
| Vietnam | 5 | 370 | 349 | 265 | 989 | 0,0126 |
| Benin | 2 | 59 | 59 | 30 | 150 | 0,0019 |
| Cambodia | 1 | 192 | 117 | 60 | 370 | 0,0047 |
| Cameron | 27 | 211 | 59 | 46 | 343 | 0,0044 |
| Ivory Coast | 10 | 185 | 101 | 47 | 343 | 0,0044 |
| Dominican Republic... | 0 | 148 | 120 | 84 | 352 | 0,0045 |
| Egypt | 41 | 682 | 542 | 526 | 1791 | 0,0228 |
| ElSalvador | 7 | 373 | 192 | 144 | 716 | 0,0091 |
| Eswatini | 0 | 70 | 59 | 18 | 147 | 0,0019 |
| Guinea | 0 | 109 | 27 | 11 | 147 | 0,0019 |
| Honduras | 12 | 186 | 96 | 34 | 328 | 0,0042 |
| Lao PDR | 0 | 217 | 104 | 47 | 368 | 0,0047 |
| Lesotho | 6 | 140 | 100 | 50 | 296 | 0,0038 |
| Mali | 3 | 77 | 66 | 34 | 180 | 0,0023 |
| Myanmar | 37 | 323 | 159 | 84 | 603 | 0,0077 |
| Nicaragua | 4 | 130 | 149 | 47 | 330 | 0,0042 |
| Thailand | 2 | 360 | 312 | 267 | 941 | 0,0120 |
| Togo | 7 | 70 | 52 | 20 | 149 | 0,0019 |
| Zimbabwe | 13 | 331 | 153 | 87 | 584 | 0,0074 |
| Argentina | 21 | 376 | 339 | 244 | 980 | 0,0125 |
| Bolivia | 4 | 185 | 91 | 81 | 361 | 0,0046 |
| Colombia | 25 | 394 | 366 | 200 | 985 | 0,0125 |
| Ecuador | 4 | 143 | 138 | 76 | 361 | 0,0046 |
| Guatemala | 13 | 139 | 100 | 88 | 340 | 0,0043 |
| Liberia | 2 | 188 | 78 | 26 | 294 | 0,0037 |
| Niger | 2 | 86 | 44 | 13 | 145 | 0,0018 |
| Paraguay | 6 | 115 | 128 | 115 | 364 | 0,0046 |
| Peru | 17 | 449 | 300 | 229 | 995 | 0,0127 |
| Sierra Leone | 0 | 101 | 35 | 16 | 152 | 0,0019 |
| Uruguay | 7 | 123 | 137 | 75 | 342 | 0,0043 |
| Chad | 6 | 102 | 33 | 11 | 152 | 0,0019 |
| Total | 2,008 | 36,330 | 26,218 | 14,073 | 78,629 | 100% |

## Descriptive statistics

### Descriptive Statistics: Financial Services by Firm Size

Table 3: Descriptive Statistics: Financial Services by Firm Size

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Variables: Financial Services | N | Moyenne | Sd | Min | Max |
| **Micro firms** | | | | | |
| Informal financing (2Fs) | 1,845 | 4.554472 | 16.849 | 0 | 100 |
| Internal financing | 1,898 | 76.29821 | 33.449 | 0 | 100 |
| Checking or savings account | 1,984 | .7137097 | .45214 | 0 | 1 |
| Overdraft facility | 1,875 | .1978667 | .39849 | 0 | 1 |
| Bank loan | 1,887 | 7.508744 | 20.025 | 0 | 100 |
| Non-bank financial institution loan | 1,885 | 1.529973 | 8.7560 | 0 | 100 |
| **Small firms** | | | | | |
| Informal financing (2Fs) | 34,394 | 3.469 | 13.35 | 0 | 100 |
| Internal financing | 35,197 | 75.01 | 32.97 | 0 | 100 |
| Checking or savings account | 36,090 | 0.838 | 0.368 | 0 | 1 |
| Overdraft facility | 34,497 | 0.314 | 0.464 | 0 | 1 |
| Bank loan | 35,020 | 10.13 | 22.24 | 0 | 100 |
| Non-bank financial institution loan | 34,923 | 1.403 | 8.000 | 0 | 100 |
| **Medium-sized firms** | | | | | |
| Informal financing (2Fs) | 24,791 | 2.224 | 10.61 | 0 | 100 |
| Internal financing | 25,433 | 69.99 | 33.96 | 0 | 100 |
| Checking or savings account | 26,025 | 0.914 | 0.280 | 0 | 1 |
| Overdraft facility | 25,006 | 0.481 | 0.500 | 0 | 1 |
| Bank loan | 25,280 | 15.67 | 25.86 | 0 | 100 |
| Non-bank financial institution loan | 25,096 | 1.338 | 7.750 | 0 | 100 |
| **Large firms** | | | | | |
| Informal financing (2Fs) | 13,279 | 1.439 | 8.253 | 0 | 100 |
| Internal financing | 13,631 | 66.60 | 34.64 | 0 | 100 |
| Checking or savings account | 13,975 | 0.940 | 0.237 | 0 | 1 |
| Overdraft facility | 13,482 | 0.606 | 0.489 | 0 | 1 |
| Bank loan | 13,510 | 19.32 | 27.50 | 0 | 100 |
| Non-bank financial institution loan | 13,392 | 1.493 | 8.406 | 0 | 100 |
| **All firms** | | | | | |
| Informal financing (2Fs) | 77,458 | 2.242 | 11.82 | 0 | 100 |
| Internal financing | 78,416 | 69.53 | 35.93 | 0 | 100 |
| Checking or savings account | 78,074 | 0.879 | 0.327 | 0 | 1 |
| Overdraft facility | 74,860 | 0.420 | 0.494 | 0 | 1 |
| Bank loan | 78,462 | 12.76 | 24.63 | 0 | 100 |
| Non-bank financial institution loan | 78,463 | 0.980 | 8.111 | 0 | 100 |

Source: Authors computation.

### Descriptive Statistics: Control Variables

Table 4: Descriptive Statistics: Control Variables

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Control variables | N | Mean | Sd | Min | Max |
| **Micro firms** | | | | | |
| Access to land | 1,923 | 0.258 | 0.438 | 0 | 1 |
| Licenses and permits to operate | 1,942 | 0.156 | 0.362 | 0 | 1 |
| Corruption | 1,927 | 0.362 | 0.481 | 0 | 1 |
| Courts | 1,802 | 0.128 | 0.334 | 0 | 1 |
| Crime, theft and disorder | 1,942 | 0.228 | 0.420 | 0 | 1 |
| Customs and trade regulations | 1,796 | 0.144 | 0.351 | 0 | 1 |
| Electricity | 1,991 | 0.343 | 0.475 | 0 | 1 |
| Education/labor market mismatch | 1,933 | 0.158 | 0.365 | 0 | 1 |
| Labor market regulation | 1,938 | 0.0980 | 0.297 | 0 | 1 |
| Political instability | 1,943 | 0.329 | 0.470 | 0 | 1 |
| Informal sector practices | 1,929 | 0.309 | 0.462 | 0 | 1 |
| Tax administration | 1,960 | 0.209 | 0.407 | 0 | 1 |
| Tax pressure rate | 1,971 | 0.292 | 0.455 | 0 | 1 |
| Telecommunications | 1,874 | 0.142 | 0.350 | 0 | 1 |
| Transportation | 1,950 | 0.188 | 0.391 | 0 | 1 |
| Ln (Age) | 2,004 | 2.332 | 0.863 | 0 | 4.691 |
| Ln (Number of workers) | 2,008 | 0.977 | 0.463 | 0 | 1.386 |
| Ln (Manager's experience) | 1,979 | 2.452 | 0.852 | 0 | 4.605 |
| **Small firms** | | | | | |
| Access to land | 35,050 | 0.203 | 0.402 | 0 | 1 |
| Licenses and permits to operate | 35,035 | 0.142 | 0.349 | 0 | 1 |
| Corruption | 34,939 | 0.349 | 0.477 | 0 | 1 |
| Courts | 33,203 | 0.126 | 0.332 | 0 | 1 |
| Crime, theft and disorder | 35,667 | 0.171 | 0.377 | 0 | 1 |
| Customs and trade regulations | 32,761 | 0.147 | 0.354 | 0 | 1 |
| Electricity | 36,193 | 0.314 | 0.464 | 0 | 1 |
| Education/labor market mismatch | 35,410 | 0.178 | 0.383 | 0 | 1 |
| Labor market regulation | 35,526 | 0.109 | 0.311 | 0 | 1 |
| Political instability | 35,341 | 0.304 | 0.460 | 0 | 1 |
| Informal sector practices | 34,704 | 0.281 | 0.450 | 0 | 1 |
| Tax administration | 35,531 | 0.211 | 0.408 | 0 | 1 |
| Tax pressure rate | 35,814 | 0.324 | 0.468 | 0 | 1 |
| Telecommunications | 34,364 | 0.147 | 0.354 | 0 | 1 |
| Transportation | 35,696 | 0.185 | 0.412 | 0 | 5 |
| Ln (Age) | 35,983 | 2.436 | 0.787 | 0 | 5.352 |
| Ln (Number of workers) | 36,330 | 2.189 | 0.419 | 1.609 | 2.944 |
| Ln (Manager's experience) | 35,657 | 2.544 | 0.759 | 0 | 4.500 |
| **Medium-sized firms** | | | | | |
| Access to land | 25,547 | 0.163 | 0.370 | 0 | 1 |
| Licenses and permits to operate | 25,520 | 0.148 | 0.355 | 0 | 1 |
| Corruption | 25,277 | 0.351 | 0.477 | 0 | 1 |
| Courts | 24,320 | 0.133 | 0.339 | 0 | 1 |
| Crime, theft and disorder | 25,868 | 0.154 | 0.361 | 0 | 1 |
| Customs and trade regulations | 24,272 | 0.160 | 0.366 | 0 | 1 |
| Electricity | 26,131 | 0.312 | 0.463 | 0 | 1 |
| Education/labor market mismatch | 25,713 | 0.209 | 0.407 | 0 | 1 |
| Labor market regulation | 25,795 | 0.136 | 0.343 | 0 | 1 |
| Political instability | 25,500 | 0.285 | 0.451 | 0 | 1 |
| Informal sector practices | 25,177 | 0.232 | 0.422 | 0 | 1 |
| Tax administration | 25,698 | 0.212 | 0.409 | 0 | 1 |
| Tax pressure rate | 25,977 | 0.331 | 0.471 | 0 | 1 |
| Telecommunications | 24,791 | 0.155 | 0.362 | 0 | 1 |
| Transportation | 25,889 | 0.183 | 0.387 | 0 | 1 |
| Ln (Age) | 25,965 | 2.711 | 0.737 | 0 | 5.416 |
| Ln (Number of workers) | 26,218 | 3.625 | 0.465 | 2.996 | 4.595 |
| Ln (Manager's experience) | 25,660 | 2.660 | 0.745 | 0 | 7.601 |
| **Large firms** | | | | | |
| Access to land | 13,736 | 0.131 | 0.338 | 0 | 1 |
| Licenses and permits to operate | 13,732 | 0.142 | 0.349 | 0 | 1 |
| Corruption | 13,572 | 0.329 | 0.470 | 0 | 1 |
| Courts | 13,188 | 0.135 | 0.342 | 0 | 1 |
| Crime, theft and disorder | 13,872 | 0.129 | 0.336 | 0 | 1 |
| Customs and trade regulations | 13,370 | 0.163 | 0.369 | 0 | 1 |
| Electricity | 14,025 | 0.298 | 0.457 | 0 | 1 |
| Education/labor market mismatch | 13,895 | 0.209 | 0.407 | 0 | 1 |
| Labor market regulation | 13,947 | 0.151 | 0.358 | 0 | 1 |
| Political instability | 13,711 | 0.279 | 0.449 | 0 | 1 |
| Informal sector practices | 13,477 | 0.176 | 0.381 | 0 | 1 |
| Tax administration | 13,810 | 0.195 | 0.396 | 0 | 1 |
| Tax pressure rate | 13,949 | 0.293 | 0.455 | 0 | 1 |
| Telecommunications | 13,482 | 0.165 | 0.371 | 0 | 1 |
| Transportation | 13,929 | 0.185 | 0.388 | 0 | 1 |
| Ln (Age) | 13,979 | 2.961 | 0.765 | 0 | 5.829 |
| Ln (Number of workers) | 14,073 | 5.518 | 0.861 | 4.605 | 11.47 |
| Ln (Manager's experience) | 13,690 | 2.767 | 0.722 | 0 | 4.277 |
| **All firms** | | | | | |
| Access to land | 76,256 | 0.178 | 0.383 | 0 | 1 |
| Licenses and permits to operate | 76,229 | 0.144 | 0.351 | 0 | 1 |
| Corruption | 75,715 | 0.346 | 0.476 | 0 | 1 |
| Courts | 72,513 | 0.130 | 0.336 | 0 | 1 |
| Crime, theft and disorder | 77,349 | 0.159 | 0.366 | 0 | 1 |
| Customs and trade regulations | 72,199 | 0.154 | 0.361 | 0 | 1 |
| Electricity | 78,340 | 0.311 | 0.463 | 0 | 1 |
| Education/labor market mismatch | 76,951 | 0.194 | 0.395 | 0 | 1 |
| Labor market regulation | 77,206 | 0.125 | 0.331 | 0 | 1 |
| Political instability | 76,495 | 0.294 | 0.456 | 0 | 1 |
| Informal sector practices | 75,288 | 0.246 | 0.431 | 0 | 1 |
| Tax administration | 76,999 | 0.208 | 0.406 | 0 | 1 |
| Tax pressure rate | 77,711 | 0.320 | 0.467 | 0 | 1 |
| Telecommunications | 74,511 | 0.153 | 0.360 | 0 | 1 |
| Transportation | 77,464 | 0.183 | 0.387 | 0 | 1 |
| Ln (Age) | 77,931 | 2.619 | 0.795 | 0 | 5.829 |
| Ln (Number of workers) | 78,629 | 3.233 | 1.382 | 0 | 11.47 |
| Ln (Manager's experience) | 76,985 | 2.620 | 0.756 | 0 | 7.601 |

Source: Author’s computation.

## Empirical Results: Financial Services and Firm Performance

Table 5: Financial Services and Micro-firm Performance

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Dependent variable: Micro-firm performance | | | | | | | |
|  | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Financial services | | | | | | | |
| Informal finance (2Fs) | 0.000233 |  |  |  |  |  | 0.000279 |
|  | (0.000233) |  |  |  |  |  | (0.000323) |
| Internal financing |  | 0.000142 |  |  |  |  | 9.61e-05 |
|  |  | (0.000120) |  |  |  |  | (0.000198) |
| Checking or savings account |  |  | -0.00170 |  |  |  | 7.39e-05 |
|  |  |  | (0.00891) |  |  |  | (0.00983) |
| Overdraft facility |  |  |  | 0.00394 |  |  | 0.00853 |
|  |  |  |  | (0.0101) |  |  | (0.0109) |
| Bank loan |  |  |  |  | -0.000414\*\* |  | -0.000359 |
|  |  |  |  |  | (0.000192) |  | (0.000271) |
| Non-banking financial institutions loan |  |  |  |  |  | 0.000133 | 0.000113 |
|  |  |  |  |  |  | (0.000521) | (0.000596) |
| Firm-specific characteristics | | | | | | | |
| Ln (Manager experience) | -0.00174 | -0.00235 | -0.00115 | -0.00382 | -0.00213 | -0.00206 | -0.00485 |
|  | (0.00581) | (0.00577) | (0.00567) | (0.00599) | (0.00580) | (0.00582) | (0.00619) |
| Ln (Age) | -0.0245\*\*\* | -0.0243\*\*\* | -0.0236\*\*\* | -0.0236\*\*\* | -0.0243\*\*\* | -0.0246\*\*\* | -0.0246\*\*\* |
|  | (0.00561) | (0.00557) | (0.00545) | (0.00570) | (0.00560) | (0.00562) | (0.00587) |
| Ln (Number of workers) | 0.0448\*\*\* | 0.0453\*\*\* | 0.0447\*\*\* | 0.0472\*\*\* | 0.0460\*\*\* | 0.0447\*\*\* | 0.0476\*\*\* |
|  | (0.00865) | (0.00864) | (0.00842) | (0.00866) | (0.00867) | (0.00867) | (0.00912) |
| Characteristics of the firm's environment | | | | | | | |
| Access to land | 0.0105 | 0.0113 | 0.0115 | 0.0131 | 0.00941 | 0.0110 | 0.0115 |
|  | (0.0105) | (0.0104) | (0.0101) | (0.0105) | (0.0105) | (0.0105) | (0.0110) |
| Licenses and permits to operate | 0.00143 | -0.000369 | -0.000274 | -0.00254 | 0.00116 | 0.00115 | -0.00189 |
|  | (0.0125) | (0.0123) | (0.0121) | (0.0126) | (0.0125) | (0.0125) | (0.0132) |
| Corruption | -0.00695 | -0.00919 | -0.00824 | -0.00410 | -0.00730 | -0.00637 | -0.00469 |
|  | (0.0106) | (0.0103) | (0.0101) | (0.0105) | (0.0106) | (0.0106) | (0.0112) |
| Courts | 0.0370\*\*\* | 0.0364\*\*\* | 0.0320\*\* | 0.0326\*\* | 0.0379\*\*\* | 0.0369\*\*\* | 0.0419\*\*\* |
|  | (0.0142) | (0.0140) | (0.0135) | (0.0139) | (0.0142) | (0.0142) | (0.0146) |
| Crime, theft and disorder | -0.00626 | -0.00493 | -0.00440 | 7.37e-05 | -0.00670 | -0.00630 | -0.00395 |
|  | (0.0109) | (0.0107) | (0.0105) | (0.0108) | (0.0108) | (0.0109) | (0.0112) |
| Customs and trade regulations | 0.00335 | 0.00601 | 0.00804 | 0.00501 | 0.00540 | 0.00367 | 0.00246 |
|  | (0.0128) | (0.0126) | (0.0122) | (0.0126) | (0.0128) | (0.0129) | (0.0134) |
| Electricity | 0.0162\* | 0.0178\* | 0.0168\* | 0.0183\* | 0.0158\* | 0.0167\* | 0.0184\* |
|  | (0.00947) | (0.00939) | (0.00922) | (0.00968) | (0.00945) | (0.00948) | (0.0101) |
| Education/labor market mismatch | 0.0190 | 0.0215\* | 0.0217\* | 0.0195 | 0.0192 | 0.0189 | 0.0191 |
|  | (0.0132) | (0.0129) | (0.0127) | (0.0129) | (0.0132) | (0.0132) | (0.0135) |
| Labor market regulation | 0.0138 | 0.0119 | 0.00789 | 0.00357 | 0.0156 | 0.0143 | 0.0131 |
|  | (0.0153) | (0.0151) | (0.0147) | (0.0149) | (0.0153) | (0.0153) | (0.0157) |
| Political instability | -0.0451\*\*\* | -0.0439\*\*\* | -0.0436\*\*\* | -0.0422\*\*\* | -0.0463\*\*\* | -0.0455\*\*\* | -0.0457\*\*\* |
|  | (0.0106) | (0.0105) | (0.0102) | (0.0105) | (0.0106) | (0.0106) | (0.0110) |
| Informal sector practices | -0.0138 | -0.0138 | -0.0137 | -0.0148 | -0.0132 | -0.0138 | -0.0128 |
|  | (0.00932) | (0.00924) | (0.00905) | (0.00934) | (0.00932) | (0.00934) | (0.00966) |
| Tax administration | -0.0202 | -0.0182 | -0.0181 | -0.0201 | -0.0208 | -0.0207 | -0.0221 |
|  | (0.0136) | (0.0134) | (0.0130) | (0.0135) | (0.0136) | (0.0136) | (0.0142) |
| Tax pressure rate | -0.00631 | -0.00554 | -0.00429 | -0.00528 | -0.00684 | -0.00613 | -0.00705 |
|  | (0.0114) | (0.0113) | (0.0110) | (0.0113) | (0.0114) | (0.0114) | (0.0118) |
| Telecommunications | -0.00866 | -0.00863 | -0.00695 | -0.00694 | -0.00877 | -0.00982 | -0.0128 |
|  | (0.0135) | (0.0133) | (0.0129) | (0.0132) | (0.0135) | (0.0135) | (0.0140) |
| Transport | 0.00253 | 0.00255 | 0.00223 | 0.000969 | 0.00353 | 0.00274 | 0.00222 |
|  | (0.0117) | (0.0115) | (0.0112) | (0.0115) | (0.0116) | (0.0117) | (0.0120) |
| Constant | -0.000697 | -0.0108 | -0.00317 | -0.00163 | 0.00340 | 0.00118 | -0.00232 |
|  | (0.0153) | (0.0181) | (0.0156) | (0.0150) | (0.0152) | (0.0152) | (0.0255) |
|  | |
| Observations | 1 352 | 1 363 | 1 416 | 1 341 | 1 351 | 1 349 | 1 271 |
| R-squared | 0.070 | 0.070 | 0.066 | 0.069 | 0.073 | 0.069 | 0.079 |
|  |  |  |  |  |  |  |  |

Source: authors' computation. P-value:\*\*\*p<0.01,\*\* p<0.05,\* p<0.1 Standard deviation in parentheses

**Table 6: Financial Services and Small Firm Performance**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Dependent variable: small-firm performance | | | | | | | |
|  | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Financial services | | | | | | | |
| Informal finance (2Fs) | 0.000130\*\* |  |  |  |  |  | 6.63e-05 |
|  | (5.89e-05) |  |  |  |  |  | (7.36e-05) |
| Internal financing |  | 3.47e-05 |  |  |  |  | 1.64e-05 |
|  |  | (2.39e-05) |  |  |  |  | (3.84e-05) |
| Checking or savings account |  |  | -0.0109\*\*\* |  |  |  | -0.0114\*\*\* |
|  |  |  | (0.00216) |  |  |  | (0.00226) |
| Overdraft facility |  |  |  | 0.000345 |  |  | 0.00410\*\* |
|  |  |  |  | (0.00170) |  |  | (0.00181) |
| Bank loan |  |  |  |  | -0.000135\*\*\* |  | -0.000117\*\* |
|  |  |  |  |  | (3.52e-05) |  | (5.08e-05) |
| Non-banking financial institutions loan |  |  |  |  |  | 0.000143 | 0.000193\* |
|  |  |  |  |  |  | (9.94e-05) | (0.000109) |
| Firm-specific characteristics | | | | | | | |
| Ln (Manager experience) | -0.00493\*\*\* | -0.00494\*\*\* | -0.00455\*\*\* | -0.00523\*\*\* | -0.00491\*\*\* | -0.00500\*\*\* | -0.00524\*\*\* |
|  | (0.00120) | (0.00119) | (0.00118) | (0.00119) | (0.00120) | (0.00120) | (0.00122) |
| Ln (Age) | -0.0169\*\*\* | -0.0167\*\*\* | -0.0165\*\*\* | -0.0167\*\*\* | -0.0167\*\*\* | -0.0169\*\*\* | -0.0170\*\*\* |
|  | (0.00117) | (0.00116) | (0.00115) | (0.00116) | (0.00116) | (0.00117) | (0.00118) |
| Ln (Number of workers) | 0.0200\*\*\* | 0.0201\*\*\* | 0.0212\*\*\* | 0.0183\*\*\* | 0.0204\*\*\* | 0.0199\*\*\* | 0.0194\*\*\* |
|  | (0.00189) | (0.00188) | (0.00187) | (0.00189) | (0.00189) | (0.00189) | (0.00193) |
| Characteristics of the firm's environment | | | | | | | |
| Access to land | 0.00372\* | 0.00369\* | 0.00334 | 0.00478\*\* | 0.00354\* | 0.00364\* | 0.00445\*\* |
|  | (0.00214) | (0.00212) | (0.00211) | (0.00213) | (0.00213) | (0.00214) | (0.00217) |
| Licenses and permits to operate | 0.00533\*\* | 0.00546\*\* | 0.00559\*\* | 0.00466\* | 0.00543\*\* | 0.00550\*\* | 0.00472\* |
|  | (0.00259) | (0.00257) | (0.00255) | (0.00257) | (0.00258) | (0.00259) | (0.00261) |
| Corruption | -0.00217 | -0.00223 | -0.00266 | -0.00260 | -0.00207 | -0.00208 | -0.00213 |
|  | (0.00201) | (0.00200) | (0.00198) | (0.00201) | (0.00201) | (0.00201) | (0.00205) |
| Courts | -0.00723\*\*\* | -0.00746\*\*\* | -0.00749\*\*\* | -0.00650\*\* | -0.00715\*\*\* | -0.00721\*\*\* | -0.00651\*\* |
|  | (0.00272) | (0.00270) | (0.00268) | (0.00269) | (0.00271) | (0.00272) | (0.00273) |
| Crime, theft and disorder | 0.00377 | 0.00332 | 0.00316 | 0.00457\*\* | 0.00350 | 0.00377 | 0.00436\* |
|  | (0.00234) | (0.00233) | (0.00231) | (0.00233) | (0.00234) | (0.00235) | (0.00237) |
| Customs and trade regulations | 0.00510\*\* | 0.00524\*\* | 0.00483\*\* | 0.00420\* | 0.00524\*\* | 0.00525\*\* | 0.00480\* |
|  | (0.00248) | (0.00246) | (0.00245) | (0.00246) | (0.00247) | (0.00248) | (0.00250) |
| Electricity | 0.00450\*\* | 0.00443\*\* | 0.00389\*\* | 0.00310\* | 0.00445\*\* | 0.00456\*\* | 0.00232 |
|  | (0.00186) | (0.00185) | (0.00183) | (0.00187) | (0.00186) | (0.00186) | (0.00191) |
| Education/labor market mismatch | 0.00185 | 0.00187 | 0.00130 | -0.000209 | 0.00204 | 0.00175 | 0.00129 |
|  | (0.00233) | (0.00232) | (0.00230) | (0.00230) | (0.00232) | (0.00233) | (0.00234) |
| Labor market regulation | -0.0103\*\*\* | -0.0102\*\*\* | -0.00951\*\*\* | -0.00891\*\*\* | -0.00982\*\*\* | -0.0102\*\*\* | -0.00919\*\*\* |
|  | (0.00286) | (0.00284) | (0.00282) | (0.00283) | (0.00285) | (0.00286) | (0.00287) |
| Political instability | -0.00523\*\*\* | -0.00537\*\*\* | -0.00538\*\*\* | -0.00561\*\*\* | -0.00558\*\*\* | -0.00532\*\*\* | -0.00645\*\*\* |
|  | (0.00201) | (0.00200) | (0.00199) | (0.00200) | (0.00201) | (0.00201) | (0.00203) |
| Informal sector practices | -0.000486 | -0.000266 | -0.000670 | 0.000325 | -0.000416 | -0.000511 | 0.000654 |
|  | (0.00188) | (0.00187) | (0.00186) | (0.00187) | (0.00187) | (0.00188) | (0.00190) |
| Tax administration | 0.00123 | 0.00108 | 0.00101 | 0.00230 | 0.00124 | 0.00133 | 0.00161 |
|  | (0.00245) | (0.00243) | (0.00242) | (0.00243) | (0.00245) | (0.00245) | (0.00247) |
| Tax pressure rate | -0.000796 | -0.000524 | -0.000117 | -0.00163 | -0.000802 | -0.000892 | -0.000317 |
|  | (0.00208) | (0.00206) | (0.00205) | (0.00205) | (0.00207) | (0.00208) | (0.00209) |
| Telecommunications | -0.00188 | -0.00172 | -0.00109 | -0.00112 | -0.00159 | -0.00180 | -0.000618 |
|  | (0.00250) | (0.00249) | (0.00247) | (0.00247) | (0.00250) | (0.00250) | (0.00252) |
| Transport | -0.000192 | -0.000341 | 0.000423 | 0.000479 | -6.66e-05 | -0.000225 | -0.000531 |
|  | (0.00222) | (0.00221) | (0.00215) | (0.00216) | (0.00221) | (0.00222) | (0.00224) |
| Constant | 0.0347\*\*\* | 0.0320\*\*\* | 0.0402\*\*\* | 0.0389\*\*\* | 0.0352\*\*\* | 0.0354\*\*\* | 0.0453\*\*\* |
|  | (0.00502) | (0.00541) | (0.00507) | (0.00496) | (0.00498) | (0.00500) | (0.00647) |
|  |  |  |  |  |  |  |  |
|  | |
| Observations | 25 166 | 25 379 | 25 943 | 24 742 | 25 237 | 25 163 | 23 830 |
| R-squared | 0.021 | 0.021 | 0.021 | 0.021 | 0.021 | 0.021 | 0.023 |

Source: authors' computation. P-value:\*\*\*p<0.01,\*\* p<0.05,\* p<0.1 Standard deviation in parentheses

**Table 7: Financial Services and Medium Sized Firm Performance**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Dependent variable: Medium-firm performance | | | | | | | |
|  | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Financial services | | | | | | | |
| Informal finance (2Fs) | 0.000180\*\* |  |  |  |  |  | 0.000114 |
|  | (8.59e-05) |  |  |  |  |  | (0.000101) |
| Internal financing |  | -3.38e-05 |  |  |  |  | 2.34e-05 |
|  |  | (2.71e-05) |  |  |  |  | (4.33e-05) |
| Checking or savings account |  |  | -0.0166\*\*\* |  |  |  | -0.0221\*\*\* |
|  |  |  | (0.00333) |  |  |  | (0.00336) |
| Overdraft facility |  |  |  | 0.00321\* |  |  | 0.00569\*\*\* |
|  |  |  |  | (0.00179) |  |  | (0.00190) |
| Bank loan |  |  |  |  | 1.12e-05 |  | 5.64e-05 |
|  |  |  |  |  | (3.58e-05) |  | (5.37e-05) |
| Non-banking financial institutions loan |  |  |  |  |  | 0.000222\* | 0.000153 |
|  |  |  |  |  |  | (0.000117) | (0.000126) |
| Firm-specific characteristics | | | | | | | |
| Ln (Manager experience) | -0.00278\*\* | -0.00272\*\* | -0.00200 | -0.00230\* | -0.00278\*\* | -0.00280\*\* | -0.00239\* |
|  | (0.00132) | (0.00130) | (0.00130) | (0.00128) | (0.00131) | (0.00131) | (0.00130) |
| Ln (Age) | -0.0212\*\*\* | -0.0210\*\*\* | -0.0211\*\*\* | -0.0212\*\*\* | -0.0210\*\*\* | -0.0212\*\*\* | -0.0218\*\*\* |
|  | (0.00134) | (0.00132) | (0.00132) | (0.00130) | (0.00133) | (0.00134) | (0.00132) |
| Ln (Number of workers) | 0.00673\*\*\* | 0.00651\*\*\* | 0.00797\*\*\* | 0.00571\*\*\* | 0.00656\*\*\* | 0.00670\*\*\* | 0.00492\*\* |
|  | (0.00197) | (0.00194) | (0.00194) | (0.00191) | (0.00196) | (0.00197) | (0.00194) |
| Characteristics of the firm's environment | | | | | | | |
| Access to land | 0.0122\*\*\* | 0.0119\*\*\* | 0.0120\*\*\* | 0.0114\*\*\* | 0.0117\*\*\* | 0.0121\*\*\* | 0.0110\*\*\* |
|  | (0.00276) | (0.00272) | (0.00271) | (0.00266) | (0.00274) | (0.00276) | (0.00271) |
| Licenses and permits to operate | 0.00815\*\*\* | 0.00785\*\*\* | 0.00651\*\* | 0.00675\*\* | 0.00796\*\*\* | 0.00821\*\*\* | 0.00759\*\* |
|  | (0.00303) | (0.00299) | (0.00298) | (0.00292) | (0.00301) | (0.00302) | (0.00296) |
| Corruption | 0.00152 | 0.000780 | 0.00218 | 0.000421 | 0.00123 | 0.00157 | 0.000344 |
|  | (0.00232) | (0.00228) | (0.00228) | (0.00224) | (0.00231) | (0.00232) | (0.00228) |
| Courts | -0.00615\*\* | -0.00615\*\* | -0.00551\* | -0.00617\*\* | -0.00622\*\* | -0.00620\*\* | -0.00691\*\* |
|  | (0.00311) | (0.00307) | (0.00307) | (0.00300) | (0.00310) | (0.00311) | (0.00303) |
| Crime, theft and disorder | 0.00909\*\*\* | 0.00910\*\*\* | 0.00755\*\*\* | 0.00798\*\*\* | 0.00904\*\*\* | 0.00915\*\*\* | 0.00863\*\*\* |
|  | (0.00289) | (0.00286) | (0.00286) | (0.00280) | (0.00288) | (0.00289) | (0.00283) |
| Customs and trade regulations | -0.000482 | -0.000461 | 0.000518 | -0.000335 | -0.000615 | -0.000376 | 0.000275 |
|  | (0.00287) | (0.00283) | (0.00283) | (0.00279) | (0.00285) | (0.00287) | (0.00282) |
| Electricity | 0.00659\*\*\* | 0.00645\*\*\* | 0.00658\*\*\* | 0.00595\*\*\* | 0.00652\*\*\* | 0.00664\*\*\* | 0.00561\*\* |
|  | (0.00222) | (0.00219) | (0.00219) | (0.00217) | (0.00221) | (0.00222) | (0.00220) |
| Education/labor market mismatch | -0.00436\* | -0.00383 | -0.00309 | -0.00175 | -0.00393 | -0.00428\* | -0.00211 |
|  | (0.00257) | (0.00254) | (0.00254) | (0.00248) | (0.00256) | (0.00257) | (0.00251) |
| Labor market regulation | -0.00675\*\* | -0.00671\*\* | -0.00674\*\* | -0.00503\* | -0.00671\*\* | -0.00687\*\* | -0.00624\*\* |
|  | (0.00308) | (0.00304) | (0.00304) | (0.00296) | (0.00306) | (0.00308) | (0.00300) |
| Political instability | -0.00646\*\*\* | -0.00635\*\*\* | -0.00607\*\* | -0.00487\*\* | -0.00633\*\*\* | -0.00657\*\*\* | -0.00574\*\* |
|  | (0.00239) | (0.00236) | (0.00236) | (0.00232) | (0.00238) | (0.00239) | (0.00235) |
| Informal sector practices | -0.00716\*\*\* | -0.00707\*\*\* | -0.00677\*\*\* | -0.00714\*\*\* | -0.00722\*\*\* | -0.00719\*\*\* | -0.00771\*\*\* |
|  | (0.00238) | (0.00235) | (0.00235) | (0.00231) | (0.00237) | (0.00238) | (0.00233) |
| Tax administration | -0.00574\*\* | -0.00527\* | -0.00529\* | -0.00555\*\* | -0.00568\*\* | -0.00563\*\* | -0.00565\*\* |
|  | (0.00284) | (0.00280) | (0.00281) | (0.00274) | (0.00282) | (0.00284) | (0.00278) |
| Tax pressure rate | -0.00383 | -0.00407\* | -0.00434\* | -0.00336 | -0.00376 | -0.00382 | -0.00266 |
|  | (0.00239) | (0.00235) | (0.00235) | (0.00230) | (0.00237) | (0.00238) | (0.00233) |
| Telecommunications | -0.00294 | -0.00279 | -0.00274 | -0.00191 | -0.00281 | -0.00299 | -0.00200 |
|  | (0.00293) | (0.00291) | (0.00290) | (0.00285) | (0.00292) | (0.00293) | (0.00288) |
| Transport | -0.000188 | -0.000662 | -0.00121 | -0.00138 | -0.000493 | -0.000208 | -0.000957 |
|  | (0.00278) | (0.00274) | (0.00273) | (0.00269) | (0.00276) | (0.00278) | (0.00273) |
| Constant | 0.0785\*\*\* | 0.0814\*\*\* | 0.0868\*\*\* | 0.0780\*\*\* | 0.0790\*\*\* | 0.0789\*\*\* | 0.0994\*\*\* |
|  | (0.00803) | (0.00826) | (0.00828) | (0.00775) | (0.00797) | (0.00802) | (0.00930) |
|  |  |  |  |  |  |  |  |
|  | |
| Observations | 18,776 | 19,041 | 19,417 | 18,651 | 18,910 | 18,777 | 17,915 |
| R-squared | 0.024 | 0.023 | 0.024 | 0.023 | 0.023 | 0.024 | 0.028 |

Source: authors' computation. P-value:\*\*\*p<0.01,\*\* p<0.05,\* p<0.1 Standard deviation in parentheses

**Table 8: Financial services and large firm performance**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Dependent variable: Large-firm performance | | | | | | | |
|  | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| Services financier | | | | | | | |
| Informal finance (2Fs) | 0.000512\*\*\* |  |  |  |  |  | -5.85e-05 |
|  | (0.000147) |  |  |  |  |  | (0.000156) |
| Internal financing |  | -2.77e-05 |  |  |  |  | 0.000121\*\* |
|  |  | (3.51e-05) |  |  |  |  | (5.38e-05) |
| Checking or savings account |  |  | -0.0105\*\* |  |  |  | -0.0161\*\*\* |
|  |  |  | (0.00516) |  |  |  | (0.00506) |
| Overdraft facility |  |  |  | 0.00316 |  |  | 0.00381 |
|  |  |  |  | (0.00234) |  |  | (0.00249) |
| Bank loan |  |  |  |  | 7.00e-05 |  | 0.000181\*\*\* |
|  |  |  |  |  | (4.43e-05) |  | (6.52e-05) |
| Non-banking financial institutions loan |  |  |  |  |  | 5.15e-05 | 5.58e-05 |
|  |  |  |  |  |  | (0.000153) | (0.000167) |
| Firm-specific characteristics | | | | | | | |
| Ln (Manager experience) | 0.00166 | 0.00152 | 0.00142 | 0.00152 | 0.00149 | 0.00145 | 0.00138 |
|  | (0.00177) | (0.00175) | (0.00173) | (0.00165) | (0.00176) | (0.00177) | (0.00169) |
| Ln (Age) | -0.0191\*\*\* | -0.0190\*\*\* | -0.0185\*\*\* | -0.0186\*\*\* | -0.0190\*\*\* | -0.0191\*\*\* | -0.0189\*\*\* |
|  | (0.00169) | (0.00167) | (0.00166) | (0.00157) | (0.00168) | (0.00169) | (0.00162) |
| Ln (Number of workers) | 0.00747\*\*\* | 0.00714\*\*\* | 0.00714\*\*\* | 0.00724\*\*\* | 0.00710\*\*\* | 0.00730\*\*\* | 0.00730\*\*\* |
|  | (0.00144) | (0.00141) | (0.00140) | (0.00132) | (0.00144) | (0.00144) | (0.00138) |
| Characteristics of the firm's environment | | | | | | | |
| Access to land | 0.0131\*\*\* | 0.0140\*\*\* | 0.0149\*\*\* | 0.0161\*\*\* | 0.0139\*\*\* | 0.0136\*\*\* | 0.0154\*\*\* |
|  | (0.00400) | (0.00396) | (0.00393) | (0.00371) | (0.00399) | (0.00400) | (0.00380) |
| Licenses and permits to operate | -0.0104\*\* | -0.00935\*\* | -0.00894\*\* | -0.00911\*\* | -0.00949\*\* | -0.0100\*\* | -0.0110\*\*\* |
|  | (0.00413) | (0.00409) | (0.00408) | (0.00383) | (0.00412) | (0.00413) | (0.00390) |
| Corruption | -0.00548\* | -0.00572\* | -0.00589\* | -0.00585\*\* | -0.00584\* | -0.00544\* | -0.00607\*\* |
|  | (0.00316) | (0.00311) | (0.00310) | (0.00293) | (0.00315) | (0.00316) | (0.00302) |
| Courts | -0.00539 | -0.00555 | -0.00630 | -0.00528 | -0.00526 | -0.00549 | -0.00451 |
|  | (0.00417) | (0.00414) | (0.00412) | (0.00387) | (0.00417) | (0.00417) | (0.00395) |
| Crime, theft and disorder | 0.00736\* | 0.00644 | 0.00606 | 0.00565 | 0.00661 | 0.00705\* | 0.00655\* |
|  | (0.00407) | (0.00404) | (0.00402) | (0.00378) | (0.00406) | (0.00407) | (0.00385) |
| Customs and trade regulations | 0.0109\*\*\* | 0.0113\*\*\* | 0.0113\*\*\* | 0.0118\*\*\* | 0.0112\*\*\* | 0.0110\*\*\* | 0.0112\*\*\* |
|  | (0.00385) | (0.00383) | (0.00381) | (0.00359) | (0.00385) | (0.00386) | (0.00367) |
| Electricity | 0.00514\* | 0.00515\* | 0.00488 | 0.00300 | 0.00550\* | 0.00545\* | 0.00258 |
|  | (0.00307) | (0.00302) | (0.00299) | (0.00285) | (0.00305) | (0.00307) | (0.00294) |
| Education/labor market mismatch | 0.00185 | 0.00179 | 0.00183 | 0.00351 | 0.00177 | 0.00201 | 0.00394 |
|  | (0.00339) | (0.00336) | (0.00335) | (0.00315) | (0.00338) | (0.00339) | (0.00320) |
| Labor market regulation | -0.00418 | -0.00474 | -0.00377 | -0.00396 | -0.00454 | -0.00440 | -0.00368 |
|  | (0.00388) | (0.00383) | (0.00382) | (0.00359) | (0.00386) | (0.00389) | (0.00368) |
| Political instability | -0.00398 | -0.00347 | -0.00336 | -0.00220 | -0.00345 | -0.00387 | -0.00225 |
|  | (0.00321) | (0.00318) | (0.00317) | (0.00300) | (0.00321) | (0.00321) | (0.00306) |
| Informal sector practices | 0.00149 | 0.00133 | 0.000135 | -0.00117 | 0.00125 | 0.00149 | -0.000260 |
|  | (0.00350) | (0.00347) | (0.00345) | (0.00326) | (0.00349) | (0.00350) | (0.00333) |
| Tax administration | -0.000316 | -7.77e-05 | 0.000340 | 0.000228 | -0.000124 | -7.84e-05 | 0.00157 |
|  | (0.00391) | (0.00387) | (0.00386) | (0.00362) | (0.00389) | (0.00391) | (0.00370) |
| Tax pressure rate | -0.00524 | -0.00606\* | -0.00532 | -0.00639\*\* | -0.00593\* | -0.00538 | -0.00635\*\* |
|  | (0.00332) | (0.00327) | (0.00326) | (0.00307) | (0.00331) | (0.00332) | (0.00315) |
| Telecommunications | -0.00237 | -0.00279 | -0.00247 | -0.00200 | -0.00270 | -0.00244 | -0.000586 |
|  | (0.00386) | (0.00383) | (0.00381) | (0.00362) | (0.00385) | (0.00386) | (0.00369) |
| Transport | -0.00749\*\* | -0.00757\*\* | -0.00826\*\* | -0.00574\* | -0.00760\*\* | -0.00774\*\* | -0.00536 |
|  | (0.00367) | (0.00363) | (0.00362) | (0.00342) | (0.00366) | (0.00368) | (0.00350) |
| Constant | 0.0509\*\*\* | 0.0556\*\*\* | 0.0623\*\*\* | 0.0477\*\*\* | 0.0527\*\*\* | 0.0529\*\*\* | 0.0516\*\*\* |
|  | (0.00942) | (0.00967) | (0.0103) | (0.00872) | (0.00938) | (0.00941) | (0.0112) |
|  |  |  |  |  |  |  |  |
|  | |
| Observations | 10,344 | 10,563 | 10,770 | 10,449 | 10,446 | 10,347 | 9,960 |
| R-squared | 0.021 | 0.020 | 0.020 | 0.022 | 0.020 | 0.020 | 0.024 |

### 9.4 Robustness tests and instrumental variables regression (2SLS)

**Table 9: Double least squares (2SLS) results and endogeneity test**

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Dependent variable: Micro-firm performance | | | | | | | | |
| Informal finance (2Fs) | 0.000233 |  |  |  |  |  | 0.000281 |
|  | (0.000232) |  |  |  |  |  | (0.000320) |
| Internal financing |  | 0.000143 |  |  |  |  | 9.75e-05 |
|  |  | (0.000119) |  |  |  |  | (0.000196) |
| Checking or savings account |  |  | -0.00176 |  |  |  | -4.39e-05 |
|  |  |  | (0.00885) |  |  |  | (0.00974) |
| Overdraft facility |  |  |  | 0.00389 |  |  | 0.00850 |
|  |  |  |  | (0.0101) |  |  | (0.0108) |
| Bank loan |  |  |  |  | -0.000415**\*\*** |  | -0.000358 |
|  |  |  |  |  | (0.000190) |  | (0.000268) |
| Non-banking financial institutions loan |  |  |  |  |  | 0.000132 | 0.000113 |
|  |  |  |  |  |  | (0.000517) | (0.000590) |
| Observations | 1,352 | 1,363 | 1,416 | 1,341 | 1,351 | 1,349 | 1,271 |
| R-squared | 0.070 | 0.070 | 0.066 | 0.069 | 0.073 | 0.069 | 0.079 |
| Hausman test | 0.7438 | 0.8302 | 0.8113 | 0.7383 | 0.7671 | 0.7723 | 0.6506 |
| First stage F-statistic | 30060.5 | 29929.1 | 30928.2 | 29759.8 | 29783.9 | 29881.2 | 27326.6 |
| Dependent variable: Small-firm performance | | | | | | | | |
| Informal finance (2Fs) | 0.000130\*\* |  |  |  |  |  | 6.64e-05 |
|  | (5.89e-05) |  |  |  |  |  | (7.36e-05) |
| Internal financing |  | 3.45e-05 |  |  |  |  | 1.64e-05 |
|  |  | (2.39e-05) |  |  |  |  | (3.83e-05) |
| Checking or savings account |  |  | -0.0109\*\*\* |  |  |  | -0.0114\*\*\* |
|  |  |  | (0.00216) |  |  |  | (0.00225) |
| Overdraft facility |  |  |  | 0.000329 |  |  | 0.00409\*\* |
|  |  |  |  | (0.00169) |  |  | (0.00181) |
| Bank loan |  |  |  |  | -0.000134\*\*\* |  | -0.000117\*\* |
|  |  |  |  |  | (3.51e-05) |  | (5.08e-05) |
| Non-banking financial institutions loan |  |  |  |  |  | 0.000143 | 0.000193\* |
|  |  |  |  |  |  | (9.94e-05) | (0.000109) |
| Observations | 25,166 | 25,379 | 25,943 | 24,742 | 25,237 | 25,163 | 23,830 |
| R-squared | 0.021 | 0.021 | 0.021 | 0.021 | 0.021 | 0.021 | 0.023 |
| Hausman test | 0.4531 | 0.4534 | 0.2869 | 0.6764 | 0.4204 | 0.4345 | 0.8150 |
| First stage F-statistic | 749080 | 755724 | 765885 | 727961 | 748307 | 749872 | 693757 |
| Dependent variable: Medium-firm performance | | | | | | | | |
| Informal finance (2Fs) | 0.000179\*\* |  |  |  |  |  | 0.000113 |
|  | (8.58e-05) |  |  |  |  |  | (0.000101) |
| Internal financing |  | -3.39e-05 |  |  |  |  | 2.33e-05 |
|  |  | (2.71e-05) |  |  |  |  | (4.32e-05) |
| Checking or savings account |  |  | -0.0165\*\*\* |  |  |  | -0.0221\*\*\* |
|  |  |  | (0.00332) |  |  |  | (0.00335) |
| Overdraft facility |  |  |  | 0.00325\* |  |  | 0.00574\*\*\* |
|  |  |  |  | (0.00179) |  |  | (0.00190) |
| Bank loan |  |  |  |  | 1.16e-05 |  | 5.67e-05 |
|  |  |  |  |  | (3.58e-05) |  | (5.37e-05) |
| Non-banking financial institutions loan |  |  |  |  |  | 0.000221\* | 0.000152 |
|  |  |  |  |  |  | (0.000117) | (0.000126) |
| Observations | 18,776 | 19,041 | 19,417 | 18,651 | 18,910 | 18,777 | 17,915 |
| R-squared | 0.024 | 0.023 | 0.024 | 0.023 | 0.023 | 0.024 | 0.028 |
| Hausman test | 0.3595 | 0.4255 | 0.3297 | 0.2755 | 0.3881 | 0.3682 | 0.1332 |
| First stage F-statistic | 405984 | 411011 | 418532 | 399293 | 407745 | 405985 | 384328 |
| Dependent variable: Large-firm performance | | | | | | | | |
| Informal finance (2Fs) | 0.000598\*\*\* |  |  |  |  |  | 1.46e-06 |
|  | (0.000150) |  |  |  |  |  | (0.000160) |
| Internal financing |  | -2.41e-05 |  |  |  |  | 8.39e-05 |
|  |  | (3.58e-05) |  |  |  |  | (5.52e-05) |
| Checking or savings account |  |  | -0.0114\*\* |  |  |  | -0.0152\*\*\* |
|  |  |  | (0.00526) |  |  |  | (0.00519) |
| Overdraft facility |  |  |  | -0.000148 |  |  | 0.00138 |
|  |  |  |  | (0.00241) |  |  | (0.00255) |
| Bank loan |  |  |  |  | 2.07e-05 |  | 0.000106 |
|  |  |  |  |  | (4.54e-05) |  | (6.71e-05) |
| Non-banking financial institutions loan |  |  |  |  |  | 3.85e-05 | 2.53e-05 |
|  |  |  |  |  |  | (0.000156) | (0.000172) |
| Observations | 10,344 | 10,563 | 10,770 | 10,449 | 10,446 | 10,347 | 9,960 |
| Hausman test | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 | 0.0000 |
| First stage F-statistic | 4414.94 | 4652.22 | 4789.16 | 4619.1 | 4491.14 | 4451.46 | 4246.58 |

Source: authors' computation. P-value:\*\*\*p<0.01,\*\* p<0.05,\* p<0.1 Standard deviation in parentheses.

All models include control variables.