

DETERMINANTS OF FINANCING CHOICES IN SMES: OWNER-MANAGER PROFILE, INFORMATION ASYMMETRY, AND GOVERNANCE MECHANISMS

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Abstract

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This study examines the determinants of financing choices among Moroccan small and medium-sized enterprises (SMEs), focusing on the role of owner-manager characteristics and internal governance mechanisms in an underexplored emerging economy context, in line with prior research highlighting the influence of governance structures and managerial attributes on financing behaviour and firm outcomes (Ismaeel & Soliman, 2022; Akwaa-Sekyi et al., 2024). Based on survey data from 127 Moroccan SMEs and using an ordinal logistic regression approach, the analysis investigates preferences for internal financing, bank financing, equity market access, and alternative financing instruments. The findings show that digitalisation and financial transparency shape perceptions of self-financing, while bank financing depends primarily on governance quality (particularly the presence of an audit committee) and owner-manager financial literacy. Equity market access is driven by governance quality and educational attainment, whereas alternative financing relies on governance credibility and specialised financial knowledge, with non-digitalised SMEs exhibiting a greater reliance on such instruments. Overall, the results suggest that SME financing decisions in Morocco are influenced less by purely financial rationality than by strategic, institutional, and cognitive factors, offering original evidence and relevant implications for policymakers and practitioners.

Keywords: Moroccan SMEs, Financing, Owner-Manager, Information Asymmetry, Governance Mechanisms, Pecking Order Theory, Ordinal Logistic Regression

Authors' individual contribution: Conceptualization — Z.B.D. and A.C.; Methodology — N.I. and M.G.; Validation — Z.B.D.; Formal Analysis — I.I. and A.C.; Investigation — Z.B.D.; Resources — Z.B.D. and N.I.; Data Curation — I.I. and M.G.; Writing — Z.B.D., A.C., N.I., and M.G.; Supervision — Z.B.D. and A.C.; Project Administration — Z.B.D. and I.I.

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1. INTRODUCTION

The role of small and medium-sized enterprises (SMEs) is central to economic and social development. They form the backbone of economies by generating value, driving growth, and enhancing productivity, particularly in a global environment characterised by rapid change, heightened competition, globalisation, and evolving consumer preferences. They also reinforce the industrial fabric and complement public investment through private domestic investment across multiple sectors (Botsari et al., 2024; Fajarika et al., 2024). SMEs represent around 90% of all firms and account for more than 50% of jobs worldwide, while formal SMEs contribute up to 40% of national income (gross domestic product, GDP) in emerging economies (World Bank, 2025). Even in advanced industrial economies, SMEs, rather than multinational corporations, remain the main employers and leading contributors to value creation.

It is equally evident that SMEs cannot be regarded as scaled-down versions of large firms. Ang (1991) argues that SMEs face distinct financial management challenges and constitute a highly heterogeneous group with specific characteristics. A defining feature of these firms is the concentration of managerial power in the hands of owner-managers, where ownership and management are closely intertwined. SMEs are typically managed directly by their owners in a personalised manner and remain independent of large industrial or financial conglomerates (Bolton, 1971). Furthermore, owner-managers often treat information as confidential and refrain from sharing accurate data with external stakeholders, particularly creditors. This behaviour fosters information asymmetry. SMEs also face both qualitative and quantitative limitations in human resources, which may expose them to substantial risks of error stemming from lack of experience, insufficient expertise, or the owner's excessive optimism (Chakabva & Tengeh, 2023; Sanga & Aziakpono, 2023; Zheng et al., 2022).

Over the past decade, research on corporate capital structure has advanced significantly, as financing choices remain among the most critical decisions a firm faces. Establishing an appropriate capital structure enhances corporate performance and ultimately creates value. The pecking order theory (POT), first advanced by Myers (1984) and further elaborated by Myers and Majluf (1984), posits that firms follow a hierarchical order of financing with the primary aim of maximising existing shareholders' wealth while avoiding the costs associated with information asymmetry and adverse selection. According to this theory, firms prefer internal financing to external sources, and debt financing to the issuance of new equity.

Within this context, the central research question is:

RQ: To what extent does the profile of the owner-manager influence the financing choices of Moroccan SMEs?

This study examines the determinants of financing choices among Moroccan SMEs by analysing the role of owner-manager characteristics and internal governance. Using an ordinal logistic regression on a sample of 127 firms, it identifies the factors shaping preferences for self-financing, bank credit, equity, and alternative funding,

contributing to the literature on SME finance in contexts marked by persistent financial constraints.

The paper is structured as follows. Section 2 reviews the literature on SME financing, focusing on the POT, information asymmetry, owner-manager characteristics, and internal governance. Section 3 presents the epistemological positioning and methodological framework. Section 4 reports the empirical results of the ordinal logistic regression across different financing modes. Section 5 discusses the findings in light of existing evidence, and Section 6 concludes with key implications and directions for future research.

2. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

2.1. The pecking order theory and SME financing choices

A substantial body of research shows that SMEs tend to favour debt over equity financing, largely due to concerns related to control and governance (Adair & Adaskou, 2015; Bertoni et al., 2019; Ismael & Soliman, 2022; Raghavan, 2024; Chen et al., 2024). Owner-managers often perceive equity financing as a threat to their decision-making autonomy, which leads them to prioritise funding sources that do not dilute ownership (Ben-Hafaïedh & Hamelin, 2015).

These behaviours are consistent with the POT, which posits that firms follow a hierarchical financing pattern driven by information asymmetries (Myers & Majluf, 1984). Accordingly, firms rely first on internal funds, then on debt, and resort to equity only as a last option. Empirical evidence strongly supports this framework in the context of SMEs, where limited access to external finance and a preference for control reinforce reliance on internal resources (Aktas et al., 2011).

Studies conducted across diverse institutional settings further corroborate the relevance of the pecking order hypothesis. Research on firms in Europe, Asia, and Africa consistently shows that SMEs favour internal financing and debt over equity, regardless of national context (Allen, 1993; Sutomo et al., 2020; Jarallah et al., 2019; Lussuamo & Serrasqueiro, 2021). Collectively, these findings underline that SME financing decisions are strongly shaped by information asymmetries, governance considerations, and the desire to preserve control, thereby confirming the explanatory power of the POT.

Taken together, these studies confirm that the POT plays a pivotal role in shaping the financing decisions of SMEs.

2.2. Specific features and characteristics of SMEs

Small and medium-sized enterprises cannot be regarded as scaled-down versions of large firms, as managerial authority is highly concentrated in the owner-manager. This centralisation, driven by firm size and close interaction with employees, reinforces direct and hierarchical control (Torrés, 1999).

SMEs are characterised by a limited division of labour, with a strong concentration of managerial and operational responsibilities in the hands of the owner-manager. Most functions are closely

integrated, and the owner-manager not only oversees decision-making but often performs several tasks directly, reflecting the highly centralised and personalised nature of SME management (Capet et al., 1986; Julien & Marchesnay, 1996).

SMEs are also characterised by less formalised structures, slower control systems, and fewer reporting mechanisms related to transactions (Fassin, 2008). Previous research on SME capital structure decisions has considered a range of specific factors, including firm-level characteristics (Dwyer & Kotey, 2015; Matias & Serrasqueiro, 2017; Palacín-Sánchez et al., 2013; Sardo & Serrasqueiro, 2017), owner-manager attributes (Dasilas & Papasyriopoulos, 2015; Lee et al., 2015; Matemilola et al., 2018), and macroeconomic conditions (Adair & Adaskou, 2015).

2.2.1. Information asymmetry

In economics, information asymmetry refers to transactions in which some participants possess information that others lack. Information asymmetry constitutes a major concern for financial institutions such as banks (Myers & Majluf, 1984; Fasano & Cappa, 2022; Al-Dhamari & Ismail, 2013). Peterson and Shulman (1987) analysed the capital structure of SMEs and argued that these firms frequently hesitate to share relevant information with third parties, even when pursuing promising investment projects (Raghavan, 2024). This tendency significantly exacerbates informational asymmetries between SMEs and capital providers (Akwaa-Sekyi et al., 2024).

SMEs are more exposed to problems of information asymmetry than larger firms, as their opacity and heterogeneity make them more difficult to analyse. Lehman and Neuberger (2001) emphasised that information asymmetry is particularly pronounced in SMEs operating in developing countries, where property rights are weakly protected, and both entrepreneurs and individuals tend to maintain strict confidentiality over their information.

The absence of financial disclosure, the concentration of ownership, and the overlap between ownership and management (where owner-managers assume responsibility for all major functions within the SME: finance, marketing, operations, etc.) (Kumar & Rao, 2015) further exacerbate the problem. As a result, creditors frequently require substantial collateral from SMEs in exchange for medium and long-term loans in order to mitigate the risk of non-performing loans. They also limit credit analysis by downsizing teams dedicated to SME financing (Dietsch & Mahieux, 2014; Kumar & Rao, 2015; Lussuamo & Serrasqueiro, 2021).

With respect to stock market access, SME owner-managers frequently remain reluctant to comply with requirements such as presenting and publishing credible financial statements and providing regular, transparent financial reporting.

H1: The presence of transparency mechanisms (website, financial communication, audited accounts) reduces information asymmetry and increases the likelihood of accessing external financing.

2.2.2. Financial autonomy

The majority of SME owner-managers prefer internal financing to maintain control and safeguard financial autonomy vis-à-vis creditors and external

investors (Modigliani & Miller, 1958; Utami & Setiawan, 2023). Research shows that they seek to preserve independence, managerial control, and autonomy (St-Pierre & Cadieux, 2011). Decisions are not always driven by maximising firm value, and some owners may forgo profitable opportunities requiring external capital (Akwaa-Sekyi et al., 2024).

Mac an Bhaird (2010) found that Irish SME owner-managers strongly value independence and control, leading them to prioritise retained earnings for financing and to view external funding as “a last resort”.

H2: The perception of a high risk of losing financial autonomy is negatively associated with opening the firm's capital to external investors.

2.2.3. Education, experience, and competence

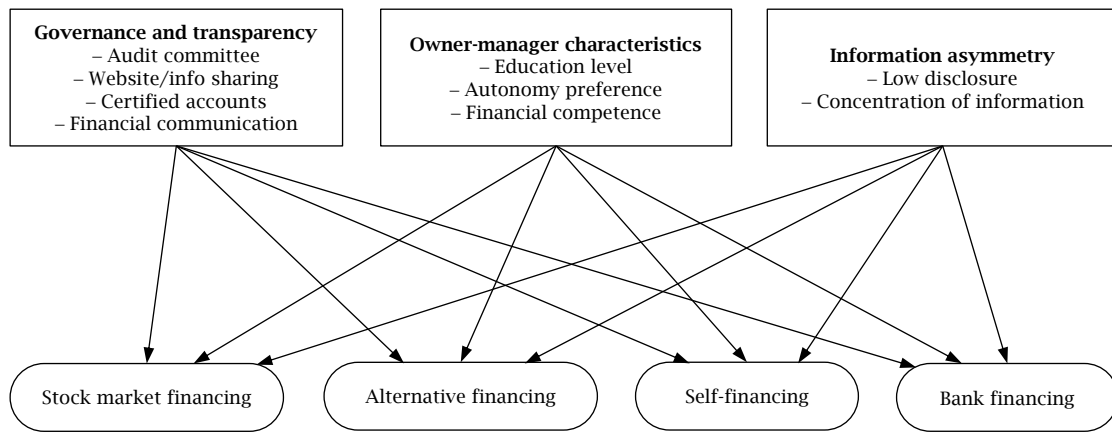
In the SME context, as previously highlighted, the owner-manager is the individual who simultaneously owns and manages the business. They oversee and ensure the effective functioning and coordination of resources within the organisation. The owner-manager is engaged in all aspects of management and is frequently perceived as indistinguishable from the enterprise itself (Ngongang, 2014). According to Mintzberg and Waters (1982), the owner-manager assumes three roles: entrepreneurial, managerial, and technical. In entrepreneurial firms, responsibility for financing decisions rests primarily with the owner-manager. It can therefore be expected that personal characteristics (such as education, experience, age, gender, culture, growth objectives, desire for independence, and motivations for business creation) will influence financing choices (Xiang et al., 2014; St-Pierre & Cadieux, 2011; St-Pierre, 2003).

According to Innovation, Science and Economic Development Canada (ISED, 2002), investors frequently refuse to provide capital to owner-managers primarily due to insufficient managerial skills. As Xiang et al. (2014) observed, SME owner-managers often demonstrate shortcomings when seeking external financing, owing to limited education and knowledge in financial management. St-Pierre (2003) further observed that entrepreneurs may take decisions differing from those of professional managers owing to their relatively high-risk appetite, objectives that combine financial and non-financial elements, typically undiversified investment portfolios, and financial preferences that may not align with those of lenders. As the author emphasises, “the SME is an extension of the entrepreneur” (St-Pierre, 2003, p. 7). Generally, in the SME context, the enterprise reflects the characteristics of the owner-manager.

SME financing decisions are strongly shaped by the owner-manager's competencies and experience (Kim et al., 2006; Rodrigues et al., 2021). Limited managerial skills constrain access to external finance, whereas higher managerial competence enhances financing opportunities. Consequently, owner-manager characteristics play a central role in shaping strategic financial decisions in SMEs (Mbama et al., 2025; Alite et al., 2025).

H3: A lack of financial competence and knowledge of financing instruments (banking and alternative) negatively affects access to external finance.

Figure 1. Conceptual framework of the research



Source: Authors' elaboration.

3. RESEARCH METHODOLOGY

3.1. Epistemological positioning and research design

This study adopts a positivist epistemological stance, viewing SMEs' financing choices as observable and measurable phenomena explained through causal relationships. Accordingly, a hypothetico-deductive approach is employed, whereby hypotheses derived from established theories (particularly the POT, information asymmetry, and corporate governance frameworks) are empirically tested using quantitative methods.

3.2. Methodological approach and data collection instrument

The study relies on a quantitative research approach, which is particularly suitable for statistically testing theoretical hypotheses and ensuring the generalisability of findings within the studied context.

Data were collected using a structured questionnaire, administered primarily online. The questionnaire was designed to capture the multidimensional nature of SME financing decisions and is organised into three main sections:

- The first section focuses on internal governance mechanisms and transparency practices,

including the existence of an audit committee, certified accounting records, financial communication practices, and digital visibility (corporate website and online financial disclosure).

- The second section addresses financing choices, distinguishing between internal financing (self-financing), traditional external financing (bank loans and stock market access), and alternative financing instruments (venture capital, business angels, crowdfunding, participatory finance, leasing, etc.), measured in terms of their perceived importance.

- The third section gathers information on firm-level and owner-manager characteristics, such as sector of activity, firm size, age, turnover, educational attainment, and financial knowledge.

From a methodological perspective, the questionnaire was carefully structured to ensure data consistency and statistical robustness. Specifically, 31.43% of the questions are dichotomous (yes/no), 11.43% are ordinal, primarily based on Likert-type scales, and 54.29% are single-choice categorical questions with multiple modalities (e.g., firm size, legal form, age, and turnover). This combination of question formats enables the integration of structural, organisational, and cognitive dimensions while remaining fully compatible with advanced econometric analysis.

Table 1. Description of the variables used in the study (Part 1)

	Variable	Label	Coding	Type of variable
Dependants variables	Self_Financing_Importance	Importance of self-financing in financing choice	1 = Low importance; 2 = Moderate importance; 3 = High importance	Ordinal qualitative variable
	Importance_Bank_Financing	Importance of bank credit in financing choice	1 = Low importance; 2 = Moderate importance; 3 = High importance	Ordinal qualitative variable
	Importance_Stock_Market_Financing	Importance of stock market financing in financing choice	1 = Low importance; 2 = Moderate importance; 3 = High importance	Ordinal qualitative variable
	Importance_Alternative_Financing	Importance of alternative financing in financing choice	1 = Low importance; 2 = Moderate importance; 3 = High importance	Ordinal qualitative variable

Table 1. Description of the variables used in the study (Part 2)

	<i>Variable</i>	<i>Label</i>	<i>Coding</i>	<i>Type of variable</i>
Independants variables	<i>Financial_Independence</i>	Perceived dilution of financial autonomy constrains external financing	1 = Yes; 0 = No	Dichotomous qualitative variable
	<i>Audit_Committee</i>	Existence of an audit committee established within the corporate governance structure	1 = Yes; 0 = No	Dichotomous qualitative variable
	<i>Financial_Communication_Officer</i>	Existence of a dedicated officer responsible for financial communication	1 = Yes; 0 = No	Dichotomous qualitative variable
	<i>Website</i>	Existence of a corporate website	1 = Yes; 0 = No	Dichotomous qualitative variable
	<i>Financial_Info_Shared_on_Website</i>	Regular and up-to-date disclosure of financial and accounting information on the corporate website	1 = Yes; 0 = No	Dichotomous qualitative variable
	<i>Certified_Accounting_Records</i>	Annual external audit of financial statements by a statutory auditor	1 = Yes; 0 = No	Dichotomous qualitative variable
	<i>Knowledge_Banking_Products</i>	Bank financial products awareness	1 = Yes; 0 = No	Dichotomous qualitative variable
	<i>Knowledge_Stock_Market_Access</i>	Awareness of Casablanca Stock Exchange (CSE) listing and financing mechanisms	1 = Yes; 0 = No	Dichotomous qualitative variable
	<i>Knowledge_Alternative_Finance_Products</i>	Alternative financing knowledge	1 = Yes; 0 = No	Dichotomous qualitative variable
	<i>Education_Level_Owner</i>	Educational level of the owner-manager	1 = Primary; 2 = Secondary; 3 = Higher	Multinomial qualitative variables

Source: Authors' elaboration.

3.3. Definition of the study population and SME criteria

The target population consists of Moroccan SMEs, defined in accordance with the SME Charter of July 23, 2002¹, which combines legal, organisational, and financial criteria. Under this framework, SMEs are independent firms managed by natural persons, with no more than 25% of capital held by non-SME entities, and meeting specific size thresholds. For established firms, these include a workforce of up to 200 employees, annual turnover not exceeding MAD 75 million, and/or total assets below MAD 50 million. For newly created firms, initial investment must not exceed MAD 25 million, with investment per job capped at MAD 250,000. Despite this clear definition, the absence of a comprehensive and up-to-date national database integrating employment, turnover, and asset information limited the construction of a fully probabilistic sampling frame.

3.4. Survey administration and sample characteristics

The questionnaire was distributed to approximately 1,400 Moroccan SMEs, identified primarily through the charika.ma platform. Data collection was conducted electronically and complemented by several follow-up reminders using multiple communication channels, including email and professional social networks (LinkedIn, WhatsApp, and Facebook).

A total of 145 responses were received. After eliminating incomplete questionnaires and responses exhibiting inconsistencies, 127 questionnaires were retained for the final analysis. This sample size is

consistent with comparable empirical studies on SMEs in emerging economies and is considered satisfactory given the practical constraints associated with accessing firm-level data.

3.5. Data analysis method

Given the ordinal nature of the dependent variables measuring the perceived importance of different financing sources, the study employs ordinal logistic regression models. This technique is particularly appropriate for estimating the probability that an SME assigns a higher level of importance to a given financing option as a function of its governance characteristics, information transparency, and owner-manager profile.

All estimations were performed using SPSS software (version 25). Model robustness was assessed through goodness-of-fit tests (Pearson and Deviance), pseudo-R² measures (Cox and Snell, Nagelkerke, and McFadden), and Wald statistics for individual coefficients.

4. RESULTS OF THE QUANTITATIVE STUDY

4.1. Univariate analysis

The univariate analysis reveals that Moroccan SMEs rely predominantly on internal financing, with 59.1% of firms using their own or in-kind resources at start-up, while bank financing remains secondary (23.6%). Alternative sources such as venture capital, leasing, and participatory finance remain marginal. The sample is largely service-oriented (33.9%), followed by trade (20.5%) and industry (18.1%), reflecting a predominantly tertiary economic structure. Most firms are limited liability companies (81.1%) and are in an intermediate stage of development, with 40.2%

¹ <https://marocpme.gov.ma/wp-content/uploads/2022/12/Maroc-Loi-2000-53-charte-PME.pdf>

aged between two and five years and 31.5% between five and ten years. The majority are small-sized enterprises, as 74.8% employ fewer than 50 workers, and financial capacity remains modest, with over half of the firms reporting annual turnover below MAD 15 million. Overall, these findings confirm the dominance of small, relatively young firms operating with constrained financial resources and limited access to diversified financing instruments.

These findings underscore the predominance of small entities, both in size and economic performance, which partly explains their limited reliance on more sophisticated financing mechanisms.

4.2. Multivariate analysis: Modelling through ordinal logistic regression

4.2.1. Self-financing

The estimation of the ordinal logistic regression model for the dependent variable, *Self_Financing_Importance*, indicates a significant improvement in model fit compared with the intercept-only model. The -2 log-likelihood decreases from 174.632 to 139.754, representing a reduction of 34.877 with 11 degrees of freedom ($p < 0.000$). This result confirms the overall relevance of the explanatory variables included in the model.

Table 2. Model fit information

Model	-2 log likelihood	Chi-square	df	Sig.
Intercept only	174.632			
Final model	139.754	34.877	11	0.000

Note: Link function: Logit.

Source: Authors' elaboration using SPSS 25.

The goodness-of-fit tests yield mixed results. The Pearson test is significant ($\chi^2 = 241.604$; $df = 139$; $p < 0.001$), suggesting some divergence between the observed data and the theoretical model. However, the Deviance test is not significant ($\chi^2 = 125.634$; $df = 139$; $p = 0.785$), indicating that the model adequately accounts for the empirical distribution of the data.

The pseudo-R² coefficients indicate a moderate explanatory power: Cox and Snell = 0.240, Nagelkerke = 0.303, and McFadden = 0.174. These values suggest that the explanatory variables included in the model account for between 17%

and 30% of the variance in the importance attributed to self-financing.

Table 3. Model fit quality and pseudo-R²

Test	Chi-square	df	Sig.
Pearson	241.604	139	0.000
Deviance	125.634	139	0.785
Cox and Snell	0.240		
Nagelkerke	0.303		
McFadden	0.174		

Note: Link function: Logit.

Source: Authors' elaboration using SPSS 25.

Table 4. Parameter estimates

Variable	Estimation	Std. error	Wald	df	Sig.	95% confidence interval		
						Lower bound	Upper bound	
Thresholds	[Self_Financing_Importance = 1]	-2.235	0.550	16.531	1	0.000	-3.313	-1.158
	[Self_Financing_Importance = 2]	0.154	0.459	0.112	1	0.737	-0.746	1.055
Location parameters	[Financial_Independence = 0]	0.420	0.434	0.938	1	0.333	-0.430	1.271
	[Financial_Independence = 1]	0 ^a			0			
	[Audit_Committee = 0]	-0.627	0.586	1.147	1	0.284	-1.775	0.521
	[Audit_Committee = 1]	0 ^a			0			
	[Financial_Communication_Officer = 0]	0.430	0.545	0.622	1	0.430	-0.638	1.498
	[Financial_Communication_Officer = 1]	0 ^a			0			
	[Website = 0]	-1.665	0.526	10.010	1	0.002	-2.697	-0.634
	[Website = 1]	0 ^a			0			
	[Financial_Info_Shared_on_Website = 0]	1.467	0.633	5.365	1	0.021	0.226	2.709
	[Financial_Info_Shared_on_Website = 1]	0 ^a			0			
	[Certified_Accounting_Records = 0]	0.535	0.529	1.021	1	0.312	-0.502	1.572
	[Certified_Accounting_Records = 1]	0 ^a			0			
	[Knowledge_Banking_Products = 0]	0.397	0.644	0.380	1	0.538	-0.866	1.660
	[Knowledge_Banking_Products = 1]	0 ^a			0			
	[Knowledge_Stock_Market_Access = 0]	-0.377	0.582	0.418	1	0.518	-1.518	0.764
	[Knowledge_Stock_Market_Access = 1]	0 ^a			0			
	[Knowledge_Alternative_Finance_Products = 0]	0.222	0.554	0.161	1	0.688	-0.864	1.309
	[Knowledge_Alternative_Finance_Products = 1]	0 ^a			0			
	[Education_Level_Owner = Primary]	-0.911	0.731	1.554	1	0.213	-2.343	0.521
	[Education_Level_Owner = Secondary]	1.280	0.698	3.361	1	0.067*	-0.088	2.649
[Education_Level_Owner = Higher]	0 ^a			0				

Note: Link function: Logit. * significant variable for a threshold of 10%. ^a This parameter is set to 0 because it is redundant.

Source: Authors' elaboration using SPSS 25.

The results indicate that several factors significantly influence the importance attributed to self-financing. The absence of a corporate website is

negatively associated with reliance on self-financing ($\beta = -1.665$; $p = 0.002$), suggesting that firms with limited digital visibility are less inclined to prioritise

internal funding. Conversely, the non-disclosure of financial information is positively associated with self-financing ($\beta = 1.467$; $p = 0.021$), reflecting a preference for financial autonomy. Educational attainment also plays a role: owner-managers with secondary education show a higher propensity toward self-financing ($\beta = 1.280$; $p = 0.067$), whereas primary education has no significant effect ($\beta = -0.911$; $p = 0.213$).

Other governance and financial knowledge variables are not significant, confirming that SMEs'

reliance on self-financing is primarily driven by digital visibility and the owner-manager's educational level.

4.2.2. Bank financing

The ordinal logistic regression results indicate a significant improvement in model fit, confirming that the explanatory variables make a meaningful contribution to explaining the importance attributed to bank financing.

Table 5. Model fit information: Bank financing

Model	-2 log likelihood	Chi-square	df	Sig.
Intercept only	235.744			
Final model	176.856	58.888	11	0.000

Note: Link function: Logit.

Source: Authors' elaboration using SPSS 25.

The goodness-of-fit tests reinforce the robustness of the model. The Pearson test is not significant ($\chi^2 = 162.005$; $df = 139$; $p = 0.089$), nor is the Deviance test ($\chi^2 = 156.104$; $df = 139$; $p = 0.152$), indicating a satisfactory fit between the observed and predicted values.

With regard to explanatory power, the pseudo-R² coefficients report satisfactory values: Cox and Snell = 0.371, Nagelkerke = 0.419, and McFadden = 0.214.

These results suggest that the explanatory variables account for between 21% and 42% of the variance in the importance attributed to bank financing, which, for a logistic model applied

to social and organisational data, represents an acceptable level of performance.

Table 6. Goodness-of-fit and pseudo-R² statistics: Stock market listing

Test	Chi-square	df	Sig.
Pearson	162.005	139	0.089
Deviance	156.104	139	0.152
Cox and Snell	0.371		
Nagelkerke	0.419		
McFadden	0.214		

Note: Link function: Logit.

Source: Authors' elaboration using SPSS 25.

Table 7. Parameter estimates of the bank financing model

Variable	Estimation	Std. error	Wald	df	Sig.	95% confidence interval		
						Lower bound	Upper bound	
Thresholds	[Importance_Bank_Financing = 1]	-2.829	0.527	28.831	1	0.000	-3.861	-1.796
	[Importance_Bank_Financing = 2]	-0.415	0.450	0.849	1	0.357	-1.298	0.468
Location parameters	[Financial_Independence = 0]	-0.238	0.384	0.383	1	0.536	-0.990	0.515
	[Financial_Independence = 1]	0 ^a			0			
	[Audit_Committee = 0]	-2.384	0.578	17.031	1	0.000	-3.516	-1.252
	[Audit_Committee = 1]	0 ^a			0			
	[Financial_Communication_Officer = 0]	1.042	0.540	3.726	1	0.054	-0.016	2.101
	[Financial_Communication_Officer = 1]	0 ^a			0			
	[Website = 0]	0.743	0.482	2.374	1	0.123	-0.202	1.687
	[Website = 1]	0 ^a			0			
	[Financial_Info_Shared_on_Website = 0]	0.966	0.595	2.635	1	0.105*	-0.200	2.132
	[Financial_Info_Shared_on_Website = 1]	0 ^a			0			
	[Certified_Accounting_Records = 0]	0.696	0.472	2.177	1	0.140	-0.229	1.620
	[Certified_Accounting_Records = 1]	0 ^a			0			
	[Knowledge_Banking_Products = 0]	-1.362	0.564	5.832	1	0.016	-2.468	-0.257
	[Knowledge_Banking_Products = 1]	0 ^a			0			
	[Knowledge_Stock_Market_Access = 0]	-0.625	0.526	1.410	1	0.235	-1.656	0.407
	[Knowledge_Stock_Market_Access = 1]	0 ^a			0			
	[Knowledge_Alternative_Finance_Products = 0]	-0.795	0.484	2.697	1	0.101*	-1.745	0.154
	[Knowledge_Alternative_Finance_Products = 1]	0 ^a			0			
[Education_Level_Owner = Primary]	-2.301	0.808	8.110	1	0.004	-3.884	-0.717	
[Education_Level_Owner = Secondary]	-0.854	0.520	2.690	1	0.101*	-1.874	0.166	
[Education_Level_Owner = Higher]	0 ^a			0				

Note: Link function: Logit. * significant variable for a threshold of 10%. ^a This parameter is set to 0 because it is redundant.

Source: Authors' elaboration using SPSS 25.

The results indicate that several variables significantly influence the importance attributed to bank financing. The presence of an audit committee emerges as a key determinant: its absence markedly reduces the likelihood of valuing bank credit ($\beta = -2.384$; $p < 0.001$), highlighting the central role of governance in enhancing financial credibility. Knowledge of banking products also plays a critical

role, as limited familiarity significantly lowers the perceived importance of bank financing ($\beta = -1.362$; $p = 0.016$), underscoring the importance of financial literacy. In addition, owner-managers with only primary education are significantly less likely to value bank financing ($\beta = -2.301$; $p = 0.004$), while the effect of secondary education remains negative but statistically insignificant ($\beta = -0.854$;

p = 0.101). The presence of a financial communication officer shows a positive but marginally significant effect ($\beta = 1.042$; $p = 0.054$).

Other variables (including corporate websites, online financial disclosure, certified accounts, and knowledge of stock market or alternative instruments) do not show significant effects. This confirms that SMEs' reliance on bank financing is primarily driven by internal governance structures and human capital.

4.2.3. Stock market listing

The final model applied to the dependent variable, *Importance_Stock_Market_Financing*, demonstrates a substantial improvement in model fit. The -2 log-likelihood of the intercept-only model is 241.694, compared with 170.670 for the final model, yielding a Chi-square value of 71.024 with 11 degrees of freedom ($p < 0.001$).

Table 8. Model fit information: Stock market listing

Model	-2 log likelihood	Chi-square	df	Sig.
Intercept only	241.694			
Final model	170.670	71.024	11	0.000

Note: Link function: Logit.

Source: Authors' elaboration using SPSS 25.

These results confirm the strong explanatory power of the variables included in accounting for variation in the importance attributed to stock market financing.

Table 9. Goodness-of-fit and pseudo-R² statistics: Stock market listing

Test	Chi-square	df	Sig.
Pearson	262.787	139	0.000
Deviance	156.411	139	0.148
Cox and Snell		0.428	
Nagelkerke		0.488	
McFadden		0.266	

Note: Link function: Logit.

Source: Authors' elaboration using SPSS 25.

Regarding model fit, the results are somewhat mixed. The Pearson test is significant ($\chi^2 = 262.787$; $df = 139$; $p < 0.001$), indicating some discrepancies between the observed and predicted values. However, the Deviance test is not significant ($\chi^2 = 156.411$; $df = 139$; $p = 0.148$), suggesting that the model remains broadly acceptable for representing the data.

The pseudo-R² coefficients point to an appreciable explanatory power: Cox and Snell = 0.428, Nagelkerke = 0.488, and McFadden = 0.266. These values indicate that the explanatory variables account for between 27% and 49% of the variance in the importance attributed to stock market financing, which, in the context of social and managerial data, can be considered robust.

Table 10. Parameter estimates of the stock market listing model

Variable	Estimation	Std. error	Wald	df	Sig.	95% confidence interval		
						Lower bound	Upper bound	
Thresholds	[Importance_Stock_Market_Financing = 1]	-2.794	0.541	26.700	1	0.000	-3.853	-1.734
	[Importance_Stock_Market_Financing = 2]	-1.051	0.472	4.956	1	0.026	-1.977	-0.126
Location parameters	[Financial_Independence = 0]	0.053	0.401	0.017	1	0.896	-0.734	0.839
	[Financial_Independence = 1]	0 ^a			0			
	[Audit_Committee = 0]	-1.948	0.510	14.604	1	0.000	-2.948	-0.949
	[Audit_Committee = 1]	0 ^a			0			
	[Financial_Communication_Officer = 0]	0.059	0.511	0.013	1	0.909	-0.943	1.061
	[Financial_Communication_Officer = 1]	0 ^a			0			
	[Website = 0]	-0.269	0.513	0.274	1	0.601	-1.274	0.737
	[Website = 1]	0 ^a			0			
	[Financial_Info_Shared_on_Website = 0]	0.065	0.556	0.013	1	0.908	-1.026	1.155
	[Financial_Info_Shared_on_Website = 1]	0 ^a			0			
	[Certified_Accounting_Records = 0]	-0.159	0.463	0.118	1	0.731	-1.067	0.748
	[Certified_Accounting_Records = 1]	0 ^a			0			
	[Knowledge_Banking_Products = 0]	-0.319	0.582	0.300	1	0.584	-1.461	0.823
	[Knowledge_Banking_Products = 1]	0 ^a			0			
	[Knowledge_Stock_Market_Access = 0]	-0.895	0.515	3.026	1	0.082*	-1.904	0.113
	[Knowledge_Stock_Market_Access = 1]	0 ^a			0			
	[Knowledge_Alternative_Finance_Products = 0]	-0.355	0.505	0.494	1	0.482	-1.345	0.635
	[Knowledge_Alternative_Finance_Products = 1]	0 ^a			0			
	[Education_Level_Owner = Primary]	-1.538	0.886	3.014	1	0.083*	-3.274	0.198
	[Education_Level_Owner = Secondary]	-1.673	0.623	7.214	1	0.007	-2.894	-0.452
[Education_Level_Owner = Higher]	0 ^a			0				

Note: Link function: Logit. * significant variable for a threshold of 10%. ^a This parameter is set to 0 because it is redundant.

Source: Authors' elaboration using SPSS 25.

The examination of the results reveals several significant determinants of the importance attributed to stock market financing by SMEs. First, the presence of an audit committee emerges as a structuring factor: its absence markedly reduces the likelihood of valuing stock market financing ($\beta = -1.953$; $p < 0.001$), highlighting the crucial role

of this governance mechanism in facilitating access to financial markets. The education level of the owner-manager also emerges as a key explanatory variable: compared with higher education, lower levels of schooling reduce the likelihood of attributing importance to stock market financing. This effect is particularly pronounced for secondary

education ($\beta = -1.685$; $p = 0.006$), significant at the 1% level, while for primary education the effect remains negative and is close to the threshold of statistical significance ($\beta = -1.540$; $p = 0.082$). In addition, the coefficients associated with the threshold parameters of the dependent variable categories (levels 1 and 2 of the importance of stock market financing) are significant, confirming both the robustness and appropriateness of the selected ordinal model. Conversely, variables such as the presence of a financial communication officer, a corporate website, online financial disclosure, certified accounts, or knowledge of banking, stock market, and alternative instruments do not exhibit

significant effects. This indicates that SMEs' access to stock market financing is primarily shaped by the quality of internal governance and the educational profile of owner-managers.

4.2.4. Alternative financing

The final model applied to the dependent variable, *Importance_Alternative_Financing*, demonstrates a significant improvement in model fit. The -2 log-likelihood of the intercept-only model is 246.740, compared with 201.585 for the final model, yielding a Chi-square value of 45.156 with 11 degrees of freedom ($p < 0.001$).

Table 11. Model fit information: Alternative financing

Model	-2 log likelihood	Chi-square	df	Sig.
Intercept only	246.740			
Final model	201.585	45.156	11	0.000

Note: Link function: Logit.

Source: Authors' elaboration using SPSS 25.

These results confirm the statistical validity of the model and highlight the explanatory relevance of the variables included in accounting for variation in the importance attributed to alternative financing.

Table 12. Goodness-of-fit and pseudo-R² statistics: Alternative financing

Test	Chi-square	df	Sig.
Pearson	249.669	139	0.000
Deviance	184.706	139	0.006
Cox and Snell	0.299		
Nagelkerke	0.338		
McFadden	0.164		

Note: Link function: Logit.

Source: Authors' elaboration using SPSS 25.

By contrast, the goodness-of-fit tests yield mixed results. The Pearson test is significant ($\chi^2 = 249.669$; $df = 139$; $p < 0.001$), as is the Deviance test ($\chi^2 = 184.706$; $df = 139$; $p = 0.006$), suggesting certain limitations in the model's ability to fully reproduce the observed data.

With respect to explanatory power, the pseudo-R² coefficients indicate a moderate level: Cox and Snell = 0.299, Nagelkerke = 0.338, and McFadden = 0.164. These values suggest that the model explains between 16% and 34% of the variance in the importance attributed to alternative financing, which remains acceptable in studies addressing financial and organisational behaviours.

Table 13. Parameter estimates of the alternative financing model

Variable	Estimation	Std. error	Wald	df	Sig.	95% confidence interval		
						Lower bound	Upper bound	
Thresholds	[Importance_Stock_Market_Financing = 1]	-2.348	0.489	23.072	1	0.000	-3.306	-1.390
	[Importance_Stock_Market_Financing = 2]	-0.024	0.425	0.003	1	0.955	-0.858	0.809
Location parameters	[Financial_Independence = 0]	-0.130	0.369	0.124	1	0.725	-0.854	0.594
	[Financial_Independence = 1]	0 ^a			0			
	[Audit_Committee = 0]	-1.660	0.520	10.207	1	0.001	-2.678	-0.642
	[Audit_Committee = 1]	0 ^a			0			
	[Financial_Communication_Officer = 0]	0.821	0.497	2.731	1	0.098	-0.153	1.795
	[Financial_Communication_Officer = 1]	0 ^a			0			
	[Website = 0]	0.818	0.461	3.152	1	0.076	-0.085	1.721
	[Website = 1]	0 ^a			0			
	[Financial_Info_Shared_on_Website = 0]	0.597	0.551	1.173	1	0.279	-0.483	1.676
	[Financial_Info_Shared_on_Website = 1]	0 ^a			0			
	[Certified_Accounting_Records = 0]	-0.018	0.445	0.002	1	0.967	-0.890	0.854
	[Certified_Accounting_Records = 1]	0 ^a			0			
	[Knowledge_Banking_Products = 0]	-0.023	0.536	0.002	1	0.965	-1.073	1.027
	[Knowledge_Banking_Products = 1]	0 ^a			0			
	[Knowledge_Stock_Market_Access = 0]	-0.400	0.500	0.642	1	0.423	-1.380	0.579
	[Knowledge_Stock_Market_Access = 1]	0 ^a			0			
	[Knowledge_Alternative_Finance_Products = 0]	-1.798	0.494	13.253	1	0.000	-2.766	-0.830
	[Knowledge_Alternative_Finance_Products = 1]	0 ^a			0			
	[Education_Level_Owner = Primary]	-0.951	0.705	1.817	1	0.178	-2.333	0.432
[Education_Level_Owner = Secondary]	-0.509	0.510	0.998	1	0.318	-1.509	0.490	
[Education_Level_Owner = Higher]	0 ^a			0				

Note: Link function: Logit. ^a significant variable for a threshold of 10%. ^a This parameter is set to 0 because it is redundant.

Source: Authors' elaboration using SPSS 25.

The ordinal logistic regression identifies governance, financial literacy, and digitalisation as key determinants of the importance attributed to

alternative financing. The absence of an audit committee and limited knowledge of alternative financial instruments significantly reduce

the likelihood of valuing alternative financing, highlighting the roles of governance quality and cognitive factors. Conversely, firms without a corporate website are more inclined to rely on alternative financing, suggesting that less digitalised SMEs tend to resort to non-traditional funding sources.

By contrast, these factors show no significant effects, highlighting governance mechanisms and cognitive capital as the key drivers of SMEs' use of alternative financing.

Table 14. Summary of hypotheses and empirical results

<i>Hypothesis</i>	<i>Significant variables (p < 0.10)</i>	<i>Result</i>
<i>H1</i>	<ul style="list-style-type: none"> Corporate website (absence: $\beta = -1.665$; $p = 0.002^{***}$) Lack of financial disclosure online ($\beta = 1.467$; $p = 0.021^{**}$) 	Partially supported: Digital transparency influences financing choices, but withholding financial information is paradoxically associated with greater reliance on self-financing.
<i>H2</i>	No significant variables	Not supported: No statistically significant evidence was found.
<i>H3</i>	<p><i>Bank financing:</i></p> <ul style="list-style-type: none"> Audit committee (absence: $\beta = -2.384$; $p < 0.001^{***}$) Knowledge of banking products (lack: $\beta = -1.362$; $p = 0.016^{***}$) Owner's education — Primary ($\beta = -2.301$; $p = 0.004^{***}$) Owner's education — Secondary ($\beta = -0.854$; $p = 0.101^*$) <p><i>Stock market financing:</i></p> <ul style="list-style-type: none"> Audit committee (absence: $\beta = 1.948$; $p < 0.001^{***}$) Owner's education — Secondary ($\beta = -1.673$; $p = 0.007^{***}$) Owner's education — Primary ($\beta = -1.538$; $p = 0.083^*$) Knowledge of stock market access (lack: $\beta = -0.895$; $p = 0.082^*$) <p><i>Alternative financing:</i></p> <ul style="list-style-type: none"> Audit committee (absence: $\beta = -1.660$; $p = 0.001^{***}$) Knowledge of alternative finance products (lack: $\beta = -1.798$; $p < 0.001$) Corporate website (absence: $\beta = 0.818$; $p = 0.076^*$) 	Supported: Financial literacy and governance mechanisms strongly influence access to external financing, though their effects vary by financing channel.

Note: Significance threshold: 10%. $p < 0.10$ (* marginally significant), $p < 0.05$ (** significant), $p < 0.01$ (***) highly significant).

Source: Authors' elaboration.

5. DISCUSSION

The results reveal a differentiated structure of financing behaviour among Moroccan SMEs, shaped by governance quality, managerial competencies, and financial literacy. Self-financing remains predominant, particularly among firms with limited digital visibility and low disclosure practices, reflecting a preference for autonomy and risk avoidance, as observed in previous studies on Moroccan SMEs (Hachimi et al., 2017). Bank financing is strongly conditioned by governance mechanisms (especially the presence of an audit committee) and by financial knowledge, confirming the central role of credibility and managerial competence in access to credit (Boumlik et al., 2025). Stock market financing appears even more selective, accessible mainly to firms with strong governance structures and highly educated owner-managers, in line with the institutional constraints highlighted in emerging markets (Boumlik et al., 2025). Alternative financing occupies an intermediate position: although less dependent on formal governance, its adoption relies heavily on specific financial knowledge and often serves as a substitute for firms excluded from traditional channels, as observed in other developing economies (Sutomo et al., 2020; Lussuamo & Serrasqueiro, 2021). Overall, these findings indicate that SME financing choices in Morocco are driven less by firm size than by governance quality, managerial capabilities, and educational capital, underscoring the need for differentiated and targeted policy interventions.

6. CONCLUSION

This study analyses the determinants of financing choices among Moroccan SMEs, focusing on owner-manager characteristics, information asymmetry, and internal governance mechanisms, using survey data from 127 firms and an ordinal logistic regression approach. The results indicate that financing decisions are driven less by purely financial factors than by governance quality, managerial profiles, and cognitive resources. Self-financing remains dominant due to a preference for autonomy, bank financing depends on governance structures and financial literacy, while access to equity markets is restricted to firms with strong governance and highly educated leadership. Alternative financing plays an intermediate role, mainly influenced by specific financial knowledge. Overall, SME financing in Morocco reflects strategic trade-offs between autonomy, credibility, and competence under institutional and informational constraints, suggesting the need for differentiated policy interventions to strengthen governance, enhance financial literacy, and develop managerial human capital in emerging economies.

Despite its contributions, this study has some limitations. The use of cross-sectional data restricts the analysis of dynamic changes in financing behaviour, suggesting that future research could adopt longitudinal or panel approaches. In addition, the focus on Moroccan SMEs may limit the generalisability of the findings, calling for comparative studies across different institutional contexts. Future research may also integrate additional governance and behavioural variables, as well as qualitative methods, to further deepen the understanding of SME financing choices.

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