International Journal for Multidisciplinary Research (IJFMR)
E-ISSN: 2582-2160 ● Website: www.ijfmr.com ● Email: editor@ijfmr.com

Micro Enterprises and Inclusive Development: A Thematic Analysis

Nipan Talukdar[1], Nisha Varghese[2], Baleshwari Panchal[3], P.V.K Sasidhar[4]

[1,3]PhD Scholar, School of Extension and Development Studies, Indira Gandhi National Open University (IGNOU), New Delhi (India)
[2]Professor & Director, School of Extension and Development Studies, Indira Gandhi National Open University (IGNOU), New Delhi (India)
[4]Professor, School of Extension and Development Studies, Indira Gandhi National Open University (IGNOU), New Delhi (India)

Abstract
Micro-enterprises critically drive poverty reduction, job creation, entrepreneurship, and inclusive growth. Despite their importance, focused research on micro-enterprise development and its direct ties to inclusive growth remains scarce. This study addresses this empirical gap through a Systematic Literature Review (SLR) compliant with PRISMA 2020 guidelines. Synthesizing peer-reviewed studies via descriptive and thematic analyses, the findings reveal that micro-enterprises directly foster income generation, employment, women's economic empowerment, financial inclusion, and localized development. Enterprise growth is primarily driven by access to finance, entrepreneurial skills, digital transformation, institutional support, innovation, and market access. Conversely, growth is constrained by limited formal credit, weak managerial skills, technological barriers, and insufficient institutional frameworks. Although state policies and entrepreneurship programmes bolster enterprise resilience, an integrated framework is needed. This study develops a conceptual model mapping these dynamics to inclusive development, offering actionable insights for policymakers, researchers, and financial institutions aimed at accelerating inclusive economic growth.

Keywords: Micro enterprises; Inclusive development; Entrepreneurship; MSMEs; Thematic analysis

1. Introduction

Micro enterprises have become one of the most important forces of economic development, poverty alleviation, employment generation, and inclusive growth in both developed and developing economies [1], [2], [3], [4]. The significance of these extends beyond business creation since they contribute significantly to the local economy, generation of income, entrepreneurship development, and social empowerment [3]. Micro enterprises have relatively low capital requirements and a labour-intensive nature. Thus, it provides livelihood opportunities to individuals with barriers to entering the formal labour market, like women, youth, rural populations, migrants, and disadvantaged communities [5], [6], [7]. Thus, governments, development agencies, and international organizations recognize micro enterprises as an important instrument for achieving inclusive development[8].

Inclusive development is now a key goal of economic policy around the world. Inclusive development focuses on equitable distribution of opportunities, reduction of poverty, and participation of marginalized populations in economic activities [9]. Micro enterprises play a strategic role in this framework by creating productive employment, generating household incomes, creating local entrepreneurship, and facilitating financial inclusion [7], [10]. Their capacity to generate income with low investments makes them particularly suitable for balanced regional development and reducing socio-economic inequalities between urban and rural areas [1], [11].

The body of literature shows that the performance of micro businesses depends on many connected factors. Access to money is one of the most common factors affecting business growth and long-term survival. Policies promoting financial inclusion, microfinance institutions, and lending programmes have been shown to improve business performance. These policies make credit easier and increase the ability to invest [10]. The ability of enterprises to compete and survive is greatly determined by factors such as entrepreneurial education, management skills, training availability, technological innovation, institutional presence, and market connections [12], [13], [14]. From research in Ethiopia, China, Malaysia, and India, it has been established that finance, skills, market access, and institutions determine enterprise success.

The other notable area in the literature is that of women's entrepreneurship and social inclusion. It has been found that micro enterprises provide opportunities for economic participation, financial independence, and decision-making to women [5]. Activities like self-help groups, microfinance initiatives, and community-based entrepreneurship programmes have helped many women to establish sustainable businesses and contribute to poverty alleviation [5].

There has been substantial literature on micro-enterprises during the last three decades, but this body of literature remains highly fragmented with respect to a wide range of topics, geographical settings, industries, and methodologies used in the research process. The majority of the literature has focused on single aspects like finance, entrepreneurship, labour issues, innovations, empowerment of women, and government policy. However, these studies did not attempt to synthesize these results into a coherent analysis of the role of micro enterprises in inclusive development. Moreover, as a result of differences in institutional context, policies, and socio-economic conditions, the studies have provided various results with respect to the performance of the enterprise and its impact on development.

The present study undertakes a Systematic Literature Review (SLR) to synthesize existing research on the growth of micro enterprises and their contribution to inclusive development. This review aims to provide valuable insights for researchers, policymakers, development practitioners, and entrepreneurs by consolidating empirical findings into an analytical framework to analyse the contribution of micro enterprises toward inclusive development.

2. Research Gap and Objectives

Research Gap

Micro enterprises have gained attention due to their contribution to employment generation, entrepreneurship development, poverty alleviation, and economic growth. The existing studies have examined various dimensions of micro-enterprise development like access to finance, enterprise performance, digital transformation, women entrepreneurship, innovation, institutional support, and government policy interventions.

The first major gap is the fragmented nature of existing research. Most studies focused on a single determinant of enterprise performance, such as access to finance, managerial capability, digital technology adoption, government policy, or entrepreneurial characteristics. The second gap relates to the limited integration of enterprise growth with the broader concept of inclusive development. Inclusive development encompasses both economic and social dimensions; thus, greater theoretical integration between these concepts is necessary. Another important gap is geographical diversity. An analysis that synthesizes evidence from international sources is needed to identify universal determinants as well as differences depending on the context. Another aspect that should be considered is women's entrepreneurship. Research already shows that women-owned micro businesses play a significant role in generating household incomes, employment, and reducing poverty levels. Also, numerous studies have been conducted concerning women's entrepreneurship without incorporating gender issues into inclusive development policies. There are problems associated with policy-based research. There is very little evidence showing how effective policy interventions are and what their impact on enterprise development is over time or comparison of various policy options among different nations. That is why it is crucial to synthesize policy recommendations and common strategies that will help enterprises develop in various institutions. Finally, there is no systematic research that synthesizes information related to employment generation, financial inclusion, women's empowerment, enterprise performance, and government involvement into one conceptual model.

Consequently, the current systematic literature review bridges these gaps by synthesizing evidence drawn from the selected articles through the application of the PRISMA (Preferred Reporting Items for Systematic Reviews and Meta-Analyses) methodology. The review builds an in-depth knowledge of how micro-enterprises facilitate inclusive development via several interlinking channels.

Research Objectives

The current research aims to provide a systematic synthesis of the extant literature about the growth of micro enterprises and their role in inclusive development with the following objectives:

1. To systematically review the existing literature on the growth of micro enterprises and identify the major research themes, emerging trends, and knowledge gaps within the existing literature.
2. To examine the contribution of micro enterprises toward employment generation, poverty reduction, women's empowerment, and inclusive economic development.
3. To analyse the role of institutional support and government policies in promoting micro-enterprise growth.

3. Research Methodology

This research uses the PRISMA (2020) guidelines proposed by Page (2021) [15] to conduct a systematic review and meta-analysis of the available literature on the growth of micro-enterprises and its impact on inclusive development. Systematic literature reviews adopt transparent and reliable processes of identifying, assessing, and synthesizing the findings of the research studies. The methodology includes literature identification, screening, eligibility assessment, data extraction, quality assessment, and thematic synthesis.

Data Sources

This study utilizes secondary data sourced from peer-reviewed journal articles, encompassing both empirical and review papers on micro-enterprises, MSMEs, women’s entrepreneurship, business growth, job creation, and inclusive development. To ensure a robust foundation for thematic synthesis, the dataset spans diverse geographic regions and industries. High-quality literature was retrieved from leading academic databases, including Scopus, Web of Science, Google Scholar, SpringerLink, Emerald Insight, and Taylor & Francis Online.

Search Strategy

A thorough search strategy was employed using conjunctions with Boolean operators. These were: Micro enterprises, Micro entrepreneurship, MSMEs, Inclusive development, Employment generation, Women entrepreneurship, Enterprise growth, Poverty alleviation, Government policy.

Inclusion and Exclusion Criteria

To ensure consistency and quality, predefined inclusion and exclusion criteria were applied.

Inclusion Criteria: Studies were included if they were published in peer-reviewed journals; focused on micro enterprises, micro entrepreneurship, or MSMEs; examined enterprise growth, employment, financial inclusion, women entrepreneurship, or inclusive development; were published in English; and provided sufficient methodological and empirical information for synthesis.

Exclusion Criteria: Studies were excluded if they were editorials, opinion pieces, newspaper articles, book reviews; lacked adequate bibliographic information; were duplicate publications; were unrelated to the objectives of the review; not available in English.

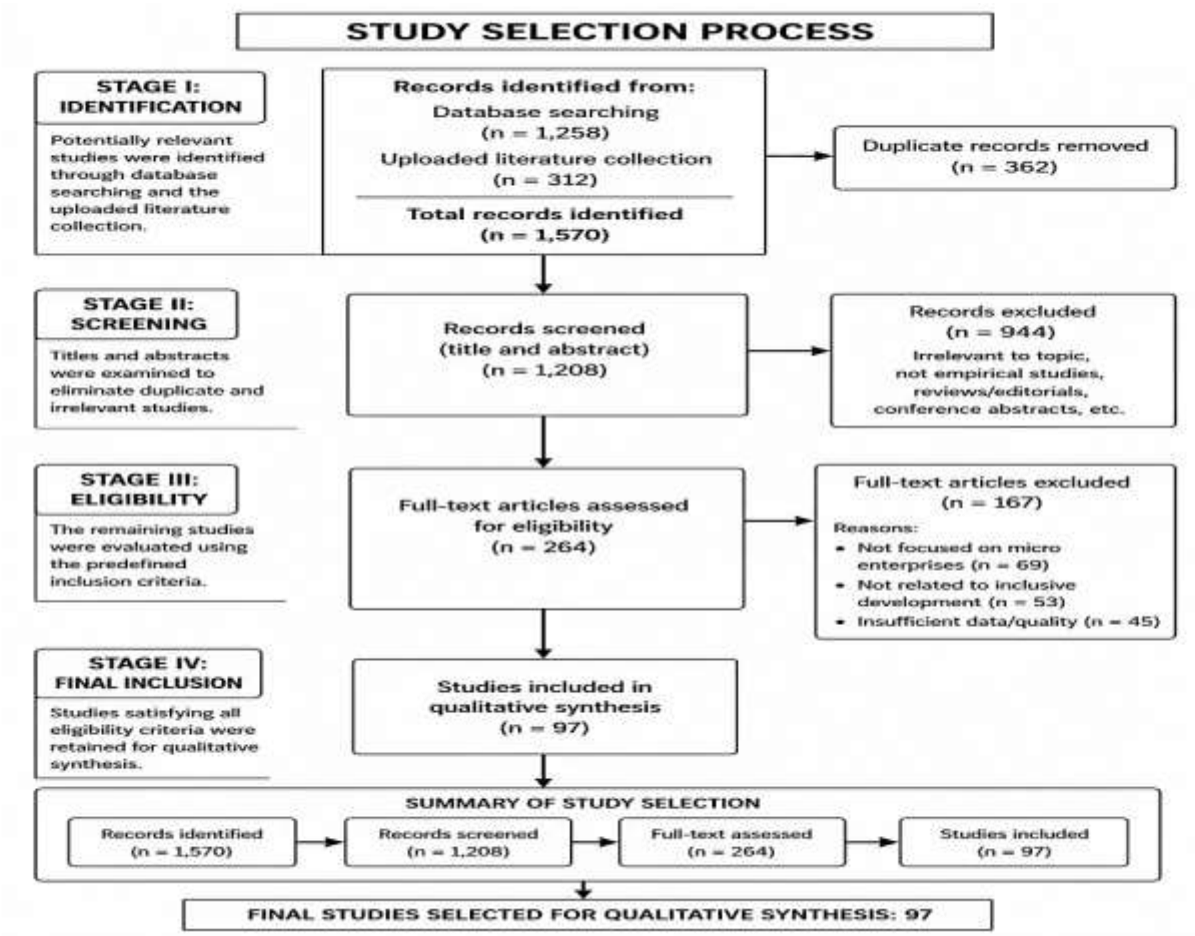

Figure 1: Selection Process

4. Descriptive Analysis of The Literature

The descriptive analysis section provides an overview of the characteristics of the reviewed studies. It consists of the identification of publication trends, geographical distribution, and dominant research themes. It highlights the breadth of existing studies and highlights areas where research remains limited.

Publication Trend of the Selected Studies

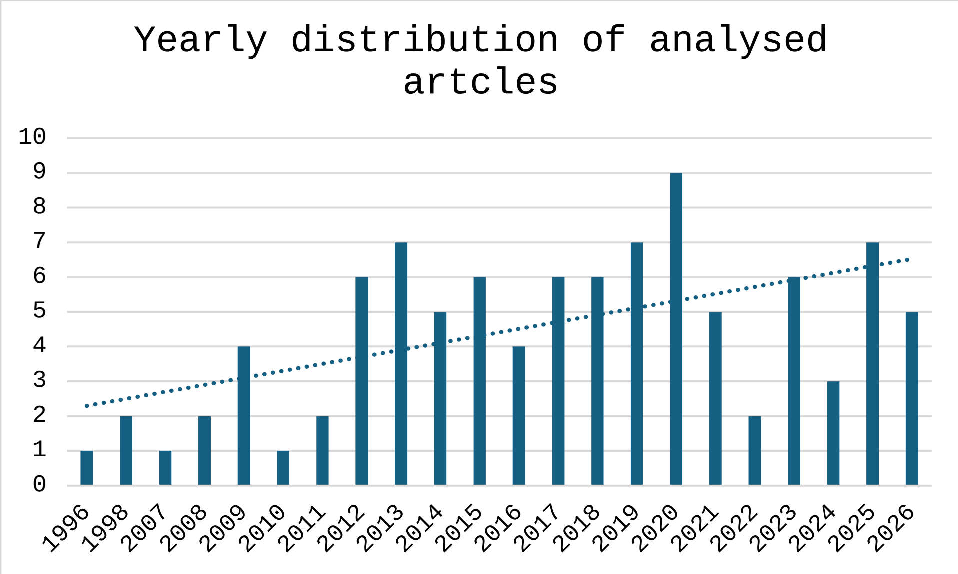

Figure 1: Yearly distribution of analysed articles

The publication trend shows a gradual increase in the number of studies over the last three decades. The earliest study included in the review was published in 1996. Research activity remained relatively limited between 1996 and 2011. Most years had only one to four studies. This shows research on micro-enterprises and inclusive development was still emerging.
A noticeable rise in publications begins in 2012. The number of studies increased to six, followed by seven studies in 2013. Although there are minor year-to-year fluctuations, research output remained consistently higher from 2014 onwards, reflecting increased recognition of the role of micro enterprises in employment generation, financial inclusion, entrepreneurship, and development.

Geographical Distribution of the Literature

The selected studies cover both developed and developing economies. This reflects the global relevance of micro enterprises. But a substantial proportion of the literature focuses on developing countries.

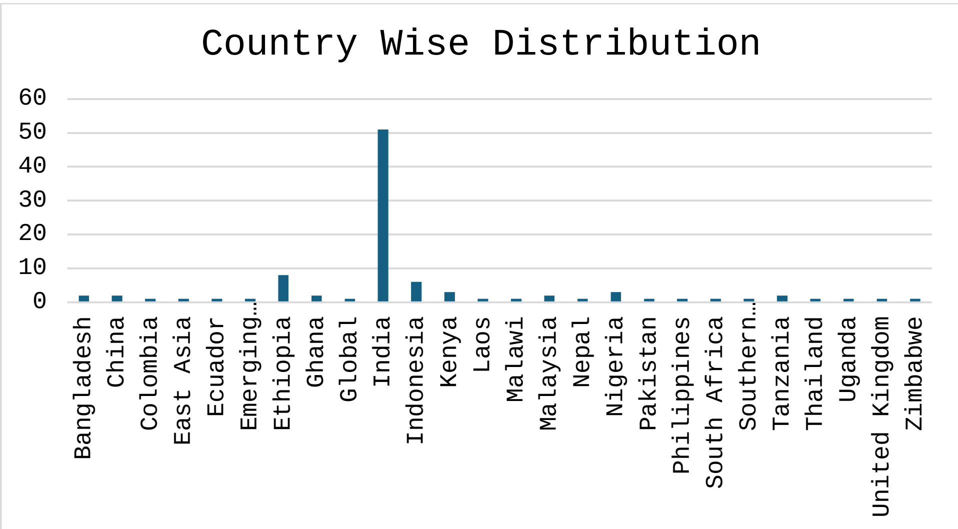

Figure 2: Country-wise Distribution

The country-wise distribution of the 97 studies indicates that research on micro enterprises and inclusive development is geographically diverse. India dominates the literature with 51 studies and accounts for more than half of the total publications included in the review. This is a reflection of the large proportion of micro-enterprises in India, the focus on entrepreneurship, and studies of micro-enterprises. Some other common countries are Ethiopia, Kenya, Malawi, Bangladesh, Malaysia, Indonesia, Colombia, and the Philippines.

Major Themes Identified in the Literature

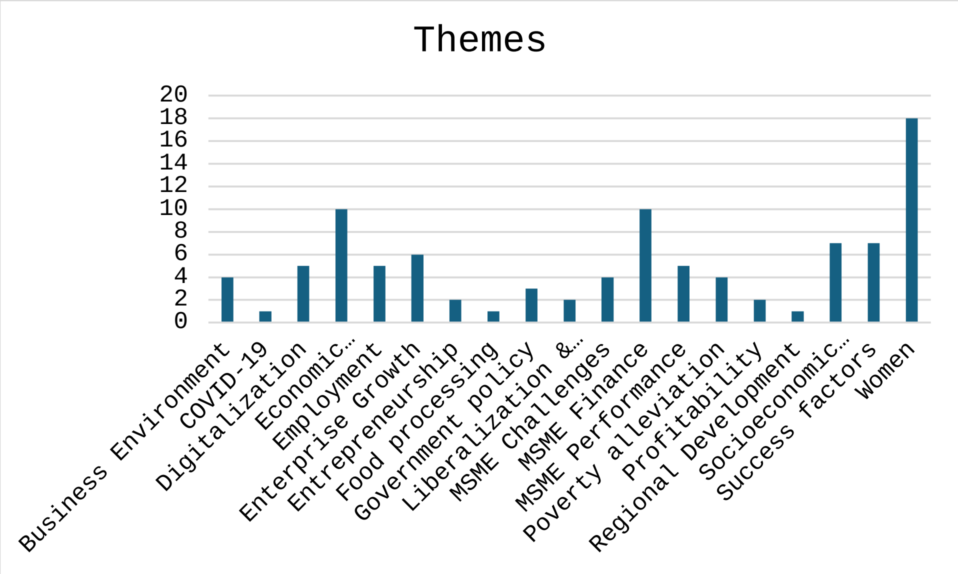

Figure 3: Themes

The most common topic studied in relation to the impact of micro enterprises is job creation and poverty alleviation. It has been observed through different research studies that micro enterprises provide opportunities for the poor, women, youth, and rural people. Another prominent topic of research in this regard is financial inclusion. There are certain research topics on women entrepreneurship as well.

5. Thematic Analysis

The following is a synthesis of the results of the studies under review based on a thematic analysis of their results. This was carried out in accordance with the process proposed by [16].

Theme I: Micro Enterprises and Employment Generation

Employment generation is the most widely discussed contribution of micro enterprises in the reviewed literature. These enterprises serve as labour-intensive business units that create employment opportunities for skilled, semi-skilled, and unskilled workers in both developed and developing economies. These enterprises have relatively low capital requirements, which enable entrepreneurs to establish businesses with limited financial resources. Thus, it allows livelihood opportunities for economically vulnerable populations [1], [17], [18], [19].

According to many studies, microenterprises have been found to be very effective in the process of lowering the level of both unemployment and underemployment. According to [1], microenterprises play a very significant role in creating employment at the grassroots level, whereby they provide work for people from the area. [1], [6], [17], [18], [19], [20] proved that micro enterprises promote the rural economic transformation through creating jobs and income for households.

Past empirical research is also consistent with the above findings. According to [17], using a national sample from Kenya, micro and small enterprises contributed significantly to national income and employment in spite of the fact that income earned by each enterprise was small. Similarly, according to [21], enterprise location, entrepreneurial human capital, and the nature of entrepreneurs affected enterprise development and employment generation in Southern Africa.

Literature clearly shows that micro-enterprises not only create employment directly but also indirectly through chain supply, local purchases, transport services, marketing and other services. The decentralization of these enterprises makes possible the access of economic benefits to people living far apart geographically. Thus, it helps to reduce regional disparities and create balance development.

However, there is recognition in these works that employment creation alone is not enough to ensure sustainable livelihoods. Enterprise efficiency, market linkage, technology capacity, and enterprise sustainability are equally vital determinants of employment sustainability. Therefore, employment creation must be supported by policies that make enterprises competitive [21], [22], [23], [24].

Theme II: Enterprise Growth and Performance Determinants

The second important theme is related to the determinants of the development and performance of micro-enterprises. Though entrepreneurship motivation triggers the establishment of firms, the growth of micro-enterprises depends on both internal and external factors. The internal determinants of business performance involve entrepreneurial education, managerial competence, experience, innovation, human capital, and decision making. The external determinants of business performance involve financial resource availability, infrastructure, institutional support, market environment, technological advancement, and regulation [21], [23], [25], [26].

According to [21], the growth of an enterprise is affected by proprietor education, enterprise location, gender, and enterprise size. Likewise, [23] argued that small and young enterprises have higher growth rates compared to large and old enterprises, and education and experience of the entrepreneurs' impact enterprise growth.

According to the most recent researches on this topic, innovation, digitization skills, and institutional capabilities play an additional role in shaping the competitiveness of enterprises. According to literature, the performance of enterprises increasingly relies on their entrepreneurs' capacity to innovate technologically, diversify their product portfolio, become more efficient managers, and adapt to new market circumstances [14], [27], [28], [29].

Access to finance becomes one of the most important determinants for the development of the micro enterprise. Financial inclusion helps the entrepreneur to secure working capital, productive investments, technologies, scale up operations, and also to mitigate business risks. It is found in various studies that lack of access to finance is the main constraint facing enterprise development. It has been found through research that although there are several financial support schemes, entrepreneurs still face problems in accessing bank finance [7], [10], [12], [30], [31], [32].

There is clear consensus in the literature regarding the fact that better access to affordable financing leads to increased productivity and improved chances of survival for enterprises in times of economic volatility. Nevertheless, financial inclusion alone would not be enough, but there is also a need for financial literacy and responsible lending practices.

Theme III: Women Entrepreneurship and Social Empowerment

Entrepreneurship among women is considered one of the major issues in the micro enterprise literature and literature on inclusive development. In addition to economic contribution, women's micro enterprise promotes social inclusivity, financial autonomy, well-being at home, and even community development. All reviewed articles confirm that entrepreneurship offers women an opportunity to become involved in economic decision-making, as well as reduce gender inequalities [5], [7], [33].

Research shows that small enterprises function as a potent tool for empowerment of women through enhanced family earnings, better education and health care services, and improved social status. The programs of community-based entrepreneurship, self-help groups (SHGs), and microfinance have helped women to create sources of income even when they lack capital. Such enterprises not only help in enhancing the economic well-being of families but also generate employment and development within communities [5], [34], [35].

The research on female entrepreneurs also reveals that entrepreneurship boosts the self-confidence, leadership skills, and decision-making within the home and communities of women. The income earned through micro enterprises helps women gain more control over financial resources. Thus, it provides economic independence to women. Women entrepreneurship plays an important role in promoting both gender equality and inclusive economic development [5], [33], [34].

However, there are several hurdles that have been mentioned in the literature despite the positive impacts stated above. These are the lack of access to formal financing, lack of entrepreneurship skills, limited market access, lack of digital knowledge and sociocultural factors. In developing economies, the issue of discrimination on property rights and lack of collateral is an additional hurdle for women [34], [35], [36].

Recent research has shown that digital technologies present new avenues for female entrepreneurs to utilize e-commerce websites, digital payment mechanisms, and social networking. However, discrimination in accessing technology and digital knowledge is one of the constraints that prevent women-owned businesses from benefiting from these advancements [12], [13], [14].

In summary, the reviewed literature indicates that initiatives to promote women's entrepreneurship necessitate intervention strategies that include financial inclusion, entrepreneurial education, digital capacity building, mentoring, networking, and gender-sensitive policies. These interventions are necessary for optimizing the contributions of women's micro-enterprises towards inclusive development.

Theme IV: Government Support and Institutional Framework

Government and institutional policy frameworks represent another theme that dominates the literature under review. Although entrepreneurial capability plays a critical role in firm formation, the sustainable competitive advantage of the micro firm is critically dependent on the institutions in which they operate [2], [7], [28], [33]. The existing literature proves that governments have an important function of offering financial support, entrepreneurship training, business development assistance, infrastructure, technology, and markets [10], [30].

Positive correlation between institutional support and enterprise performance is well-documented by various studies. Provision of financial assistance helps in acquiring working capital and investment, whereas provision of entrepreneurial development programs leads to management effectiveness and business planning [10], [36]. Likewise, government-funded training programs help in improving productivity and innovation [12], [14], [36].

Nevertheless, there are several weaknesses in the existing institutional support system that have been highlighted by the existing literature. The most common challenges faced by entrepreneurs include the following: cumbersome bureaucratic procedures, delays in the loan approval process, over-documentation, insufficient information dissemination regarding schemes, and poor coordination between the executing agencies. Small firms may not be aware of government programs [2], [12], [27], [33], [35].

Thus, it is found from the literature that the government's actions have to go well beyond offering financial help. It has to be complemented by easier regulations, business education, digital infrastructure, innovation promotion, market integration, and regular evaluation of the effectiveness of policies. It is important that an ecosystem of institutions is developed in order for micro enterprises to thrive.

Theme V: Enterprise Competitiveness

Innovation and digital transformation have become more prominent in determining the growth and competitiveness of micro enterprises. Whereas previous literature focused on finance, management skills, and governmental assistance as key factors, recent literature focuses more on digital technologies and innovation abilities as key factors that increase the competitiveness of businesses [12], [14], [29].

From the literature review conducted, it is evident that digital transformation offers opportunities for micro-enterprises to enhance their efficiency in operations, minimize transaction costs, widen market coverage, build better customer relationships, and increase organizational resilience. The use of digital payments, online commerce, cloud computing solutions, social media marketing, and digital banking have revolutionized the business environment of small firms due to minimized geographical restrictions and improved access to markets [12], [13], [28].

The concept of innovation is not constrained to just technology. Innovation is commonly perceived as an improvement in product, process, organization, services, and business models. Incremental innovation can assist micro businesses in meeting challenges posed by evolving consumer tastes amid the lack of sufficient funding and technology [27], [29].

The empirical literature has found that entrepreneurship learning, knowledge exchange, education and training, networking, and institutional collaboration play a significant role in shaping innovation capabilities. Businesses that engage in business networks, entrepreneurial organizations, and innovation programs supported by the government exhibit higher productivity growth and flexibility in response to changing environments [13], [14], [30].

However, despite all these benefits, some challenges have been noted in the literature regarding digitalization. Lack of finances, poor digital infrastructure, lack of technological knowledge, poor internet connectivity, security issues, and poor digital literacy remain challenges in the adoption of technology by most micro firms [10], [32], [36].

Digital transformation got a big boost from the Coronavirus Disease pandemic as many organizations were forced to go digital through business models, communication tools, and payment solutions. According to several studies, organizations with high levels of digital capabilities exhibited resilience during times of economic turmoil [7], [12], [37].

Innovation and digital transformation thus emerge as a strategic long-term investment approach rather than just another business practice. It appears that the government can take increasing importance in promoting micro-enterprises by facilitating digital infrastructure, entrepreneurial skills development, technology dissemination, and innovation financing.

Theme VI: Micro Enterprises and Inclusive Development

The last theme that can be extracted from the literature is the role played by micro enterprises in inclusive development. Unlike traditional approaches towards economic development, inclusive development focuses on equitable access to economic opportunities, reduction of poverty, job creation, social inclusion, gender equality, and improvement of living standards [7], [9].

Micro-enterprises, in all the studies reviewed, continue to appear as a significant means through which these goals can be achieved. Their labour-intensive characteristics allow them to create employment opportunities for people not able to gain access to the formal labour market, such as women, youths, rural dwellers, migrants, and low-income earners. They help to create income at the local level and hence foster local economic development [1], [6], [17], [18].

In addition, the literature reveals how micro enterprises enable financial inclusion by motivating entrepreneurs to use formal financial mechanisms like bank accounts, microfinance organizations, online payment services, and government credit programs. Financial inclusion enables business growth, asset building, and better family welfare [10], [12], [32], [36].

There is another pathway through which micro-enterprises help foster inclusive development, and this is through women-owned enterprises. Women's involvement in business activities helps to improve household decisions, improve the educational and health situations of family members, as well as empower people socially. This implies that entrepreneurship plays a dual role in development [5], [33], [35].

In addition, the existing body of literature indicates that enterprise creation is not enough by itself to promote inclusive development. The success depends on the presence of certain factors, such as appropriate institutions, infrastructure, access to capital, entrepreneurship, digital inclusion, and sound public policies. Without these factors, enterprises tend to be small and informal [13], [14], [21], [23], [28].

It can thus be concluded that micro enterprises should not only be regarded as businesses but as vehicles for transformation both economically and socially. Apart from GDP, they help in reducing poverty, creation of employment opportunities, gender equity, financial services, resilience, and sustainable development.

6. Discussion

This chapter will cover the implications of the findings in light of previous theory and empirical literature. This will look at the implications of the above reviewed literature in expanding knowledge of micro-enterprises and the implications for entrepreneurship studies.

Micro Enterprises as Drivers of Employment and Economic Growth

Among the most compelling findings in this review is the ability of micro enterprises to contribute to job creation. In all different geographical settings, micro enterprises have managed to generate jobs for both skilled and unskilled labourers while promoting self-employment. One of the most important strengths of micro enterprises in all different geographical settings has been the ability of their production processes to be labour-intensive. This is in agreement with the findings of previous literature, where it was found that micro enterprises have made significant contributions to job creation even with limited financial and technological inputs. What has been added in this study is that job creation should also be considered a tool of promoting inclusive development.

Financial Inclusion as a Catalyst for Enterprise Development

Financial inclusion has turned out to be one of the main factors influencing the growth of firms in all the literature reviewed. Financial access allows entrepreneurs to acquire technology, increase production capacity, enhance productivity, and control business risks. The findings reinforce the general entrepreneurship finance literature that financial exclusion is among the most critical factors restricting small business development. It is recommended from the literature reviewed that financial institutions should lend more, enhance micro-finance programs, enhance financial literacy, and simplify credit processes.

Women Entrepreneurship and Inclusive Development

There is a consistent body of literature that highlights women entrepreneurship as one of the most important instruments of inclusive development. The micro enterprises owned by women serve as an instrument to increase household incomes, create employment opportunities, reduce poverty levels, and achieve gender equality. This conclusion corroborates the increasing worldwide understanding that entrepreneurship can be viewed as a means to ensure economic empowerment of women. At the same time, it should be noted that the review demonstrates that there are still structural obstacles that prevent the expansion of enterprises owned by women entrepreneurs.

Innovation, Digital Transformation, and Enterprise Competitiveness

One major aspect highlighted by this literature review is that innovation and digital transformation emerge as new factors affecting the competitiveness of microenterprises. Although previous studies have concentrated mainly on financing, entrepreneur skill level, and institutional framework, the contemporary literature shows that the competitiveness and success of enterprises rely more and more on the capacity of entrepreneurs to incorporate innovations, digital technologies, and adapt to changing business conditions. It was found out that through digital transformation, entrepreneurs can increase their efficiency, enlarge their reach to markets, engage more customers, and become more resilient.

Government Support and Institutional Effectiveness

A further significant insight is the crucial importance of the role of government policy in the development of enterprises. It has been clearly proven by the reviewed literature that institutional support plays an important role in the development of enterprises via financing, business development services, entrepreneurship development, technology, and reforms. However, on the other hand, it has been proven by some studies that there is a significant variation in the effectiveness of government policies in different countries. In fact, some studies have found that many entrepreneurs are unaware of the government policies or are facing problems in accessing the institutional support due to administrative complexities.

7. Conclusion

A systematic literature review was performed in order to understand the development of micro enterprises and their contributions towards fostering inclusive development through the synthesis of the selected literature. Applying the methodology proposed in PRISMA 2020 guidelines, the systematic review systematically identified, screened, appraised and synthesized the existing literature to gain a comprehensive understanding of the factors affecting micro-enterprise development and their contribution towards economic and social inclusiveness. The following results were observed as a result of systematic literature review. Firstly, micro enterprises are one of the most important sources of employment generation especially in developing countries. Being labour intensive in nature, micro enterprises are capable of providing jobs to skilled, semi-skilled and unskilled workers along with fostering self-employment and household incomes. This leads to the important contribution of micro enterprises towards poverty reduction and economic development of the area. Secondly, enterprise growth is affected by a combination of entrepreneurial capability, financial access, managerial ability, innovations, institutional support and market access. Performance of enterprises cannot be explained on the basis of one particular factor, but rather depends on the interaction between different resources such as financial, institutional, technological and human capital resources. Thirdly, financial inclusion proved itself to be one of the important determinants of the success of enterprises. Availability of formal credit, microfinance, digital financial services and financial literacy enables entrepreneurs to enhance production, use new technologies and increase the efficiency of enterprises. However, financial access alone does not matter until it is combined with the management capabilities, entrepreneurial education and institutions. Fourthly, women entrepreneurship is an important tool of achieving inclusive development. In addition to the job creation, women owned micro enterprises contribute to welfare of households, gender equality, social inclusiveness and community development. However, women entrepreneurs face numerous obstacles regarding the financial access, training, digital capacity, and market access. Fifthly, government policies are very important for the development of enterprises. Financial aid, entrepreneurship development programs, business incubators, digital facilities, regulatory reforms, and institutional support altogether enhance the competitiveness of the enterprises. However, implementation problems, bureaucratic difficulties, and lack of awareness about government initiatives reduce the effectiveness of the policies.

This systematic literature review proves that micro enterprises are important linkages between entrepreneurship and development. The development of this segment by means of appropriate policies and research will not only help in increasing competitiveness but also assist in building sustainable economic development.

References

1. S. A. Baban, “Critical Analysis Of Employment Generation In Micro-Enterprises In India,” *Young Researchers*, vol. 14, no. 1, pp. 119–124, Jan. 2025, doi: 10.5281/zenodo.14857201.
2. C. Balu, “Role of MSMEs Scheme and Policies in Micro Enterprise Development,” *International Journal of Advance and Applied Research*, vol. 10, no. 3, pp. 997–1005, Feb. 2023, [Online]. Available: www.ijaar.co.in
3. M. K. Irshad and B. K. M. Juman, “A Study on the Micro Enterprises Promoted by Kudumbashree and their Marketing Strategies in Malappuram District,” *Bonfring International Journal of Industrial Engineering and Management Science*, vol. 5, no. 2, pp. 78–82, Jun. 2015, doi: 10.9756/BIJIEMS.8086.
4. A. K.C., “Contribution of Micro Enterprises on Socio-Economic Aspects of Nepal,” *Rural Development Journal*, vol. 3, no. 1, pp. 1–11, Dec. 2019, doi: 10.3126/rdj.v3i1.67041.
5. S. Das, B. Roy, and A. Mahato, “Micro Entrepreneurship for Women Self Reliance: With Special Reference to Rural Tripura,” *International Journal of Socio-Economic and Environmental Outlook*, vol. 6, pp. 10–15, Aug. 2020.
6. S. Shedage and D. B. Nalawade, “Micro-Enterprises as Catalysts for Rural Development in the Tarali River Basin, Maharashtra,” *International Journal of Advance and Applied Research*, vol. 6, no. 36, pp. 57–66, Mar. 2025, doi: 10.5281/zenodo.15544184.
7. D. F. Suárez Mayorga, Z. Melgarejo, and D. Oliveros, “Financial inclusion and its relationship with business growth of microenterprises in the manufacturing industry in Bogota during 2012–2016,” *Cogent Business & Management*, vol. 11, no. 1, Dec. 2024, doi: 10.1080/23311975.2024.2338226.
8. C. Balu, “Role of MSMEs Scheme and Policies in Micro Enterprise Development,” *International Journal of Advance and Applied Research*, vol. 10, no. 3, pp. 997–1005, 2023.
9. R. Anand, V. Tulin, and N. Kumar, “India: Defining and Explaining Inclusive Growth and Poverty Reduction,” 2014/063, Apr. 2014. Accessed: Dec. 26, 2024. [Online]. Available:

https://www.imf.org/en/Publications/WP/Issues/2016/12/31/India-Defining-and-Explaining-Inclusive-Growth-and-Poverty-Reduction-41486?utm

10. V. V Singh, C. K. Tiwari, M. A. Bhat, and others, "Navigating Financial Hurdles: Identifying and Analysing Barriers in Micro, Small, and Medium Enterprises (MSMEs) Financial Inaccessibility Through Public Equity," *International Journal of System Assurance Engineering and Management*, vol. 17, pp. 1742–1757, 2026, doi: 10.1007/s13198-026-03177-0.
11. S. Shedage and D. B. Nalawade, "Micro-Enterprises as Catalysts for Rural Development in the Tarali River Basin, Maharashtra," *International Journal of Advance and Applied Research*, vol. 6, no. 36, pp. 57–66, 2025, doi: 10.5281/zenodo.15544184.
12. D. Li and Y. Sun, "The Impact of Inclusive Lending Support on the Performance of Small and Micro Enterprises: Evidence from China," *Econ. Anal. Policy*, vol. 85, pp. 353–370, 2025, doi: 10.1016/j.eap.2024.12.009.
13. M.-P. Meilleur and A. Atsamekou, "Microenterprise Marvels: Exploring Determinants of Growth in the Republic of Congo," *American Journal of Business and Cooperative Research*, vol. 9, no. 1, Mar. 2024, doi: 10.5281/zenodo.10534067.
14. M. M. Ridhwan, A. Suryahadi, Inggrid, and others, "Financial Literacy and Business Performance: Evidence from Indonesia's Ultra-Micro, Micro, Small, and Medium Enterprises," *Journal of Indonesian Business and Economics*, 2026, doi: 10.1007/s40812-026-00406-2.
15. L. Daniels and D. C. Mead, "The Contribution of Small Enterprises to Household and National Income in Kenya," *Econ. Dev. Cult. Change*, vol. 47, no. 1, pp. 45–71, 1998, doi: 10.1086/452386.
16. T. Hassan and B. Ahmad, "The Role of Micro Enterprises in Employment and Income Generation: A Case Study of Timergara City Dir (L) Pakistan," *International Journal of Economics & Management Sciences*, vol. 05, Jan. 2016, doi: 10.4172/2162-6359.1000318.
17. D. A. Mekonnen and A. de Brauw, "Assessing the Role of Food MSMEs in Providing Employment for Women and Youth in Ethiopia," *J. Innov. Entrep.*, vol. 15, p. 34, 2026, doi: 10.1186/s13731-026-00622-z.
18. M. A. McPherson, "Growth of Micro and Small Enterprises in Southern Africa," *J. Dev. Econ.*, vol. 48, no. 2, pp. 253–277, 1996, doi: 10.1016/0304-3878(95)00027-5.
19. M. Gebreeyesus, "Growth of Micro-Enterprises: Empirical Evidence from Ethiopia," Mar. 2007. [Online]. Available: http://www.csae.ox.ac.uk/conferences/2007-EDiA-LaWBiDC/papers/275-Gebreeyesus.pdf
20. B. M. Addisu, "Business Landscape and Growth Determinants of Micro- and Small Enterprises Working in WASH Sector: Evidence from Ethiopia," *J. Innov. Entrep.*, vol. 13, p. 79, 2024, doi: 10.1186/s13731-024-00427-y.
21. A. K. Guyalo, "Growth Determinants of Garment-Producing Micro and Small Enterprises in Addis Ababa, Ethiopia: Do Value Chain Dynamics Matter?," *Journal of the Knowledge Economy*, 2026, doi: 10.1007/s13132-026-03220-2.
22. G. Devi, "A study on Problems and Prospects of Self Help Groups Micro Enterprises in Telangana," *International Journal Multidisciplinary*, vol. 3, no. 6, Jun. 2018, [Online]. Available: www.rrjournals.com[UGCListedJournal]
23. C. Singh and K. P. Wasdani, "Finance for Micro, Small, and Medium-Sized Enterprises in India: Sources and Challenges," 2016. doi: 10.1007/978-1-349-67278-3_116.

24. P. Khatri, “A Study of the Challenges of the Indian MSME Sector,” *IOSR Journal of Business and Management (IOSR-JBM)*, vol. 21, no. 2, pp. 5–13, 2019.
25. T. W. Abate and H. E. Sheferaw, “Micro, Small and Medium Enterprises and Their Linkage with Key Actors in Ethiopia: Developing Entrepreneurial Ecosystem Mapping,” *J. Innov. Entrep.*, vol. 12, p. 71, 2023, doi: 10.1186/s13731-023-00339-3.
26. V. Mohan and S. Ali, “Challenges Faced by Indian MSMEs in Adoption of Internet Marketing and E-commerce,” *Academy of Marketing Studies Journal*, vol. 23, no. 1, pp. 1–9, 2019.
27. V. Gupta, J. S. Saini, and S. Chaddha, “MSME Financing: Growth and Challenges,” *International Journal for Research in Engineering Application & Management (IJREAM)*, vol. 4, no. 7, pp. 716–727, 2018.
28. P. Engström and A. McKelvie, “Financial Literacy, Role Models, and Micro-Enterprise Performance in the Informal Economy,” *International Small Business Journal: Researching Entrepreneurship*, vol. 35, no. 7, pp. 855–875, 2017.
29. S. A. Qalati, W. Li, N. Ahmed, M. A. Mirani, and A. Khan, “Examining the Factors Affecting SME Performance,” *Sustainability*, vol. 13, no. 75, pp. 1–24, 2020.
30. Z. Xie, “The Impact of Social Geographical Environment on the Geographical Differences in Financing of Small and Micro Enterprises,” *GeoJournal*, vol. 90, p. 255, 2025, doi: 10.1007/s10708-025-11506-2.
31. R. F. Nomani, “COVID-19 Pandemic and Problems of Micro-Enterprises in Dibrugarh District of Assam: An Empirical Study,” *SEDME (Small Enterprises Development, Management & Extension Journal)*, vol. 47, no. 4, pp. 374–386, 2020.