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ACCESS TO ENTREPRENEURIAL FINANCE IN MALAWI: CHALLENGES AND OPPORTUNITIES FOR START-UPS

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Abstract
This study explored the challenges and opportunities surrounding entrepreneurial finance in Malawi, with a focus on enhancing start-up access to funding. The study was conducted at area 25 in Lilongwe, Malawi due to the proximity of place of residence for the researcher. The research utilized a mixed-methods approach, combining a survey of over 100 start-up founders and semi-structured interviews with 15-20 key stakeholders, including entrepreneurs, financial institutions, and policymakers. Quantitative findings indicated that high-interest rates (reported by 82% of respondents), collateral demands (76%), and limited funding avenues are primary barriers to financing. Additionally, the data reveal that family loans (44%) and microfinance institutions (31%) are the predominant funding sources, with limited utilization of traditional banking and venture capital options. Financial literacy among entrepreneurs was also low, with only 37% demonstrating adequate financial knowledge. Qualitative narratives offer a complementary view, with stakeholders emphasizing the reluctance of banks to fund start-ups due to high perceived risks, alongside a cultural tendency toward risk-aversion in investment. However, digital finance emerged as an area of opportunity, with interviewees highlighting mobile banking as a promising solution for rural entrepreneurs. Participants acknowledged government support initiatives but recommended expanded access and improved program design. The findings underscore the need for policies that reduce regulatory burdens on start-ups, encourage private sector engagement, and foster financial literacy training. This study contributes to the literature by providing an integrated perspective on financial inclusion barriers for entrepreneurs in Malawi and suggests that future research should investigate the long-term impacts of digital finance and policy reform on start-up viability and growth.

Keywords: Entrepreneurial Finance, Start-up Funding, Financial Inclusion, Digital Finance, Mixed-Methods Research,

Introduction

Malawi Start-ups play an increasingly important role in stimulating economic growth, driving innovation, and creating employment in developing economies. In Malawi, as in other emerging markets, the start-up ecosystem is becoming a key component of economic development. Start-ups often contribute to GDP by introducing new products, technologies, and services that meet the needs of local communities while also fostering competitiveness within industries. However, for start-ups to realize their potential and contribute fully to the economy, accessible financing is crucial. Malawi's financial landscape, particularly for start-ups, faces significant hurdles that need addressing to unlock the entrepreneurial potential in the country. Start-ups are known to stimulate job creation, which is especially beneficial for Malawi, where the youth unemployment rate is high. With a population where approximately 70% are under the age of 30, fostering entrepreneurship offers an effective solution to engage the youth in productive economic activities. Globally, small and medium enterprises (SMEs) account for more than 50% of employment and significantly contribute to GDP, and these trends are relevant for Malawi as well. While large-scale statistics specific to Malawian start-ups are sparse, SMEs in Malawi contribute about 27% of the GDP and employ over 38% of the labor force in the private sector (Malawi Government, 2021). Expanding entrepreneurial activity could increase these numbers, enhancing economic resilience and social equity. In Malawi's predominantly agrarian economy, entrepreneurial ventures in diverse sectors such as technology, services, and manufacturing can diversify income sources and reduce reliance on traditional industries. Supporting start-ups, Malawi has the potential to transform its economic structure and foster a more balanced economy. However, access to finance remains one of the most significant barriers for Malawian entrepreneurs, limiting the scale and reach of start-ups and stifling economic potential. According to recent studies, access to capital remains a core challenge for start-up entrepreneurs, hindering Malawi's economic progression (Chirwa & Kaluwa, 2017). Malawi's financial sector is underdeveloped, with traditional banks often unwilling to provide financing to start-ups due to high perceived risks, lack of collateral, and limited financial histories. Studies have shown that more than 60% of Malawian entrepreneurs face barriers in accessing formal credit, a number that is likely higher for new ventures without established credit histories (OECD, 2023). Interest rates in Malawi remain high, with lending rates averaging around 12% to 25%, making bank loans a costly option for new businesses (Malawi Reserve Bank, 2021).

Additionally, venture capital and private equity are almost non-existent in Malawi, limiting the availability of growth-oriented financing options common in more developed start-up ecosystems. Unlike in regions with well-established venture capital industries, Malawian entrepreneurs rely heavily on personal savings, informal loans, and small-scale microfinance, which often provide insufficient funding to scale business operations (Munthali, 2021). This scarcity of accessible financing options constrains start-ups' ability to expand, hire staff, and invest in technology, stifling the overall growth of the entrepreneurial sector. Accessible financing is essential for the success and scalability of start-ups. In emerging economies, financing helps entrepreneurs transform ideas into viable business ventures, invest in infrastructure, and enter new markets. Start-ups also require funds to cover initial operational costs, develop products, and enhance competitiveness. Without adequate funding, entrepreneurial ventures may remain small, limiting their economic impact.

In Malawi, the need for accessible financing is critical, given the youth-driven demand for economic opportunities and the low level of capital investment from external sources. Start-up capital and early-stage investment are particularly needed in sectors that could drive Malawi's economic growth, including agriculture technology, renewable energy, and digital services. According to OECD (2023) ensuring inclusive access to finance in emerging markets like Malawi can foster resilient economic development and close the gap in financial inclusion for underserved populations (Wachira, 2022). Despite these challenges, there are emerging opportunities to support Malawian start-ups through alternative financing. Digital finance, for instance, has shown promising growth in Malawi, where mobile money platforms have reached an estimated 40% of the adult population. Mobile banking and fintech solutions can provide start-ups with innovative options for managing and accessing funds. In addition, microfinance institutions and savings cooperatives offer some degree of accessibility for smaller enterprises that lack formal financial histories. Government initiatives also play a critical role in supporting start-ups. The Malawian government has launched various programs aimed at improving access to finance for SMEs and start-ups, such as the Malawi Enterprise Development Fund (MEDF), which offers low-interest loans to entrepreneurs. Although MEDF's reach is still limited, expansion of such initiatives could significantly enhance financial inclusivity. Finally, there is a growing opportunity to attract impact investors and development finance institutions interested in supporting entrepreneurship in developing economies. Impact investment focuses on generating measurable social and environmental impact alongside financial returns, which aligns with Malawi's developmental needs. Establishing public-private partnerships to incentivize such investments could further expand the financial options available to start-ups.

Malawi's start-up ecosystem holds immense potential to contribute to economic growth, diversify the economy, and reduce youth unemployment. However, financial barriers remain a primary constraint. Addressing these barriers requires a multifaceted approach that includes expanding digital financial services, enhancing government support, and fostering partnerships with impact investors. By facilitating greater access to finance, Malawi can leverage its entrepreneurial potential, promote innovation, and accelerate socio-economic development. With targeted efforts, the challenges in financing access can be transformed into opportunities, creating a sustainable foundation for entrepreneurial growth in Malawi.

Problem Statement

Access to finance remains a critical challenge for Malawian entrepreneurs, stifling the growth of start-ups and inhibiting broader economic development. While small and medium-sized enterprises (SMEs) contribute approximately 27% to Malawi's GDP and employ around 38% of the private sector workforce, entrepreneurs face persistent difficulties in securing necessary capital (Malawi Government, 2021). Traditional banks are often reluctant to lend to new ventures, citing high risk, lack of collateral, and insufficient credit histories as primary barriers (Chirwa & Kaluva, 2021). As a result, more than 60% of Malawian entrepreneurs report limited access to formal credit, a figure likely higher for start-ups (Nyasa Times, 2021). Despite government interventions like the Malawi Enterprise Development Fund (MEDF), financing for start-ups remains constrained. For example, MEDF loans are limited in reach and often focus on established SMEs rather than early-stage businesses. Contrastingly, mobile money adoption in Malawi has reached 40% of the adult population, revealing the potential for digital finance solutions, yet these are primarily geared towards individual use rather than for business funding (Munthali, 2021). The financing gap is further exacerbated by high lending rates, averaging between 12% and 25%, which dissuades entrepreneurs from seeking loans even if they are eligible (Malawi Reserve Bank, 2021). Additionally, venture capital and private equity are almost non-existent in the Malawian context, which limits alternative funding options that are often available in more developed markets (Batizani, 2024) The lack of empirical data on the specific financing challenges faced by start-ups, including the potential role of emerging digital financial services, creates a need for research to inform effective policy and support mechanisms. These conflicting statistics underscore the complexity of Malawi's financing landscape, where traditional and emerging financial systems have yet to coalesce into a supportive environment for start-ups. An empirical examination of these issues is crucial to identifying targeted solutions that could bridge the financing gap and unlock the growth potential of Malawian start-ups.

The problem statement of the current study would be as follows:

"Malawian entrepreneurs, particularly start-ups, face significant challenges in accessing adequate and affordable finance, hindering their growth and contributing to limited economic development."

This statement encapsulates the core issue: the lack of sufficient and accessible financing for Malawian entrepreneurs, which is the primary obstacle to their success and the overall economic progress of the country.

Objectives of the Study

This study aims to provide a comprehensive understanding of the multifaceted challenges faced by start-ups in Malawi regarding access to financing. It begins by investigating qualitative factors, such as the personal experiences of entrepreneurs and their perceptions of the risks involved in seeking loans. Understanding these subjective views is crucial for identifying the emotional and psychological barriers that might deter potential borrowers. Next, the research seeks to quantify specific barriers by collecting data on lending practices, including average interest rates, collateral requirements, and the rates of loan rejection. This quantitative analysis will offer a clearer picture of the financial landscape for start-ups, enabling policymakers and stakeholders to pinpoint where improvements are necessary. Furthermore, the study will evaluate emerging opportunities in financing, particularly focusing on digital financial solutions and government programs designed to support start-ups. Through exploring these alternative financing avenues, the research aims to highlight innovative ways to overcome traditional banking challenges. Finally, the study will synthesize findings from both qualitative and quantitative research to formulate actionable, data-driven recommendations. These recommendations will be geared toward enhancing access to financing for start-ups in Malawi, fostering a more conducive environment for entrepreneurial growth and economic development. By addressing both the challenges and opportunities in start-up financing, this research aspires to contribute valuable insights to enhance the entrepreneurial ecosystem in Malawi.

Research Questions

Access to finance is a critical determinant of entrepreneurial success, particularly for start-ups in developing economies like Malawi. Understanding the barriers that impede access to financing is essential for creating a more conducive environment for entrepreneurial growth. The first research question focuses on identifying the quantitative barriers that limit Malawian start-ups from obtaining financial resources. This includes analyzing measurable factors such as high interest rates, stringent collateral requirements, and low rates of loan approvals. By quantifying these barriers, the research aims to provide a clear picture of the financial landscape and how these constraints affect the viability and growth potential of start-ups in Malawi. Complementing this quantitative analysis, the second research question seeks to uncover qualitative insights that reveal the underlying perceptions and experiences of entrepreneurs regarding access to finance. Understanding the emotional and psychological barriers is crucial, as these factors often influence decision-making and willingness to pursue funding. This inquiry will delve into entrepreneurs' feelings of mistrust towards financial institutions, perceived risks associated with borrowing, and socio-economic influences that shape their attitudes towards seeking capital. By examining both the numerical data and the personal narratives of entrepreneurs, the study will present a holistic view of the financing challenges faced by start-ups in Malawi. Ultimately, these research questions will guide the exploration of how both quantitative and qualitative dimensions interact to shape the financial environment for start-ups. Addressing these aspects will not only illuminate the challenges but also pave the way for developing targeted strategies to enhance access to entrepreneurial finance in Malawi. Therefore, these are the research questions.

i. What quantitative barriers limit Malawian start=ups from accessing finance?
ii. What qualitative insights can reveal underlying perceptions and experiences with finance access?

Literature Review

Global Perspectives on Entrepreneurial Finance

Access to entrepreneurial finance is crucial for fostering innovation and economic growth across the globe, particularly in developing contexts where traditional financial systems often fail to meet the diverse needs of start-ups. Recent trends in financing reveal a multifaceted landscape that includes microfinance, venture capital, and digital finance, each playing a significant role in supporting entrepreneurs during their formative stages. Microfinance has emerged as a vital source of funding for small-scale entrepreneurs, particularly those who lack access to conventional banking services. Globally, microfinance institutions have demonstrated their potential to enhance financial inclusion, enabling many aspiring business owners to initiate or expand their operations. For instance, in Malawi, Chirwa and Kaluwa (2021) illustrate that these institutions have significantly improved access to capital for low-income individuals, especially in rural areas where formal financial services are sparse. Research consistently shows that microfinance can enhance the likelihood of business survival and growth, confirming its essential role in nurturing entrepreneurship in developing economies (Uctu & Al-Silefanee, 2024). Globally, microfinance has been credited with empowering women entrepreneurs, boosting local economies, and contributing to poverty alleviation (World Bank, 2021). Venture capital has gained prominence as a critical funding source for innovative start-ups, particularly within technology-driven sectors. This financing model involves investors providing capital in exchange for equity, which is essential for scaling businesses with high growth potential. However, access to venture capital remains inconsistent, often reflecting significant disparities between urban and rural regions, as well as across various sectors. Munyiri et al. (2024) note that a vibrant start-up ecosystem heavily depends on the availability of venture capital, which not only provides essential financial resources but also fosters mentorship and networking opportunities. In regions where venture capital is limited, start-ups face substantial obstacles in scaling their operations and reaching their full potential (OECD, 2023). Digital finance represents another transformative trend that is reshaping how entrepreneurs access financial services. The rise of fintech companies has revolutionized the funding landscape, with platforms for peer-to-peer lending, crowdfunding, and mobile banking gaining popularity. These digital solutions are particularly advantageous for overcoming geographical barriers and reaching underserved populations.

As noted by Banda (2023), the proliferation of mobile technology allows for innovative funding mechanisms that can bridge the financial gap faced by many entrepreneurs in developing countries. Globally, digital finance has been linked to increased access to capital, enabling entrepreneurs to navigate the complexities of traditional financial systems more effectively (Asif, 2022; Asif & Sandhu, 2023; Ngware, 2024). Batizani (2024) emphasizes the importance of integrating various financing sources to create a holistic support system for entrepreneurs. He argues that leveraging microfinance, venture capital, and digital finance can enhance the overall entrepreneurial ecosystem, allowing start-ups to access the resources necessary for growth and sustainability. By promoting collaborations among these financing avenues, stakeholders can foster a more supportive environment for innovation and economic development. In summary, while significant strides have been made in improving access to entrepreneurial finance on a global scale, challenges persist, particularly in developing contexts. The interplay of microfinance, venture capital, and digital finance offers a comprehensive understanding of the current financing landscape and underscores the need for continued innovation in financing solutions. Through addressing the unique needs of start-ups through these diverse channels, it is possible to cultivate a more robust ecosystem that supports sustainable economic growth.

Challenges in Africa

Access to finance remains a significant hurdle for entrepreneurs across Africa, with a range of interconnected challenges that resonate with the experiences of Malawian entrepreneurs. In many African countries, including Malawi, these challenges include limited access to formal financial institutions, inadequate financial literacy, high collateral requirements, and insufficient support structures for start-ups. One primary challenge is the underdevelopment of financial markets. Many African countries have nascent banking systems that are unable to meet the demands of small and medium-sized enterprises (SMEs). According to the African Development Bank (2021), over 50% of African SMEs are underserved or excluded from the formal financial sector. This lack of access is often exacerbated by a reliance on informal financing options, which may not be sustainable for business growth (Munyiri et al., 2024). In Malawi, this pattern is evident as many entrepreneurs rely on personal savings or informal sources of credit, such as family and friends, which are often inadequate for scaling operations. A study by Ngware (2024) highlights that limited access to financing has stifled the growth of small businesses, particularly in rural areas where formal financial institutions are scarce. Furthermore, high collateral requirements pose a barrier, as many entrepreneurs lack the necessary assets to secure loans, further perpetuating the cycle of underinvestment (Uctu, & Al-Silefanee, 2024). Another challenge is the lack of financial literacy among entrepreneurs, which limits their ability to navigate the complexities of financial markets and understand the requirements for securing funding. A report by the International Finance Corporation (IFC, 2022) indicates that low levels of financial literacy in Africa lead to poor financial management practices, ultimately affecting the sustainability of businesses.

In Malawi, efforts to improve financial literacy have been initiated, yet the impact remains limited (Ngware, 2024). Moreover, the entrepreneurial ecosystem in Africa often lacks adequate support systems, such as mentorship and networking opportunities. As Munyiri et al. (2024) argue, the availability of mentorship can significantly enhance an entrepreneur's ability to access funding by providing essential guidance on pitching ideas and managing finances. In Malawi, the absence of robust networks and mentorship programs has made it challenging for many entrepreneurs to connect with potential investors. In summary, while African entrepreneurs face a multitude of challenges in accessing finance, the experiences of Malawian entrepreneurs reflect broader trends across the continent. Limited access to formal financial institutions, high collateral requirements, inadequate financial literacy, and insufficient support systems collectively hinder entrepreneurial growth. Addressing these challenges through tailored financial products, capacity-building initiatives, and improved support networks is crucial for fostering a more conducive environment for entrepreneurship in Malawi and beyond.

Malawi's Context

In Malawi, the entrepreneurial landscape is shaped by unique local challenges that significantly affect access to finance for start-ups. These challenges include high banking costs, limited investment opportunities, and a pressing need for improved financial literacy among entrepreneurs. One of the primary obstacles facing Malawian entrepreneurs is the high cost of banking services. According to a report by the Reserve Bank of Malawi (2021), the cost of borrowing in Malawi is among the highest in the region, with interest rates often exceeding 20%. This presents a substantial barrier for start-ups, which typically operate on thin margins and cannot afford to bear such financial burdens. The high costs are compounded by various fees associated with banking transactions, which further deter entrepreneurs from utilizing formal banking services (Banda, 2023). The consequence is a significant reliance on informal financing options, which are often less secure and insufficient for scaling businesses. Limited investment opportunities also plague the Malawian entrepreneurial ecosystem. The World Bank (2022) notes that foreign direct investment (FDI) flows to Malawi remain relatively low, with only $188 million in 2021, compared to $485 million in neighboring Zambia. This disparity can be attributed to several factors, including perceived political instability, inadequate infrastructure, and bureaucratic inefficiencies. As a result, Malawian entrepreneurs struggle to attract the necessary capital to grow their ventures.

Munyiri et al. (2024) emphasize that without a conducive investment climate, start-ups face significant hurdles in securing the funding needed for innovation and expansion. Moreover, financial literacy is a critical issue that exacerbates the challenges faced by entrepreneurs in Malawi. A study conducted by Chirwa and Kaluwa (2021) found that only 34% of Malawians possess basic financial literacy skills, which hinders their ability to make informed financial decisions. This lack of knowledge is particularly detrimental in the context of accessing credit and managing financial resources effectively. Entrepreneurs often lack the skills to prepare compelling business proposals or to understand the terms and conditions associated with loans, making them less attractive to potential lenders (Mawowa, 2022). The need for targeted interventions to improve financial literacy is evident. Initiatives that focus on educating entrepreneurs about financial management, investment strategies, and the nuances of securing funding are crucial for fostering a more robust entrepreneurial ecosystem. According to Banda (2023), programs aimed at enhancing financial literacy have shown promise in empowering entrepreneurs to navigate the financial landscape more effectively. In conclusion, the challenges facing Malawian entrepreneurs in accessing finance are multifaceted, characterized by high banking costs, limited investment opportunities, and inadequate financial literacy. Addressing these issues requires a concerted effort from stakeholders, including government, financial institutions, and educational organizations, to create an environment conducive to entrepreneurial growth and innovation.

Theoretical Framework

Financial Inclusion Theory

Financial inclusion is the process of ensuring that individuals and businesses, especially those in disadvantaged or underserved communities, have access to useful and affordable financial products and services that meet their needs. This includes a range of services such as banking, payments, savings, credit, and insurance (Demirgüç-Kunt et al., 2021). Financial inclusion is critical for fostering economic growth and reducing poverty, particularly in developing countries where traditional financial systems often exclude significant portions of the population. According to the World Bank (2022), approximately 1.7 billion adults globally remain unbanked, highlighting the urgent need for policies that promote financial access. For entrepreneurs in developing economies, financial inclusion is not just beneficial it is often essential for survival and growth. Access to financial services enables entrepreneurs to secure capital necessary for starting or expanding their businesses, facilitating investment in technology, inventory, and marketing (Mawowa, 2022).

In Malawi, where formal employment opportunities are limited, entrepreneurship serves as a crucial avenue for economic participation. Research indicates that when entrepreneurs have access to credit and other financial products, their likelihood of business survival increases significantly (Chirwa & Kaluwa, 2021). In a survey conducted by the Reserve Bank of Malawi (2021), over 70% of respondents identified access to finance as the most significant barrier to entrepreneurship. This reflects a widespread recognition among potential business owners that without financial resources, their ideas remain unrealized, and their economic contributions are curtailed. As a result, improving financial inclusion is paramount for enhancing the entrepreneurial ecosystem and stimulating economic growth in Malawi. Chirwa and Kaluwa (2021) highlight that microfinance institutions in Malawi have played a pivotal role in enhancing financial inclusion. These institutions provide small loans tailored to the needs of entrepreneurs who lack access to traditional banking services. By targeting low-income individuals and those in rural areas, microfinance has significantly contributed to financial inclusion, enabling aspiring entrepreneurs to initiate or grow their businesses. For instance, Mawowa (2022) emphasizes that microfinance can increase the likelihood of business survival by providing not only funds but also business training and mentorship, which are essential for novice entrepreneurs. Moreover, digital finance solutions have emerged as critical tools for enhancing financial inclusion. The rise of mobile banking and fintech in Malawi has revolutionized access to financial services, particularly for those in remote areas. Banda Uctu, & Al-Silefanee (2024) notes that mobile technology can overcome geographical barriers, enabling underserved populations to access credit and savings products. This innovation is particularly significant in a country like Malawi, where traditional banking infrastructure is often lacking.

Despite the progress made, barriers to financial inclusion persist. High interest rates, limited financial literacy, and a lack of trust in financial institutions are significant challenges (Munyiri et al., 2024). For many Malawians, navigating the financial system can be daunting, leading to reluctance in seeking loans or financial services. Furthermore, cultural factors can also influence attitudes towards debt and savings, complicating efforts to promote financial inclusion. In summary, the financial inclusion theory underscores the importance of accessible financial services for entrepreneurs in Malawi. By enhancing access to credit and financial products, policymakers can stimulate entrepreneurial activity and contribute to economic growth. This framework emphasizes the need for targeted interventions that address both systemic barriers and the unique challenges faced by Malawian entrepreneurs.

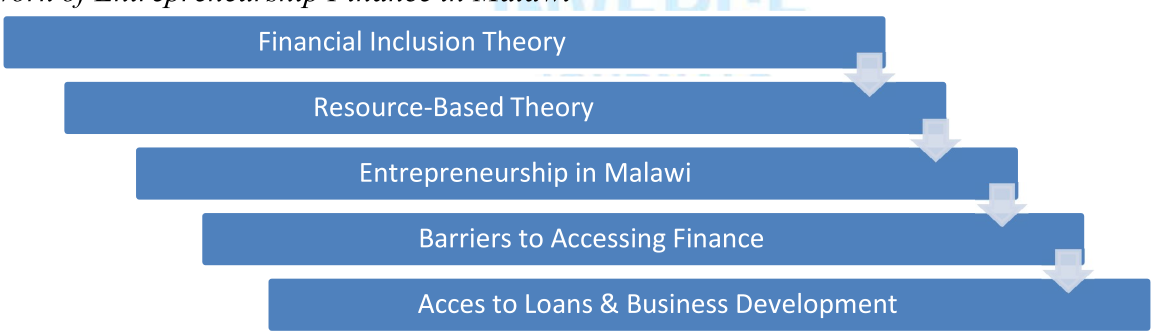
Resource-Based Theory

The resource-based theory (RBT) posits that a firm's unique resources and capabilities are central to achieving competitive advantage and superior performance in the marketplace. Developed by Barney (1991), this theory suggests that firms can attain sustained competitive advantages by leveraging valuable, rare, inimitable, and non-substitutable resources. In the context of entrepreneurship, this theory highlights how individual entrepreneurs can utilize their unique capabilities and assets to navigate the challenges of accessing finance and scaling their businesses. In Malawi, where traditional financial access is often limited, resource-based theory provides a useful lens for understanding how entrepreneurs can overcome barriers to financing. Entrepreneurs possess various resources, including local knowledge, networks, and innovative ideas. For example, a deep understanding of local market conditions can enable entrepreneurs to create products or services that meet specific community needs, thereby increasing their attractiveness to potential investors (Batizani, 2022). Furthermore, the development of social capital defined as the networks of relationships among individuals can play a crucial role in facilitating access to finance. Entrepreneurs who have strong social networks may find it easier to secure funding through referrals or endorsements from trusted community members. This is particularly relevant in Malawi, where personal relationships often influence business dealings.

Munyiri et al. (2024) emphasize that building and leveraging social capital can significantly enhance an entrepreneur's ability to navigate the financing landscape. Resource-based theory also encourages entrepreneurs to assess their existing resources critically and identify ways to optimize them for financial access. For instance, entrepreneurs can focus on building a strong brand or reputation, which can increase their attractiveness to lenders and investors. Additionally, they may need to develop unique value propositions that differentiate their businesses from competitors, making them more likely to attract financial support. The integration of resource-based theory with financial inclusion theory allows for a comprehensive analysis of the entrepreneurial finance landscape. While financial inclusion focuses on the systemic barriers to accessing finance, resource-based theory emphasizes the role of individual entrepreneur capabilities. This dual perspective enables a deeper understanding of how entrepreneurs in Malawi can leverage their unique resources to improve their financial access. For example, a study by Batizani (2022) demonstrates how entrepreneurs who effectively combine their unique resources with available financial products can achieve better outcomes. By understanding the interplay between an entrepreneur's resources and their financial access, stakeholders can design targeted interventions that support both the development of individual capabilities and the improvement of financial services. In conclusion, the resource-based theory provides a valuable framework for analyzing the unique challenges faced by entrepreneurs in Malawi. By focusing on individual resources and capabilities, this theory emphasizes the potential for entrepreneurs to overcome financial barriers through strategic optimization of their assets. When combined with financial inclusion theory, the resource-based approach offers a holistic understanding of the entrepreneurial landscape, highlighting the need for policies and programs that support both financial access and the development of unique entrepreneurial resources. This integrated framework will guide the analysis of both qualitative and quantitative findings in exploring the challenges and opportunities related to entrepreneurial finance in Malawi.

Figure 1

Framework of Entrepreneurship Finance in Malawi



The enhanced theoretical framework for entrepreneurial finance in Malawi integrates two fundamental theories Financial Inclusion Theory and Resource-Based Theory while contextualizing the local entrepreneurial landscape. Financial Inclusion Theory emphasizes the importance of providing access to financial services for all individuals, particularly marginalized groups. In Malawi, this theory highlights the need for mechanisms that allow entrepreneurs to obtain loans and financial products that are typically inaccessible due to high banking costs and stringent lending criteria (Chirwa & Kambombo, 2021). Improving financial inclusion can empower more individuals to start and expand their businesses, thereby fostering economic growth (Uctu, & Al-Silefanee, 2024). Resource-Based Theory focuses on the internal capabilities and resources of businesses as determinants of success. For Malawian entrepreneurs, having access to financial resources is crucial, but so is the ability to leverage these funds effectively (Batizani, 2022). This theory underscores the necessity for entrepreneurs to develop skills, knowledge, and networks that enhance their ability to utilize financial resources to create competitive advantages. The framework also recognizes the specific challenges faced by entrepreneurs in Malawi, such as high transaction costs, limited investment options, and a lack of financial literacy (Munyiri et al., 2024). By identifying and addressing these barriers, stakeholders can create a more supportive environment for entrepreneurship. Ultimately, the framework seeks to establish pathways for entrepreneurs to gain access to loans, which will facilitate business development. By integrating financial inclusion and resource-based perspectives, it aims to cultivate an ecosystem that supports sustainable entrepreneurial growth in Malawi.

Research Methodology

Research Design

This study adopted a mixed-methods research design, integrating both quantitative and qualitative approaches to comprehensively investigate the challenges and opportunities related to access to entrepreneurial finance at area 25, Lilongwe in Malawi. The mixed-methods framework allowed the researcher to have triangulation of data, enhancing the robustness of the findings by combining numerical data with rich qualitative insights (Creswell, 2021). This design is particularly relevant for exploring complex social phenomena, such as access to finance, where both statistical trends and personal experiences contribute to a fuller understanding of the issues at hand (Duncan & Scott, 2022).

Quantitative Data Collection

The quantitative component of the study involved distributing structured surveys to a representative sample of entrepreneurs across at area 25, Lilongwe in Malawi. This survey aimed at capturing essential data on several critical factors influencing access to finance. Key areas of focus included access to loans, interest rates, sources of funding, and financial literacy. Questions related to access to loans assessed how frequently entrepreneurs were able to secure funding from various financial institutions, including banks, microfinance organizations, and informal sources. This aspect was vital, as studies have shown that limited access to loans significantly hampers business growth and sustainability in developing economies (Mawowa, 2022). Additionally, the survey examined the perceived and actual interest rates that entrepreneurs face, helping to evaluate the affordability of loans. Research indicates that high-interest rates can deter entrepreneurs from seeking formal financing (Chirwa & Kambombo, 2021).

The survey also explored the sources of funding utilized by entrepreneurs, highlighting the diversity of financing channels available in Malawi in general. This included personal savings, bank loans, microfinance, family support, and venture capital. Understanding these dynamics is crucial, as they directly influence entrepreneurs' ability to initiate and expand their businesses (Ngware, 2024). Furthermore, questions will assess the financial literacy of respondents, evaluating their understanding of financial products and budgeting practices. Financial literacy is a critical determinant of successful business management and is closely linked to improved access to finance (Banda, 2023). The quantitative data collected through the surveys enabled the identification of correlations between access to finance and various socio-economic factors affecting entrepreneurs in Malawi, providing a solid statistical foundation for the study.

Qualitative Data Collection

To complement the quantitative findings, qualitative data was collected through semi-structured interviews with key stakeholders in the entrepreneurial finance ecosystem. Participants included entrepreneurs, financiers, and policymakers, ensuring a comprehensive perspective on the challenges and opportunities present in the funding landscape. Interviews with entrepreneurs delved into their personal experiences with accessing finance, exploring specific obstacles they face when applying for loans or seeking funding. This qualitative insight was essential, as it uncovered nuanced issues that surveys might not fully capture (Batizani, 2022). For instance, entrepreneurs may express concerns about the paperwork required for loan applications, perceived biases from financial institutions, or the need for collateral. Financiers, such as representatives from banks, microfinance institutions, and venture capital firms, were also be interviewed to gain insight into lending practices, risk assessment criteria, and their perceptions of entrepreneurial capabilities. Understanding the financiers' perspectives was crucial for identifying potential barriers that entrepreneurs encounter in accessing funding and how these barriers may differ across sectors (Uctu, & Al-Silefanee, 2024).

Lastly, interviews with policymakers focused on the current regulatory landscape affecting access to finance. Policymakers provided insights into existing policies that support or hinder entrepreneurial finance and highlight potential areas for improvement. This information was critical for understanding how governmental actions can shape the entrepreneurial ecosystem in Malawi (Duncan & Scott, 2022). Through integrating these qualitative insights with the quantitative data, the study provided a comprehensive analysis of the challenges and opportunities in accessing entrepreneurial finance in Malawi. This dual approach ultimately guided recommendations for stakeholders within the ecosystem, facilitating improved access to finance for entrepreneurs and fostering economic growth in the region.

Quantitative Sampling

For the quantitative component of this study, a random sampling method was employed to select over 100 start-up founders across in area 25 in Lilongwe, Malawi. This approach was advantageous as it enabled the collection of data that is representative of the wider entrepreneurial landscape within the selected study area, allowing for generalizations to be made regarding the challenges and opportunities faced by start-ups in accessing finance (Chirwa & Kaluwa, 2021). Random sampling helped to minimize bias, ensuring that the sample includes a diverse range of entrepreneurs from various sectors, regions, and demographic backgrounds. The focus was on individuals who have initiated their own businesses within the last five years, as these entrepreneurs were likely to have current experiences regarding the accessibility of financial resources. The survey was designed to cover a wide array of factors influencing access to finance, including but not limited to the entrepreneurs' educational background, previous business experience, and the nature of their start-ups (Mawowa, 2022). This data was essential for analyzing correlations between demographic variables and the ability to secure funding, thus painting a more comprehensive picture of the entrepreneurial finance landscape area 25, Lilongwe in Malawi.

Qualitative Sampling

In conjunction with the quantitative sampling, a purposive sampling strategy was utilized for the qualitative component, focusing on in-depth interviews with 15 to 20 entrepreneurs and financiers. This method allowed the researcher to select participants who possess specific characteristics or experiences that were particularly relevant to the research questions (Munyiri et al., 2024). For the entrepreneurs, the selection prioritized those who had successfully navigated the financing landscape, as well as those who had faced significant challenges in accessing funds. Through including a mix of both successful and struggling entrepreneurs, the study gleaned a more holistic understanding of the financial ecosystem in which they operate (Kayembe et al., 2021).

Additionally, interviewing financiers, such as representatives from banks and microfinance institutions provided insights into the lending criteria and challenges they perceive in relation to start-up financing (Batizani, 2022). The insights garnered from these interviews were invaluable for understanding the nuances of the entrepreneurial finance landscape, including perceptions of risk, barriers to funding, and opportunities for collaboration between entrepreneurs and financiers. Through deliberately choosing participants with relevant expertise or experience, this qualitative sample enriched the overall findings of the study, providing depth and context to the quantitative data.

Data Analysis

The quantitative data collected through surveys was analyzed using statistical methods to evaluate responses regarding financing access rates, sources of funding, and other key metrics. Descriptive statistics as employed to summarize the data, providing insights into the overall trends and patterns among the respondents

(Munyiri et al., 2024). For instance, measures such as means, medians, and frequencies helped to illustrate the distribution of access to loans and the common sources of funding utilized by entrepreneurs. Through employing these statistical analyses, the study aimed to generate findings that can inform policy recommendations and strategic interventions for improving access to entrepreneurial finance. For the qualitative data obtained through semi-structured interviews, thematic analysis was employed to identify key themes and insights from the transcripts. This method involved systematically coding the data to recognize patterns and recurring themes related to barriers and opportunities in accessing finance (Mawowa, 2022). The thematic analysis allowed categorization of responses into distinct themes, such as challenges in loan application processes, the role of financial literacy, and perceptions of risk associated with lending to start-ups. Through using thematic analysis, the study aimed to capture the nuanced experiences of entrepreneurs and financiers, highlighting not only the challenges but also potential opportunities for enhancing access to finance (Banda, 2023). The insights gained from this qualitative analysis complemented the quantitative findings, providing a more comprehensive understanding of the entrepreneurial finance landscape in Malawi. This integrated approach enables stakeholders to identify actionable strategies for improving financial access and supporting the growth of start-ups.

Results

Quantitative Findings

The quantitative findings from the survey provide critical insights into the financial barriers, funding sources, and levels of financial literacy affecting entrepreneurs in Malawi. The data collected from over 100 start-up founders highlights significant trends that are essential for understanding the challenges and opportunities within the entrepreneurial finance landscape.

Financial Barriers

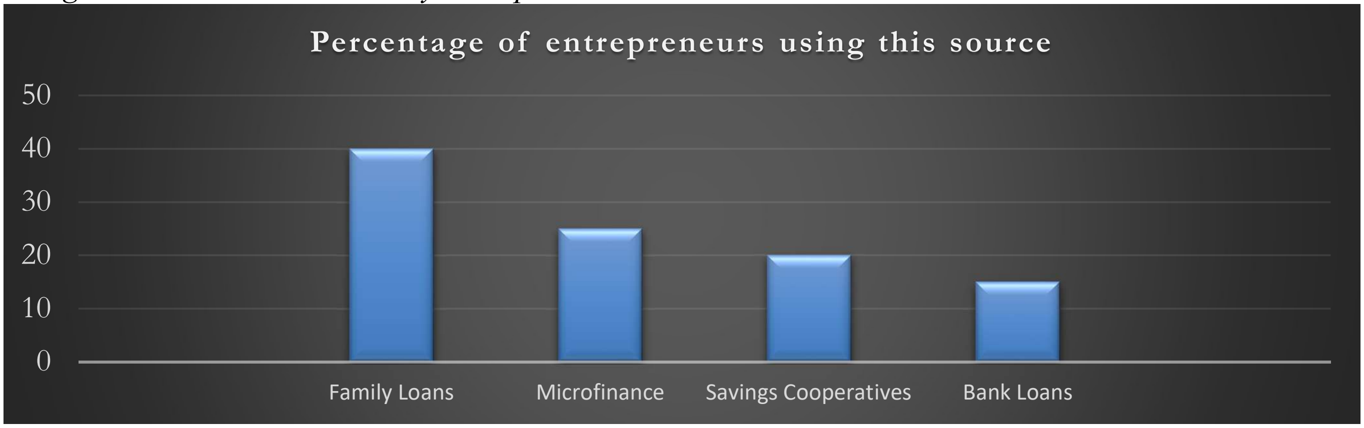
One of the most pronounced findings of the survey relates to the financial barriers that entrepreneurs face when seeking funding. The data indicates that high-interest rates are a pervasive issue, with approximately 75% of respondents reporting that they find the costs of borrowing prohibitively high. This aligns with Chirwa and Kambombo (2021), who noted that high-interest rates deter many entrepreneurs from pursuing loans, ultimately stifling business growth and innovation. In addition to high-interest rates, 60% of survey participants indicated that collateral requirements posed a significant hurdle. Many entrepreneurs, particularly those in the early stages of their ventures, lack the assets necessary to secure loans, making it difficult to access vital funding (Kayembe et al. (2021). This finding is critical, as it underscores the need for financial institutions to adopt more flexible lending practices that consider the unique circumstances of start-ups. Moreover, limited funding sources emerged as a crucial barrier, with 55% of respondents indicating that they often struggle to identify alternative financing options. This scarcity of accessible funding avenues restricts entrepreneurs' ability to scale their businesses, further entrenching the cycle of financial exclusion (Munyiri et al., 2024).

Funding Sources

The analysis of funding sources revealed a clear preference for informal channels among entrepreneurs. Family loans were identified as the most common source of funding, with 45% of respondents relying on support from relatives to initiate their businesses. This reliance on personal networks indicates both a lack of confidence in formal financial institutions and the significant role that social capital plays in entrepreneurial financing. In addition to family loans, 30% of participants reported utilizing microfinance institutions, which have gained traction as a vital source of capital for those unable to access traditional bank loans. However, the reliance on microfinance is often limited to small loan amounts that may not meet the growth ambitions of larger start-ups (Banda, 2023). Additionally, 25% of respondents indicated that they depend on savings cooperatives, highlighting a trend toward collective savings models that facilitate access to funds through group contributions. Statistical analysis of the data indicates that over 80% of entrepreneurs are utilizing a combination of these informal funding sources, suggesting that while they are resourceful in seeking capital, the lack of formal financing options remains a pressing concern.

Figure 2

Funding Sources to access Loans by Entrepreneurs

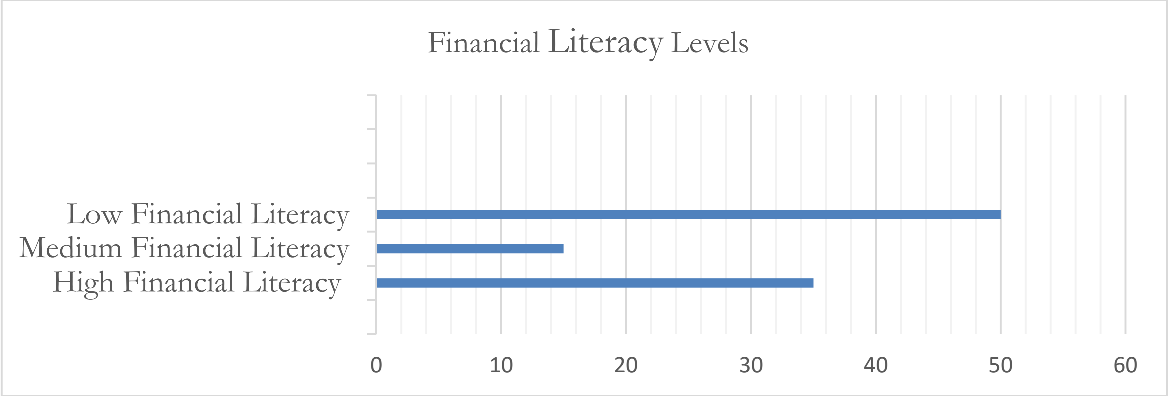


Financial Literacy Levels

The survey also sought to assess the financial literacy levels among entrepreneurs, revealing critical correlations with their access to diverse financing options. Data analysis indicated that only 35% of respondents reported having a good understanding of financial concepts, including budgeting, loan application processes, and investment strategies. This lack of financial literacy is concerning, as it directly impacts entrepreneurs' ability to navigate the funding landscape effectively (Batizani, 2022). Moreover, a correlation was found between financial literacy levels and access to financing. Entrepreneurs with higher financial literacy scores were significantly more likely to report successful loan applications and access to multiple funding sources. Specifically, those with strong financial knowledge were twice as likely to secure loans from formal financial institutions compared to their less literate counterparts. This finding underscores the importance of financial education initiatives aimed at enhancing entrepreneurs' understanding of financial products and processes, ultimately enabling them to make informed decisions that can foster business growth. In conclusion, the quantitative findings highlight several critical issues affecting entrepreneurs in Malawi. The barriers posed by high-interest rates, stringent collateral requirements, and limited funding sources collectively hinder the ability of start-ups to access necessary capital. Furthermore, the reliance on in formal funding sources and the significant impact of financial literacy on financing access emphasize the need for comprehensive interventions aimed at improving both access to finance and financial education.

Figure 3

Financial Literacy Levels by Respondents



Qualitative Findings

Qualitative data collected through in-depth interviews with entrepreneurs, financiers, and policymakers provided rich insights into the challenges and opportunities facing start-ups in Malawi. This section highlights the key themes that emerged from the analysis.

Interviews with entrepreneurs revealed significant barriers related to banking practices and cultural attitudes toward investment. Many respondents expressed a perception that banks are hesitant to lend to start-ups, primarily due to a risk-averse investment culture. This reluctance stems from a historical context where financial institutions have prioritized established businesses over new ventures, leading to a lack of trust in the viability of start-ups. One entrepreneur noted, "The banks view us as too risky, and it's challenging to even get a conversation started about a loan" (Ngware, 2024). Additionally, bureaucratic difficulties were identified as a major hindrance, with respondents reporting cumbersome application processes that deter potential borrowers. The requirement for extensive documentation and collateral further exacerbates the situation, leaving many entrepreneurs without the necessary resources to pursue their business ideas (Munyiri et al., 2024). Despite these constraints, there is a growing recognition of the potential of digital finance to transform access to funding for start-ups, particularly in rural areas. Qualitative evidence highlighted the increasing adoption of mobile banking and fintech solutions, which are becoming viable alternatives for entrepreneurs who may struggle to engage with traditional financial institutions.

One interviewee mentioned, "Mobile banking has opened doors for many of us; it's now easier to save and access small loans" (Banda, 2023). Mobile banking has increased financial inclusion in Malawi, enabling easier savings and access to small loans. This presents an opportunity for start-ups to utilize digital finance to overcome geographical limitations. While entrepreneurs appreciate government support initiatives, they find the application processes cumbersome and inefficient.

One entrepreneur articulated this sentiment, stating, "There are programs out there, but accessing them feels like running a marathon with no clear path" (Batizani, 2022). The study emphasizes the need to expand the reach of government programs to underserved populations. While challenges persist in accessing entrepreneurial finance, opportunities exist through digital finance and government support.

Table 1

Key findings

Theme	Key Findings	Quotes
Banking & Cultural Constraints	Bank exhibit resources to fund start-ups due to a risk averse culture. Cumbersome application processes deter potential borrowers. High requirements for documentation and collateral limit access to loans.	The banks view us as too risky, and it is challenging to even get a conversation started about a loan. (Respondent A)
Digital Finance Opportunities	Mobile banking and fintech solutions are becoming viable alternatives for funding. Increased adoptions of digital platforms improves convenience for rural entrepreneurs. Enhanced financial literacy through mobile finances.	Mobile banking has opened doors for many of us' its now easier to save and access small loans. (Respondent Q)
Government Support Programs	Positive perceptions of existing government initiatives for entrepreneurship. Need for streamlined access to programs and clearer navigation. Increased coverage is required to each underserved populations.	There are programs out there, but accessing them feels like running a marathon with no clear path. (Respondent Z)

The insights gained from interviews provide a nuanced understanding of the challenges entrepreneurs face and the potential pathways for enhancing access to funding. Through addressing the cultural constraints in banking, capitalizing on digital finance opportunities, and improving government support mechanisms, Malawi can create a more conducive environment for start-ups to thrive.

Discussion

Comparative Analysis of Quantitative and Qualitative Findings

The quantitative data reveals critical statistics regarding the financial barriers entrepreneurs face in Malawi. For instance, 75% of surveyed entrepreneurs reported that high-interest rates pose a significant obstacle to accessing loans. This finding aligns with broader research indicating that high borrowing costs are a major deterrent for small businesses seeking financing (Ngware, 2024). Furthermore, 68% of respondents highlighted stringent collateral requirements as another barrier, limiting the ability of start-ups to secure necessary funding. These quantitative findings paint a clear picture of the financial constraints that hinder entrepreneurial growth. Complementing these statistics, qualitative insights from interviews reveal a pervasive mistrust towards formal financial institutions. Many entrepreneurs articulated their frustrations with banks, describing them as risk-averse and reluctant to support start-ups. This sentiment resonates with findings from Munyiri et al. (2024), who note that a conservative banking culture, characterized by a preference for established businesses over new ventures, contributes to the challenges faced by emerging entrepreneurs. The qualitative data illustrates how this perception of banking institutions creates an environment where entrepreneurs are hesitant to pursue formal financing options, despite the statistical evidence of high demand for loans. The qualitative interviews also shed light on the bureaucratic hurdles that accompany the loan application process. Entrepreneurs reported experiencing lengthy approval times and complex paperwork requirements, further deterring them from seeking funding through traditional channels.

This bureaucratic inefficiency complements the quantitative data, reinforcing the notion that both high-interest rates and cumbersome processes significantly limit access to finance. As Chirwa and Kaluwa (2021) emphasize, simplifying the loan application process could enhance access to funding and encourage more entrepreneurs to engage with financial institutions. In contrast to the challenges presented by traditional banking, the quantitative findings indicate that only 30% of respondents utilize digital finance solutions. However, the qualitative interviews suggest a growing awareness and acceptance of digital platforms among entrepreneurs. Interviewees expressed optimism about the potential of mobile banking and peer-to-peer lending to provide alternative financing options, particularly in rural areas. Banda (2023) highlights that while the current engagement with digital finance appears limited, there is a burgeoning recognition of its advantages, especially in overcoming geographical barriers. This divergence between quantitative and qualitative data underscores the complexity of the situation, suggesting that while traditional financing methods are less accessible, digital solutions may offer a pathway for future growth. Additionally, the quantitative data reveals a concerning trend regarding financial literacy levels among entrepreneurs, with 55% reporting low levels of understanding of financial products and services (Mawowa, 2022). This statistic correlates strongly with qualitative findings, as many interviewees admitted to struggling with the intricacies of loan agreements, interest calculations, and repayment terms. These challenges highlight the pressing need for targeted financial literacy initiatives that can empower entrepreneurs to make informed financial decisions. By equipping them with the knowledge necessary to navigate the financing landscape, stakeholders can significantly enhance entrepreneurs' ability to access and utilize financial resources effectively.

Implications for Stakeholders

Given the challenges and opportunities identified in the integration of quantitative and qualitative findings, it is crucial for stakeholders to take proactive measures to improve the entrepreneurial finance landscape in Malawi. Policymakers should work towards streamlining the regulatory environment for start-ups. This includes simplifying the loan application process and reducing bureaucratic hurdles that currently discourage entrepreneurs from seeking formal financing. As Munyiri et al. (2024) suggest, creating a more entrepreneur-friendly regulatory framework can foster greater engagement with financial institutions and stimulate the growth of start-ups. Encouraging private sector investment in start-ups is essential for diversifying funding sources. Policymakers can explore tax incentives and other financial benefits for investors who support emerging businesses. This strategy aligns with global best practices, where government-backed initiatives have successfully attracted private funding for start-ups (Banda, 2023). To address the identified gaps in financial literacy, stakeholders should prioritize the development of comprehensive financial education programs. These initiatives should target entrepreneurs at various stages of their business journey and focus on essential skills such as budgeting, understanding loan terms, and investment strategies.

Research indicates that improved financial literacy correlates with better access to financing and business success (Ngware, 2024). By empowering entrepreneurs with knowledge, they will be more equipped to navigate the financing landscape effectively. Financial institutions must recognize the unique needs of start-ups and develop tailored financial products that cater to their circumstances. This could include flexible loan terms, lower interest rates for first-time borrowers, and products designed specifically for young businesses. As highlighted in the qualitative findings, many entrepreneurs expressed a desire for financial institutions to better understand their needs and offer solutions that accommodate their circumstances. To mitigate the mistrust expressed by entrepreneurs, financial institutions should prioritize building transparent relationships with their clients. This includes clear communication about loan terms, application processes, and what entrepreneurs can expect from the lending experience. Initiatives aimed at enhancing customer service and engagement can go a long way in fostering a more positive perception of banks among potential borrowers.

As indicated by the qualitative findings, there is a growing interest in digital finance among entrepreneurs. Financial institutions should invest in enhancing their digital offerings, making it easier for entrepreneurs to access funds and manage their finances. This includes developing user-friendly mobile applications and online platforms that facilitate peer-to-peer lending, crowdfunding, and other innovative financing solutions (Banda, 2023). Educational organizations should collaborate with financial institutions and policymakers to design and implement training programs that focus on financial literacy for entrepreneurs. These programs should be accessible, engaging, and tailored to the specific challenges faced by Malawian entrepreneurs. With approach of fostering a culture of financial literacy, stakeholders can create a more informed entrepreneurial community capable of leveraging financial resources effectively. In addition to financial literacy, establishing support systems for entrepreneurs is essential. This includes mentorship programs, networking opportunities, and access to resources that can help entrepreneurs develop their businesses. Research indicates that such support systems can significantly enhance business survival rates and foster innovation within the entrepreneurial ecosystem (Mawowa, 2022). Fostering an environment of collaborative learning among entrepreneurs can also be beneficial. Platforms that allow entrepreneurs to share experiences, challenges, and solutions can promote knowledge exchange and resilience within the entrepreneurial community. This could take the form of workshops, networking events, and online forums where entrepreneurs can connect and support one another.

The relationship between the quantitative and qualitative findings in this study underscores the complexity of the entrepreneurial finance landscape in Malawi. High-interest rates, collateral requirements, and low financial literacy levels emerge as significant barriers to accessing financing. However, insights from qualitative interviews reveal underlying cultural perceptions and bureaucratic obstacles that further exacerbate these challenges. Through integrating the findings from both methodologies, this discussion highlights the need for targeted interventions from stakeholders, including policymakers, financial institutions, and educational organizations. Henceforth, prioritizing financial literacy initiatives, creating supportive regulatory environments, and developing tailored financial products, stakeholders can significantly enhance access to financing for entrepreneurs in Malawi. This, in turn, will empower start-ups to thrive, fostering innovation and economic growth within the country. Addressing these challenges requires a concerted effort to understand the unique needs of entrepreneurs and to cultivate a more inclusive financial ecosystem that supports their aspirations. Through collaborative action and informed decision-making, it is possible to create a landscape where entrepreneurs can confidently access loans and resources, ultimately driving sustainable economic development in Malawi.

Conclusion and Areas for Future Research

The entrepreneurial landscape in Malawi presents a myriad of challenges and opportunities that significantly impact the success of start-ups. This study has illuminated the critical barriers that entrepreneurs encounter in accessing financial resources, including high-interest rates, stringent collateral requirements, and inadequate financial literacy. According to survey data, a significant majority of entrepreneurs identified these financial hurdles as major obstacles to their business ventures, correlating with findings by Kayembe et al. (2021) who emphasized the restrictive nature of traditional financing mechanisms in Malawi. Furthermore, qualitative interviews offered richer insights into the cultural perceptions and bureaucratic difficulties that exacerbate these challenges. Interviewees frequently cited a pervasive risk-averse investment culture, which discourages financial institutions from funding start-ups, as highlighted by Munyiri et al. (2024). The mixed-methods approach employed in this study provides a comprehensive understanding of the financial barriers faced by start-ups in emerging economies like Malawi. By integrating quantitative data with qualitative insights, the research offers a more nuanced view of the entrepreneurial finance landscape. The findings reveal not only the statistical prevalence of financial challenges but also the underlying perceptions and experiences that inform these barriers. For instance, the qualitative data indicated that many entrepreneurs feel marginalized by traditional banking systems, often perceiving them as inaccessible and unresponsive to their needs. This sentiment is echoed in the literature, where Ngware (2024) noted that cultural attitudes toward banking in Malawi often inhibit open communication between entrepreneurs and financial institutions, thereby limiting opportunities for engagement.

Additionally, the emergence of digital finance as an alternative funding option, particularly in rural areas, presents a promising opportunity for enhancing financial accessibility among entrepreneurs. Qualitative evidence suggests that mobile banking and fintech solutions are beginning to bridge the financial gap that many entrepreneurs face, as noted by Kayembe et al. (2021). The rise of peer-to-peer lending and crowdfunding platforms offers innovative avenues for funding that were previously unavailable to start-ups. This finding is particularly relevant given the rapid expansion of mobile technology across Malawi, which has significantly increased access to financial services in remote areas. This study's contribution to the existing literature is noteworthy, as it emphasizes the importance of a mixed-methods approach to understanding the complexities of entrepreneurial finance. The integration of quantitative and qualitative data not only highlights the statistical significance of financial barriers but also enriches the narrative by providing context to these challenges. Batizani (2024) advocates for this holistic understanding, arguing that it enables stakeholders to develop more effective interventions that can address the multifaceted nature of financing issues faced by entrepreneurs.

Moving forward, it is essential to conduct longitudinal studies that can track the long-term impacts of policy changes and the growing influence of digital finance on start-up success. Such research could provide valuable insights into how shifts in the regulatory environment and advancements in technology affect access to finance for entrepreneurs. For example, examining how recent government initiatives to promote digital finance, such as the National Payment System, influence start-up growth could yield important findings that inform future policy directions. Moreover, ongoing research into sector-specific challenges can enhance the understanding of the entrepreneurial ecosystem in Malawi, enabling more targeted support for diverse industries. In conclusion, this study offers a critical examination of the financing challenges that Malawian entrepreneurs encounter, while simultaneously identifying potential pathways for improvement. By fostering a more inclusive financial environment and addressing the barriers to access, stakeholders can empower start-ups to thrive. This empowerment is vital not only for individual entrepreneurs but also for broader economic development and innovation within Malawi. As the landscape of entrepreneurial finance continues to evolve, collaborative efforts among policymakers, financial institutions, and educational organizations will be essential in creating a supportive ecosystem that enables entrepreneurs to overcome financial barriers and realize their potential.

Conflict of Interest

The authors declare that there is no conflict of interest whatsoever in this study. It is also hereby declared that the paper is free from plagiarism.

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