CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

SME survival refers to the ability of small and medium enterprises to maintain continuous operations, achieve stability, and remain competitive despite the internal and external challenges . It reflects the capacity of SMEs to adapt to changing business environments and sustain their performance over time. There is indeed empirical evidence that the internal factors such as strategic decision making, financial discipline and resource management are significant factors of survival as well as external factors such as economic shocks and institutional constraints (Mason & Brown, 2020). Here, the ability of the SMEs to sustain their business and to withstand financial and operational stresses along with profitability are crucial.

Financial Management practices are the struggles SME business face to effectively plan, control and utilise their financial resources to sustain the business and support growth. These difficulties are frequently seen in a lack of financial planning systems, budgeting difficulties, lack of financial knowledge, capital shortage and poor financial monitoring. There are studies which indicate that financial management is a problem in many small and emerging firms due to the absence of managerial skill and poor internal financial structure which further impacts their decision making and efficiency while running their business (Kumar & Rao, 2021). Likewise, the financial flow is also a key element that may be a hurdle to the survival of the business during its early stage because the business is in high volatility sectors and cash flows are uncertain; bills and loans need to be paid at once (Huang & Zhang, 2021). This also adds to challenges in financial management as the start-up's ability to support themselves and move towards stability and sustainability is affected.

In fact, the link between Financial Management practices and startups SMEs is very direct and significant as Financial Management practices affect a firm's ability to survive, adapt to market changes and take up opportunities for expansion. Lack of proper financial systems can make SMEs inefficient in managing their finances, wrong investment and can expose them to liquidity crisis and can lead to failure of their business. The empirical studies indicate that the financial difficulties and financial management are crucial factors in the survival of the company, especially in the periods of financial difficulties in emerging economies, there are problems in external acquisition of financial resources and financial support system fails to support the company (Huang & Zhang, 2021). So it is important to note that financial management is one of the keys that can either propel SMEs to remain in the market or get out of the market or vanish early.

One of the most essential aspects of any business is financial management, and cash flow management can make the difference between whether a SMEs business can meet its short-term obligations and continue to operate or if they can't pay their bills and stay in business. Timing issues (or cash flow mismatch) can cause a situation where start-ups are unable to pay their bills because of lack of cash, which can disrupt their business. One of the key issues in small business failure is poor cash flow management businesses struggle to pay their employees, their suppliers and to pay their bills (Kumar & Rao, 2021). While SMEs may have a wide variety of different buffers of liquidity, they may be very vulnerable if they lack these buffers, which in turn affects the sustainability of their business in competitive markets.

So, financial planning is a vital element in the survival of SMEs, offering a structured approach to forecasting revenue, controlling expenses, and making informed investment decisions. An effective financial plan can help SMEs make informed decisions about their resource allocation, foresee potential risks, and plan for long-term sustainability. Unfortunately, poor financial planning can lead to poor budgeting, bad decision making which is based on event

and not on planning and poor utilization of limited resources. From the research results, it can be seen that the companies which have good financial management system (even if they have financial plan) are better in terms of their performance and survival rate than the companies having weak financial management system. Thus, financial planning can make SMEs more resilient, with increased financial discipline, and strategic foresight.

Capital access is another vital element to SMEs success and this is because financing outside of the business is essential for the SMEs to operate, grow and innovate. Many SMEs have limited choices to finance their business due to low credit rating, lack of collateral and business set up is considered risky by financial institutions. These restrictions reduce the scope to expand and rely more on internal funds which may not be sufficient to sustain operations. Moreover, empirical studies also show that financial is one of the most significant challenges that can impact the survival of a firm, especially for small and medium firms in a resource poor environment (Huang & Zhang, 2021). This constrained access to finance dampens startups' ability to grow, and withstand shocks in the market.

Keeping financial records is another important element to the survival of a start-up as it helps to keep things transparent, accountable, and makes informed decisions. Good financial record keeping helps businesses track their financial performance, including income and expenses, profitability and financial health, to use in decision making. On the other hand, bad practices in record keeping can result in wrong financial reporting, noncompliance and poor performance evaluation. The importance of good financial management practices such as keeping good books and making accurate reports is positively correlated with the firm's performance and survival (Kumar & Rao, 2021). Therefore, it is crucial for start-ups to maintain their financial records to identify any financial inefficiencies, so that they can continue functioning in the long run.

The impact of financial management problems on the survival of startups is summarized at the end of the study with respect to the four financial issues cash flow management, financial planning, financial record keeping and access to finance.

1.2 Statement of the Problem

Although there has been a growing interest in financial management practices and the survival of startups in Nigeria, empirical knowledge of the relationship between specific Financial Management practices and survival of Startups at the local government level, especially the Oredo local government area is still lacking. A number of scholars have studied SMEs and entrepreneurial performance at large, but few studies have specifically considered the impact of the aspects of financial management on the survival of SMEs including financial record keeping, access to finance, financial planning and cash flow management. For example, Adeola and Aremu (2020) found that, in Nigeria, poor financial management practice still poses a major challenge to the growth of SMEs; however, the study did not focus on localized contexts with regard to the survival of SMEs. Likewise, Ojo and Olaniyi (2021) emphasized that the financial dimension of small business plays an important role on the performance of small businesses, however, the study did not adequately differentiate the internal financial management practices which influence startup business survivability. This is a gap in literature in terms of context and concept, especially in terms of the startups that are operating in the semi-urban local economy of Oredo Local Government Area (LGA).

Nigerian studies have consistently reported that lack of control over liquidity is a major reason of failure of small businesses in Nigeria with respect to cash flow management. For instance, Adebayo and Yusuf (2020) revealed that small businesses collapse as a result of poor cash flow management caused by irregular income pattern and not monitoring the finances of the business in the South West of Nigeria. Their study, however, did not specifically focus on the impact on cash flow management on the survival of new startups that are more likely to experience larger

swings in cash flow than are established SMEs. This reveals that there is a gap in knowledge on cash flow management on the direct implication of survival of startups in Oredo Local Government Area.

As for financial planning, the studies of Dimgba and Olowu (2006) revealed that a lot of small businesses in Nigeria do not have any financial plan in place. Eze and Okeke (2021) revealed that under-budgeting and poor financial forecasting are a major impediment to SME's performance in Nigeria. However, their results were mainly generalised for SMEs, and were not specifically related to the survival dynamics of start-ups. Therefore, limited empirical evidence is available on the direct impact of the lack of financial planning strategies on the survival rate of startups, particularly in the context of business owners exercising a more informal approach to planning and relying mainly on their intuition.

Access to finance is one of the most popular subjects of empirical studies on Nigerians entrepreneurship. Factors like inadequate access to credit and high lending barriers were found to be a major constraint on SME growth and sustainability in Nigeria as reported in studies conducted by Akinboade and Kinfack (2020). In the same vein, Olowe and Babalola (2021) discovered that financial exclusion is a major problem facing small businesses especially for early-stage small businesses. Much of this research, however, laid its emphasis on the availability of funding sources rather than investigating how financial constraints are related to local level start-up survival. Thus, the impact of access to finance on the continuity of startups in Oredo local government area is not well explored.

In addition, bookkeeping is known to be one of the weaknesses of small businesses in Nigeria. Nwankwo and Akabueze (2020), stated that the poor accounting practices and inadequate record keeping have a significant impact on transparency and effective financial decision making of the SMEs. Their study, however, didn't consider startups, where the lack of experience and institutional structure makes them more susceptible. This constitutes a

knowledge deficit on the direct impact of poor financial documentation and record keeping on start-up survival in Nigeria with a focus on Oredo Local Government Area (LGA) of Edo, State where majority of the entrepreneurs do not have formal financial documentation and records.

To conclude, while Financial Management practices and SME performance have been studied in Nigeria, there is still a gap in literature in both empirical and contextual aspects of the combined effect of cash flow management, financial planning, access to finance and financial record keeping on the survival of startups in Oredo Local Government Area. This study thus aims at bridging this gap by presenting empirical evidence that influences the survival of the startups in the study area by these financial management dimensions.

1.3 Research Questions

The following research question were raised to guide this study;

1. How does cash flow management affect the survival of SMEs in Oredo Local Government Area?
2. What is the influence of financial planning on the survival of SMEs in Oredo Local Government Area?
3. How does financial record keeping affect the survival of SMEs in Oredo Local Government Area?

1.4 Objectives of the Study

The main objective of this study is to examine the effect of Financial Management practices on the survival of SMEs in Oredo Local Government Area.

Specifically, the study seeks to:

i. Determine how cash flow management affects the survival of SMEs in Oredo Local Government Area, Edo State.

ii. Examine the influence of financial planning on the survival of SMEs in Oredo Local Government Area, Edo State.

iii. Assess how financial record keeping affects the survival of SMEs in Oredo Local Government Area, Edo State.

1.5 Research Hypotheses

The following hypotheses are formulated in their null forms to guide the study:

$H_{0\ 1}$: Cash flow management has no significant effect on the survival of SMEs in Oredo Local Government Area, Edo State.

$H_{0\ 2}$: Financial planning has no significant influence on the survival of SMEs in Oredo Local Government Area, Edo State.

H_{03}: Financial record keeping has no significant effect on the survival of SMEs in Oredo Local Government Area, Edo State.

1.6 Scope of the Study

The conceptual aspect of this study is on the impact of financial management practices on survival of SMEs in Oredo Local Government. Three major dimensions namely cash flow management, financial planning, and financial record keeping are explored as the independent variable of the study in consideration of Financial Management practices. The dependent variable "survival of SMEs" relates to the ability of SMEs to continue their business activities, satisfy operational commitments, stay financially viable and be able to adjust to market events and internal/external limitations.

Geographically the study is confined to SMEs in Oredo Local Government Area of Edo State, Nigeria. The reason this is chosen is because more and more entrepreneurial businesses and small businesses are being established in this location and are vulnerable to financial pressures

and uncertainties. For the SMEs in this space, good finance management practices are important to stay sustainable amidst a competitive and scarce finance business landscape.

The study will span the time period from February to June, 2026. This period will be regarded as a suitable period for collecting the necessary information on the practices of financial management and the survival of SMEs in Oredo Local Government that will capture the current situation of business environment.

1.7 Significance of the Study

This study is valuable since it helps in the theoretical and practical understanding of the impact of financial management practices on the viability of SMEs in Oredo Local Government. The study is important because SMEs contribute to the economic development in job creation, innovation, income generation etc. and they are highly prone to failure due to having weak financial management practices.

This study will be helpful for the SME owners, entrepreneurs and business managers as it will help them know the impact of cash flow management and financial planning, financial record keeping on the survival of business. An awareness of these financial management hurdles will help SME owners manage their liquidity, implement strong budgeting practices, find the right financial institution and keep their financial records on hand. This will help to makes businesses more stable, make better decisions and improve the likelihood of business survival.

The study will also enable the SME managers and entrepreneurs to know the important financial constraints that pose a risk in business continuity. The results will help raise awareness of the consequences of poor cash flow control, the lack of financial planning, poor access to finance and weak record keeping systems, which can cause financial distress and ultimately business failure. This awareness could spur SME to improve financial practices, to

better plan, to establish appropriate internal controls and to seek out financial advisory services to help improve sustainability.

The study will add to the existing body of knowledge on financial management practices and the survival of SMEs, especially within Oredo local government. While previous studies have examined financial management practices and SME performance in different contexts, little focus has been given to how these practices influence the survival of SMEs at the local government level, in this case Oredo. Hence, the study will be available as the empirical evidence for the future researchers as the reference for any studies related with entrepreneurship, financial management practices and business sustainability.

The results of this study will also prove useful to various agencies, financial institutions and policy makers responsible for enterprise development including Small and medium Enterprises Development Agency of Nigeria (SMEDAN), and Bank of Industry. The study will yield evidence which highlights the need for financial literacy, financial management capacity and building programmes for startups. This can help in the formulation of policies that will help minimise business failure and enhance business sustainability in Nigeria.

The study is also of value to society as it contributes to the development of SMEs that in turn helps in the economic growth, employment generation and reduction of poverty. Well-managed and financially stable SMEs are more likely to grow operations, provide job creation and help local economic development. Thus, better financial management among SMEs will not only improve SMEs business survival but also, the socio-economic development of Oredo Local Government and Nigeria in general.

1.8 Limitations of the Study

Although this study is relevant, there are some limitations that may impact the generalisation and/or depth of the findings. The study was limited to selected SMEs in Oredo Local

Government of Edo State, Nigeria, and secondly, the study was limited to SMEs operating in the Local Government area. Consequently, the results might not completely reflect the financial management of SMEs in other LGA, state or country with varying economic conditions and regulatory framework. However, this will be overcome by providing adequate representation of the sample in different sectors within the study area while selecting the SMEs.

The study also focuses on Three aspects of Financial Management practices; cash flow management, financial planning, and financial record keeping. Other financial variables including tax issues, inflation, financial technology and investment management are not considered. However, this restriction will be overcome by selecting the most popular and empirically established aspects of the financial management practices of SMEs in the literature, which are adequate to explain the survival of SMEs.

The other weakness is that it is a cross sectional study. Data will be gathered at one point in time, and may not capture the changes that occurred over the longer-term in financial management practice and SMEs survival. This restriction will be reduced by planning and conducting the study to get the respondents' current and recent experiences as the findings will bring into light the reality prevalent in the SMEs ecosystem.

Further, the study might be hindered by the lack of reliability in the financial data obtained, with some SME owners being hesitant to share financial details like income, debt load, internal financial management, etc. To overcome this, the respondents will be assured of confidentiality and anonymity and the data will be mainly collected through a structured questionnaire that will be geared towards eliciting honest and objective responses from respondents.

Finally, the study could be limited by the extent of response bias, in which the respondents might give answers that are more socially desired than they actually are, with respect to their financial management practices. This constraint will be addressed by using well-structured

items in the questionnaire, simple language to make the question comprehensible, and by using statistical tests when analysing the data to ensure consistency and reliability of the answers given.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter reviews the conceptual, theoretical and empirical literature as well as identifying the gaps noted in the literature review

2.2 Conceptual Review

2.2.1 Survival of Startups

Start-Up survival is a key issue in entrepreneurship and small business management as it is an indication of the start-up enterprise's ability to survive beyond the fragile early stage of the business formation, to sustain the financial health, to be competitive and to be adaptive. Academically, “survival” of startups meant firm's existence over a certain time horizon with the presence or absence of financial resources, cash flow problems, management skills, uncertainty, competition, regulations and laws, and environmental shocks. It doesn't mean that the business is still registered or that the business even still exists, it just means that the business is still doing something meaningful, still making money, is still serving customers, still fulfilling obligations, still strategically relevant and can still do some level of growth or maintain. The link with understanding is also apparent in the case of Fuertes-Callén and Cuéllar-Fernández (2025), who added survival to the other two main indicators for startup performance, namely growth and stakeholder value, thus illustrating that survival is not just an outcome but also a foundation for future enterprise development.

The survival of a start-up company may be considered in various ways. Functionally, it's the capacity of the company to carry on the business without closing down, liquidating, leaving it or permanently being dormant. Financially: have a start up the ability to generate adequate revenues, manage cash flow, control expenses, pay short-term bills and stay alive long term.

Strategically, the flexibility of the start-up's business model, product, market approach and internal systems in the face of competition and environmental change are related to survival. An entrepreneurial perspective would be the ability of the entrepreneur(s) to transform an opportunity into a viable and sustainable business. The study of Kuckertz et al. (2020) revealed that startups require not only a certain degree of initial capital but also have to be able to mobilize the resources available to them, to adapt fast to the crisis situation, to protect cash-flow and to lean on the support of the entrepreneurial ecosystem. That is, survival is an active not a passive process.

A startup is, in general, known as a new business that is created to capitalize on a business opportunity in an environment of uncertainty with limited resources and a desire to change, grow or enter the market. Unlike the more mature companies, startups are in discovery and validation mode to find products, markets, internal systems and revenues. This makes them very susceptible as they do not have any customer loyalty, no credit, no manager, no regular income and even no legitimacy as institutions. Startups have a high chance of failure and are dependent on several factors like founding team, financial resources, market conditions, innovation and organizational capacity (Razaghzadeh Bidgoli and Raeesi Vanani, 2024). In other words, start-up sensibility as the sense of survival is not a random but is the product of the effective interplay between the resources, entrepreneurial skills, market sensitivity and institutional support.

While different conceptually, there is a relationship between survival of startups and startup growth. The survival and operation is known as venture existence; the growth of sales, assets, customers, employees, branches, market share and/or profitability is known as expansion. While it may be possible for a startup to run on a slow growth trajectory, as a general rule it's not possible for the business to grow sustainably until it first navigates the early risks of forming a business. Hence, survival of the startup is deemed as the minimum level of performance of

the enterprise. The performance of startups should be measured using a number of indicators, including survival, sales, cost efficiency and employment growth, Rodepeter et al. (2026) say, where the minimal indicator is survival if startups are expected to create other outcomes. A young companies death is very unlikely to have a significant impact on employment, innovation, tax revenues, poverty reduction or development of the local economy.

A major reason for the success of startups is their financial viability the young business may not be able to keep up with cash flowing in and out. In times of crisis, access to funding is more restricted for business owners compared to other times, which also makes startups more susceptible because of their lack of collateral, retained earnings and long-term banking relationships, as stated by Brown et al., (2020). Similarly, Cowling et al. (2020) concluded that the smaller enterprises with fewer liquid resources are more susceptible to a crisis-induced failure and that it is the liquid resources and good financial management that allows survival. Not only does it indicate their ability to make money but it also indicates the ability of the business entrepreneur to hold the money, use one account for personal and the other for business, keep books, control his/her debt and plan for the unexpected.

Entrepreneurial ability is one of the important factors of start-up viability. The entrepreneur and the abilities he or she possesses, such as competence, discipline, vision, knowledge, resilience and decision-making ability can have a real impact on the survival of startups - the founder makes all the difference. Caliendo et al., (2023) concluded that the relationship between entrepreneurial self-efficacy and start-up performance is that the higher the entrepreneurial self-efficacy, the more likely the start-up firm is to survive as individuals with high entrepreneurial self-efficacy are likely to persevere, make strategic decisions, and seize opportunities in uncertain environments. You must be, however, information, money, plan and aware to support your confidence in business. Even a well-motivated and creative individual

can fail his or her business due to poor or faulty budgeting, wrong pricing, misanalysis of customers, excessive borrowing or failure to observe the basic accounting principles.

Another crucial factor of startups survival is relevance to the market. If the startup is still providing products and/or services to customers that they want to buy, value and need, then it is viable. This translates into having to meet product market fit, customer satisfaction, competitive pricing, and service quality and market responsiveness. According to Salimi et al. (2023) in their study on open innovation in startup companies, external knowledge, collaboration with others and innovation related capabilities can be beneficial for the startups to improve their offerings and to capture market opportunities. On this count, survival is not only about staying open, it's about staying relevant. Many startups don't fail because they run out of working capital, they are not pricing their offering correctly, they are not offering the right product or service, the product/service is priced wrong or simply because the owners don't listen to feedback.

The survival of start-ups can, therefore, be broken down into financial, human, managerial systems, customers, operation, technology and social network/institutional resources. Financial resources can provide the start-up capital, to purchase inventory, to pay creditors and to allow a slow business development. Human resources is the founder's competence, skill, experience, creativity and commitment. Managerial systems are those systems that serve the manager, such as planning, budgeting, accounting, decision making and monitoring and controlling systems. Customers are the sources of revenues and validation of the market. The set-up guarantees that products and services are delivered routinely. The technological capability enhances efficiency, visibility, communication and competitiveness. Availability of information, referral, supplier, mentorship and informal finance via social networks. Institutional support comprises of government policies, incubators, financial institutions, entrepreneurship programmes and regulatory stability. Concerning the effectiveness of start-up incubators, Seitz et al. (2026) said

that “entrepreneurial support systems” can help increase the performance of new companies and that it is better to be in a support system than alone

The most frequently utilized measures of startup survival are continued operation, years of operation, financial obligation ability, stable sales, profitability, customer retention, employee retention, expansion, debt repayment ability, owner intent to continue and shock ability. Pereira et al. (2026) associated the risk of the SMEs failure with financial indicators stating that the absence of liquidity, low solvency and poor financial ratios may be signs of potential difficulties in SMEs survival before the failure. It can be manifested objectively in financial records, in the condition of operation of the business, but also subjectively in the perception of the entrepreneur on the stability of the business, its prospects and possibilities to continue its activities. During the dissertation research, particularly when numerous SME$_S$ were not maintaining detailed accounting, useful insights were gained by capturing the amount of survival by objective measures as well as perception-based measures (continuity of operations, paying bills, stable revenue, growth in customers and confidence in business continuity).

Start-up survival can be referred to a variety of different areas including academic research, business practice, policy, finance, management, training and planning for entrepreneurship and economic development. The survival of start ups is one of the variables measured in academic studies and the effect of various factors like financial management, access to finance, entrepreneurial competence, innovation, business planning, Government support, market conditions etc. have been studied as independent variables on this. In business practice, there are situations where one may need to consider this term when he is interested in determining whether his business is alive or dead. It assists Governments to reflect on the nature of businesses that they are creating with the use of entrepreneurship programmes, grants, incubators, credit schemes and training programmes. The use of the concept of start-up subsidies has also been explored by other researchers to assess the effect of entrepreneurship

policy interventions, such as Fuentes-Callén and Cuéllar-Fernández (2025) when studying start-up subsidies and start-up survival, growth and stakeholder value. Survival is a measure in financial management that measures the extent to which a SMES can be liquid, settle its debts, manage its working capital and stay in business. In the area of entrepreneurship training, it helps entrepreneurs realize that it is easy to start a business, but the challenge is to manage the business, adapt and do it right.

There are numerous advantages to SMES survival on the individual, organizational, community and national levels. The protection of the invested capital, income, experience and confidence of the entrepreneur is survival. The SMES offer security of employment, skills and livelihood to the employees. They are the suppliers of products and services, convenience and choice to consumers. Communities view start-ups as a way to maintain economic activities in the area, reduce unemployment, promote supply chains both formal and informal and boost income in the households. For government, they increase the tax base, alleviate the strain on public sector jobs and encourage innovation. In terms of productivity, competition, technology adoption and inclusive growth, SMES are a positive impact for the economy. Abakpa and Dvouletý (2026) related entrepreneurship with economic growth in Nigeria; indicating a positive role that entrepreneurship could play in economic growth if the environment is conducive for business formation and sustainability. Thus, not only for the sake of the entrepreneur, but also for the socio-economic development as a whole, it is important that start-ups survive.

Thus, the restiveness of the youths, unemployment, poverty and income insecurity and low formal employment in Nigeria is a major concern to achieve the realisation of SMES therefore there is need for their survival. Nigeria has a robust entrepreneurial ecosystem with the industries of trade, services, technology, agriculture, logistics, fashion, food production, creative industry and fintech. However, owing to high inflation, erratic electricity supply, high fuel price, lack of cheap credit, inadequate infrastructure, multiple taxation, unease in some

areas and low purchasing power of people, many SMEs are facing hard times in this country. The Nigeria innovation ecosystem, which is a space where technology entrepreneurs don't always make it out of the "valley of death" was referred to by Adepoju (2021) as the situation in which early-stage ventures in Nigeria do not have funding alternatives, commercialisation mechanisms and ecosystem support. This is the reality in Nigeria and it's back to the survival of SMEs which is dependent on the kind of business environment, managerial and structural aspects.

Access to finance is a perennial problem in the survival of start-ups in Nigeria and indeed Africa. Many of the start-ups rely on personal savings, family and friends, cooperative societies and informal credit and reinvestment of profits as there is lack of collateral, credit history, business records and stable cash flow, which are the reasons why formal banks are reluctant to finance. Among the factors identified by Emegwara and Emegwara (2025) that affect small businesses in Nigeria is financial constraints, though the study was conducted on small businesses, it is imperative that a young SMEs may be financially weak as compared to established small businesses making the implication quite relevant. Mamudu and Aliu (2022) also showed that enterprise financing is not just limited to the level of the firms but macroeconomic development as well for the relevance of the financing of MSMEs in Nigeria's economic development. Accessing adequate financing can lead to SMEs not being able to afford equipment, grow, invest in technology, absorb a shock or even buy stock, which in turn diminishes their chances of a successful business.

The African context also helps to show the interplay of the entrepreneurial agency and ecosystem conditions on SMEs survival. A significant number of start-ups in Africa are in markets with fragmented markets, limited access to formal finance, weak infrastructure and sometimes unpredictable regulations. But, the continent also offers large scale entrepreneurial opportunities due to the phenomenon of population growth, urbanisation, digitalisation, mobile

money, consumer needs and informal market dynamics. Kato and Tsoka (2020) undertook a study on VC financing and SMEs business performance in Uganda and found that VC financing contributed to the improvement in the performance of the SMEs such as sales revenue, profit and employment. This indicates that if these SMES in Africa are provided with proper financing and support, their chances of survival and success will improve. However, the investment in these countries and sectors is not uniform, and many of the traditional start-ups, in retail, agriculture, services and small manufacturing are not as well-invested as the technology-based start-ups.

The illustrations (based on research) will give a feeling to understand the survival in start-up on the ground. In the context of the COVID-19 crisis, Kuckertz and colleagues (2020) found that many of the innovative SMES were at risk due to the decrease in demand, cash shortages and disruptions in operations. But the research also revealed that some SMES reacted with resourcefulness, adaptation of business models and making use of the ecosystem support. As this example illustrates, it's not only a matter of the viability of a business, but the ability to adapt and survive. Brown et al. (2020) studied the financing environment for entrepreneurs in the same crisis time and found that conditions for external funding worsened for entrepreneurs, which further exacerbated the fragility of SMES. Cash reserve ratio was also found to be negatively correlated with crisis risk as reported by Cowling et al., (2020). It is observed from all these studies that, there are several factors that are important for the survival of the SMES, like liquidity, financial readiness and environmental sensitivity.

Caliendo et al. (2023) is another researched example that focused on the relationship between self-efficacy and entrepreneurial performance of SMES and found that the belief of the entrepreneur in his/her capacities impacts the survival and the performance of early-stage entrepreneurs. It's important because it is an illustration of the psychological and behavioural factors that are as vital to the survival of SMES firms as financial factors. Being persistent,

confident, strategic and willing to learn as an entrepreneur may help overcome many challenges during the early stage. But this is not sufficient on its own in order to be motivated. More so in Nigeria as you don't have the infrastructures and money, it is psychological will power and good financial management, business planning, customer etc. and record keeping.

Raeesi Vanani and Razaghzadeh Bidgoli (2024) predicted the success of a start-up business using machine learning. They show that data-based metrics, such as team composition, funding and organizational metrics and market conditions, can be used to analyze the performance of SMEs. This is relevant because the studies on start-up failures and successes are not only descriptive of failure/success, but have advanced to more complex models looking for patterns and predictors. Rodepeter et al. (2026) also demonstrated that management decisions derived from big data can have an impact on the performance of start-ups, such as survival, sales, costs, and employee growth. This is significant for SMEs and other businesses in developing economies, that continue to make many decisions based on gut feel and rely on intuition instead of numbers, accounting systems, customer analytics and/or performance tracking. The takeaway is that good information is key to SMEs that could have a higher chance of survival than those that don't have records or measurable indicators.

Thus, it's very fitting that among the most direct impacts on the life or death of a SMEs is its financial management, and that the use of SMEs survival to a financial management dissertation is very fitting. The cash flow has an effect on bill paying and on the operations of the business. Financial planning impacts on how much income to expect, how much to spend and how to prioritize available funds. Access to finance impacts on start, expansion and shock recovery. Record keeping has an impact on performance monitoring, decision making, obligation fulfillment, and lender/investor persuasion. Pereira et al. (2026) related financial parameters to the possibility of start-up bankruptcy, indicating that it can be used as an early

warning sign of start-up failure. The monetary part is even more crucial for most start-up owners in Nigeria that operate on informal basis and may not be utilizing proper accounting.

The viability of startups can also be used as an indicator to evaluate the effectiveness of an entrepreneurship programme. Support to SMEs can come in many forms and be offered by governments, development agencies, universities, incubators and financial institutions, in the form of grants, trainings, loans, mentoring and business development services. But, success should be measured not only by the number of businesses started, but by the number of businesses that continue to operate, are stable and are continuing to grow after receiving intervention. In the case of start-up incubator effectiveness in improving new venture performance, Seitz et al. (2026) have performed a meta analysis of the results, indicating that whilst there is evidence to suggest that they can, this is dependent on contextual and programme characteristics. This implies that the entrepreneurship support should not only be evaluated with respect to the creation of start-ups, but also with respect to start-up survival, resilience and performance as well.

Finally, survival of SMEs is a phenomenon which deals with multiple aspects of survival, i.e., the ability of the young firm to survive, its profitability, adaptation to the market, customer retention and resource mobilization and to cope with the uncertainty of the market.

2.2.2 Financial Management practices

Financial Management is the obstacles, issues, constraints or deficiencies that are faced by the business owner/manager relating to planning, organizing, controlling, monitoring and using the financial resources to ensure the business is sustained, profitable and growing. In SMEs, it is associated with the financial constraints that a young firm can experience in the form of lack of funds, credit, proper accounting records, financing, financial knowledge, internal control and the capacity of making sound financing and investment decisions. Financial Management

problems cannot be blamed alone on the scarcity of financial resources but also blamed on inefficiency in managing the funds. Adato and Onsare (2024) in their systematic review on challenges of financial management in SMEs in developing nations highlighted that cash flow, financial planning, availability of credit, working capital management and financial competence of management were weak among SMEs that affect their viability in an uncertain environment. This means that financial management problems can be considered as a resource problem and a competence problem: a start-up can suffer from financial management problems for a lack of resources and/or for a lack of competence in managing their resources properly.

Conceptually, the financial management problems can be explained as those problems which are internal and external to the business that hinders the effective process of acquiring, allocating, utilizing, monitoring and controlling of business funds. Inadequate budgeting practices, poor financial planning, poor book-keeping, poor cost control, low level of financial literacy, inadequate separation of the financial aspects between personal and business finances, working capital management and financial decision making are all internal barriers. The external obstacles are: lack of loan access, high cost of loans, collateral, inflation, exchange rate fluctuations, pressure of taxation, regulatory uncertainty and unfavourable loan conditions. Especially during times of crisis, entrepreneurial finance is limited, as young and small firms often have no collateral or credit history and have unstable income streams (Brown et al., 2020), and Cowling et al. (2020) discovered that in periods of environmental shocks, the disruption of income streams makes firms with lower cash buffers less resilient. The studies reveal that apart from the usual accounting problems, there are also those financial vulnerabilities which negatively impact the enterprises' survival in the context of an unstable market.

The word itself, financial management is connected with the effective use of finance to achieve the goals of the organization. It's a matter of decisions regarding financing, investment, budgeting, cash flow, cost control, record keeping, working capital, profitability, risk

management and financial reporting. When these are lacking, a situation of financial management issues comes up. In younger companies, SMEs the issues are typically more fundamental, because the SMEs are young, have little in terms of resources, have low levels of confidence and often times are managed directly by the founder who may have strong management skills but not necessarily be so technically adept with financial information. Based on Pereira et al. (2026), a low financial indicator is a good warning sign of the risk of bankruptcy of SMEs. This means that finance management problems are not only issues of the second order administration, but it may be an issue of survival because it will affect directly the start-up business ability to pay bills, maintain the liquidity of the business, keep customers happy, satisfy creditors, reinvest in itself and remain in business.

Financial planning and budgeting is one of the important factors. The financial planning helps in predicting future income, expenditure, financing requirement, investing requirement, risk and expected return but budgeting is a plan of allocating the financial resources for a period of time. Many times, SMEs which have not done any financial planning, take decisions on spending blindly instead of priority. This results in under costing, over investment in unnecessary resources, incorrect prices, lack of saving and even over withdrawal of capital by the proprietor, shortage of cash in emergency situations. The authors Adato and Onsare (2024) listed the following common problems that are usually encountered by SMEs in developing countries: Poor Budgeting and Weak Planning. In the same African context, Asravor and Angmor (2026) found that financial management in SMEs involves budget planning, cash management, record keeping and etc; and if these are not planned for, they can affect the performance of the SMEs. If the SMEs doesn't have a financial plan, it may not know how much it should be spending or how much it should be bringing in for sales or even what profit margin to target, what the money should be used for when they need to pay back any loans, where they should put the money for reinvestment, and where they should spend it for growth.

Issues of financial management are closely connected with financial literacy. Financial Literacy is defined as knowledge and skill in understanding and use of financial concepts like: Budgeting, Saving, Borrowing, Interest Rate, Investment, Profit Calculation, Debt Management, Financial Risk. An owner of a SMES and with minimal financial education may misinterpret his/her profit, may mis-price their products, may secure loans at an unnecessarily high interest rate that cannot be maintained, may underestimate hidden costs, or may spend business income on personal expenses. In his research about the youth entrepreneurs of Lusaka Kasonde (2025) found some practices that are used to indicate financial literacy among entrepreneurs which include; budgeting, cash flow management, money management and basic financial concepts. This is crucial as financial literacy is the basis for good financial management. In the absence of this, even capital investment may prove to be fatal since the money invested could be misused, misallocated or even spent without being able to contribute to the creation of the business.

Financial Management practices include a lack of financial visibility, poor documentation, lack of control, uncertainty, instability and scarcity. Scarcity means that the business doesn't have enough money to operate and expand the business. Instability is measured by income (that is not constant) and cash flow (that is not regular). Informality is a signal of not having financial and accounting formalities. Uncertainty is the uncertainty of market conditions, prices, demand etc. while weak control is a situation that involves weak tracking of spending, debt, inventory and profit. Poor documentation: Not enough documentation of transactions and obligations. Business owner lack of financial visibility means he/she can't see the whole picture of his/her business finances. These characteristics are more apparent with SMES as they generally operate on a small scale without much or any investment, and lack a proper financial system.

Financial Management practices can be utilized in various areas in academics and business. It has been applied in the field of academics to investigate start-up failure, SMEs underperformance and the impact of financial practices on business survival, profitability, growth and sustainability. It can be used as an independent variable in research of impact of Cash flow management, Financial Access, Budgeting, Record keeping and Financial Literacy on performance of a business. In the real world of business it helps business owners to identify what they are doing wrong with their business, and what they are doing right. It's used in the banking environment and credit assessment to explain to financial institutions why some small businesses are risky borrowers and why financial records are important to them when assessing their creditworthiness. In public policy, it is leveraged to help plan entrepreneurship interventions, financial literacy programs, credit schemes, grants, tax relief and business advisory services. The linkage between Financial Management practices and inclusive economic development is exemplified by the challenges that Machingambi and Rankhumise (2026) found in their systematic review which included Financial Management practices as a key enabler of women's entrepreneurship in South Africa.

A knowledge of the issues of financial management is very beneficial. It helps entrepreneurs make plans, spend wisely, have control over cash flows and price accurately and make better decisions. It can increase the likelihood of startups that survive as businesses knowing that there are strengths and weaknesses and that by using it will not endanger the life of the business. From a lender's point of view, it's an additional credit check and less chance of default since there is financial information to back up what is going on in the business. From the perspective of policymakers, it can be employed to understand what financial constraints are most important and need to be tackled for financial participation, like collateral requirements, financial education, financial illiteracy, the poor keeping of books or the higher rates of borrowing. For researchers, it's a useful conceptual framework to provide understanding of

enterprise sustainability, SME performance and start-up failure. Asravor and Angmor (2026) found that the cash flow problems are due to poor record keeping by the SME's, indicating that knowledge of the financial management problems might be useful in taking practical steps for better performance of SMEs.

In the Nigerian context, a lot of SME$_S$ are facing the challenge of inadequate access to cheap finance, the inflation, high cost of doing business, infrastructural challenges, power challenges, multiple levies, low financial literacy and poor bookkeeping culture; which is the financial management issue. There are various forms of financing available for SME$_S$ in cities and local government areas, including informal loans, cooperative contribution, supplier credit and family support, and frequently, the only form of financing available is personal savings. However, Dabale (2025) showed that the major determinant of SME's performance in Lagos State is the external fund since the financing is difficult for the early stage SMEs because of poor cash flow and funding requirement. It is a reality in Nigeria that financial management problems can be blamed on the weak business organisation and the financial structure of the business or the financial system as a whole.

From country to country, the same issues exist in Africa to varying extents. In Zimbabwe Mutambara and Kader (2026) related SME financial management with budgeting, record keeping and cash flow issues etc. Asravor and Angmor (2026) associated non-access to finance to SMEs, demands for collateral and high interest rates, poor financial planning etc. in Ghana. Machingambi and Rankhumise (2026) found in South Africa that a lot of financial issues are still found among the women entrepreneurs particularly on accessing finance. Kasonde (2025) highlighted the importance of financial education amongst the group of youths entrepreneurs in Zambia amongst other factors. The financial management problems in Africa (as illustrated in examples) are not just complex but also have internal problems of managerial practices and external problems of institutional practices.

Research is used to further illustrate examples of Financial Management practices . Gray (2025) examined how these companies are able to maintain their cash flow, the various strategies they use and how cash flow forecasting can be used as a tool to help manage these small and medium-sized service companies in the current and future marketplace. In this example the cash management issues can be minimised when the business owners plan for the cash to be available, rather than reacting to cash issues when they arise. Amongst the assets which a manager can tap to achieve Profitability of SMEs is financial information as obtained by Umoh (2026) in his study on Financial Information Practices in a Developing Economy where importance of record keeping, budgeting data and cash flow data are obtained. In Zimbabwe, Mutambara and Kader (2026) studied the SMEs and identified some of the financial management problems faced to include; High interest rates, Collateral problems, Poor financial forecasting and Poor budgeting practices. The examples of SMEs provided, based on the research, indicate that SMEs require funds and management systems to run the funds.

It has a big impact on financial technology and digital business tools, too. Digital Accounting Apps, Mobile Banking, Point of Sale (POS) Systems, Digital Wallets and Online Invoicing and Inventory Management can be a boon for SME$_S$ to better manage their record keeping, cash flows and separate their personal and business finances. But digital tools are not useful unless entrepreneurs know and are disciplined to do that. His piece titled "Adopting Fintech to Support African Small Businesses: How they can increase Efficiency and manage cash flows particularly in cross-border payments" by Abubakar and Iro (2026), highlighted the capability of Fintech as a tool that African Small Businesses can harness to enhance the efficiency of their operations and manage cash flows, particularly in cross-border payments. They pointed out that the adoption of fintech would enable African small businesses to keep up with their efficiency and re-engineer cash flows especially cross-border cash flows. This means that

technology can help to solve some of the problems of financial management, but it can't replace the basic financial literacy, planning and discipline.

Lastly, financial management issues are a broad spectrum of difficulties, which hinder start-up or SMEs in proper acquisition, allocation, monitoring and control of financial resources.

2.2.2.1 Cash flow management

The management of cash flows involves planning, monitoring, controlling and optimizing cash flow within a business to keep the business solvent and able to fulfill its commitments without liquidity problems. In particular, in startups young companies are not always liquid, lack information on sales, customers' needs are constantly evolving and there is scarce possibility of obtaining external resources. So when a startup might be making sales, or even money (on paper), it doesn't necessarily mean that cash is available to pay suppliers, paychecks, rent, utilities, taxes and loan payments, etc. on time. Sustainable cash flow management from Gray's viewpoint (2025) is a crucial aspect of planning for the future; it can assist SMEs in anticipating cash flow problems, planning future cash flow requirements, and weathering market volatility.

This can be summed up so simply: Know where cash is coming, know where cash is going, know what cash is spent, know who is paid and who is owed, have a certain amount of cash available and don't allow the business to run on negative cash flow. However, a business could be profitable and still there's a cash flow crisis because of slow-paying customers, maybe too much cash on hand to cover the needs of the business or owners taking too much cash out or expenses increasing at a higher rate than revenue. So it can be said that the businesses which have not retained cash reserves are the ones who are most affected by the COVID-19 pandemic (Cowling et al., 2020) and during uncertain times, it is more difficult to access entrepreneurial finance and more need to manage cash inwards (Brown et al., 2020).

The key traits of a successful cash flow management are regular check on cash flow, calling customers on timely payments, spending sensibly, stock management, arranging payment with suppliers and the separation of business and personal funds and preparing cash flow forecasts. When it comes to start-up businesses these are very important practices as it's cash flow is very unstable. Dabale (2025), in his study on SMEs in Lagos State revealed that majority of the SMEs in the initial stage of business are mostly vulnerable to irregular cash flow that impacts on funding need and the performance of the business. This is especially true for startups in Nigeria, who maintain their books in a random fashion, and even take money out of their pocket to invest in startups only to get it back shortly.

There are a number of tangible benefits of cash flow management in startups. It aids the businessman in ascertaining the viability of their business for purchasing new machines, getting employees, extending the business, taking loans or facing the temporary setback in their business. It also aids in financial planning as the entrepreneur can even see when there will be a shortage of cash and take appropriate steps before it reaches a critical stage. The study of Umoh (2026) reveals that financial information practices (cash flow data) and budgeting information is seen to be important in the profitability of SME in a developing economy. This is to say that cash flow data is not only an accounting document but it's also a tool for making decisions.

The benefits of having a positive cash flow are huge. It increases the liquidity of businesses, reduces the need for emergency borrowing, increases suppliers' confidence, helps businesses to pay their bills on time, improves the business planning and increases the chances of survival of businesses. It helps the start-up owner to make a difference between a sale, profit and cash. This gap is huge as many small business owners believe that if they're putting out a lot of products and services, then they're doing well until they don't collect cash, and then they begin to fail. In their study on financial management of SMEs in Ghana, Asravor and Angmor (2026)

identified a relationship between financial management practices (budgeting, record keeping and cash management) and business performance showing that good financial management is essential in a business environment with limited resources such as in Africa.

In Nigeria, the importance of cash flow management cannot be overemphasized, particularly in the era of Nigeria's high rate of inflation, challenging power supply, the current high pump price of petrol, multiple charges and the inability to secure cheap credit. Osho et al. (2026) cited that macroeconomic changes can impact business liquidity with the removal of subsidy leading to an increase in the operating cost of the business and contraction of cash flow peculiar to MSMEs in Nigeria. A business in early stages may lose their confidence and trust in the business due to lack of stocking, may not pay suppliers, may build up debts and/or may close the business due to lack of cash flow. Thus, one can see that cashflow management is not just a financial process but is a survival system as well.

This is illustrated with case studies from Africa. Weak financial control, cash flow problems, budgeting weaknesses and financing barriers were found to be major problems faced by small business, in the study of Mutambara and Kader (2026) conducted in Zimbabwe. Likewise, Gray (2025) suggested that small businesses can benefit from cash flow forecasting in preparing for the future and current challenges. The results suggest that if a startup has a sound cash flow system, it's likely to be alive and if it doesn't have a system to keep track of the cash flow, it's likely to be facing cash flow issues. Therefore, cash flow management could be regarded as a major dimension in a study of Financial Management practices and survival of startups as it is directly connected to the ability of a startup to fulfill the day-to-day obligations, face shocks and maintain operations.

2.2.2.2 Financial planning

Financial planning is the process of a business being able to predict their future financial requirements, financial objectives, income and expenditure, resource planning and can also cater for future risks which ensures the continuity and growth of the business. Financial planning in the context of SME_S is the conscious management of the expected cash flows, expenses, revenues, capital demands, savings and borrowing and reinvestment decisions to ensure the organization continues to be placed on a financially stable path even in the midst of uncertainty. It's an essential aspect of financial management to make the switch from reactive spending to financial decisions and is a key part of the equation. The study of Asravor and Angmor (2026) also revealed that financial management practices such as financial planning, budgeting, record keeping and cash flow management were also important financial management practices of the African SMMEs, with financial planning being the cornerstone to the survival of an enterprise especially in limited resources.

The basic principle of financial planning is to attempt to determine the amount of money required by a business, where the money will come from, when the money will be required, how financial risks will be managed and how much money the business will generate. For SME_S: SME_S capital, operating costs, stock, rent, salary, marketing, pay off loans, tax and contingencies and expansion. A company that did not plan its finances may have been covering its working capital needs and sales needs and yet may find itself in a situation where it could not meet the liquidity needs, pay up on what it owes, take bad loans and may not be able to cope with the shocks! Dabale (2025) in his study on the effect of external funding on the performance of small and medium enterprises in Lagos state, revealed that small and medium enterprises in the initial stage of their business have erratic cash flow and financing problem and therefore, need to plan to match the cash flow of the business with the source of funding.

Forecasting, budgeting, priorities, allocation of resources, anticipation of the risks and monitoring of performance are the main activities of financial planning. Forecasting can assist the entrepreneur in predicting what sales, costs and cash requirements the business will have in the future. Budgeting is one of the ways of controlling and preventing wastes of money. By prioritising, the business owner will be able to find out which expenses are essential and which are not. Resource allocation ensuring scarce resources are invested in activities which allow the organism to survive and grow. The start-up would be able to prepare for inflation, increases in prices, customer defaults, low sales or any other potential operating expense, if they could anticipate it. In the study on Budgeting Techniques and Financial Sustainability on SME's in Botswana Madisa (2026) emphasized the importance of the financial sustainability of SME's and how it can be improved through the use of forecast, scenario planning and driver-based budgeting. It can prove that financial planning is not a document, it's a tool that can help businesses to continue.

Financial planning is especially beneficial for start-ups as new businesses typically have a restricted amount of cash, fluctuating revenues, and a lot of uncertainty. It makes it easy for the entrepreneur to determine if it's possible for the business to buy new equipment, hire more employees, stocks, credit sales and loan obligations, or expand. It enables the start-up not to get over-traded, or to grow too rapidly and not have the cash to support it. According to the study carried out by Umoh (2026), the financial information practices such as budgeting data, cash flow information were significant to profitability of SMEs in a developing economy which implies that business decision making will be improved when it is based on financial information. Thus, financial planning can help a start-up to draw the line between the financial activities they may undertake today and the survival of the business in the future.

Making a monetary strategy can be outstanding. It can assist the business to cut costs, better cash flow, secure investment, reduce any wasted spending, influence investment decisions and

enhance its relationship with the lender/investor. While the business may be doing things informally, without any sort of financial picture, a business that has some sort of financial projection and record will attract more interest from financial institutions and/or support agencies. During the crisis time, the availability of the entrepreneurship finance is less, those who have better financial plan and documentation are better capable to involve the finance institutions as revealed by Brown et. al (2020). Again, Cowling et al (2020) indicated that companies which have too little cash reserves are more susceptible to economic shocks and thus the significance of cash planning, and emergency planning, is key.

However, in Nigeria, financial planning is even more crucial given the issues of inflation, high cost of running the business, lack of infrastructure, inadequate power and irregular power supply, various levies and non-availability of credit facilities faced by SMEs. Overall, Osho et al. (2026) study vividly illustrated the impact of macroeconomic shocks on financial dynamics of MSMEs in Nigeria particularly the fuel subsidy adjustment leading to the cost of business and reduced cashflow to MSMEs. When you don't have a financial plan, start-ups might easily find themselves in trouble with excessive costs, debts, no restocking and even with their doors closed. In this context financial planning can be termed as a survival tool since it can assist the businessmen to anticipate the rising expenses, necessary adjustment in the prices, control of expenses & saving of working capital.

African studies reveal this also from enterprise survival perspective with regard to financial planning. Nkwinika and Obokoh (2023) in their study on performance of SMMEs in incubators in South Africa discovered that one of the elements that threaten SMMEs' performance is poor financial forecasting. Asravor and Angmor (2026) also highlighted the importance of financial arrangement and budget and its role on the performances of SMEs in financial limited environment. These show that one of the main skills that separate a running company from a strategically oriented company, is financial planning. Hence, financial planning can be viewed

as an important aspect of financial management problem and survival of startups as it entails predicting future financial needs of the firm, dividing limited resources among various financial needs, planning for contingencies and continuity planning.

2.2.2.3 Financial record keeping

Financial Record Keeping is the process of finding, writing, arranging, saving and using financial data that is related to the trading of a company. In the case of startups, it is all about sales, purchases, expenses, cash in/out, debts, assets, liabilities, inventory, wage, taxes and profit. It is important for financial management as no business can plan, control costs, measure their profitability, finance or make any reliable decision without financial information. Records are not administrative documents, but managerial tools for the survival of business as advanced by Umoh (2026) that posited financial information practices such as financial record keeping, budgeting data and cash flow information are important determinants in determining the profitability of SME in a developing economy.

The concept of financial record keeping is that it is the memory of the business. It's a tool that will help the entrepreneur know if the business is making money or not, how much is owed, how much is owned and how much is going in. Many reasons are there for why lots of startups don't differentiate between sales and profit but lack of record keeping is one of them. Whether a business is making many sales of goods/services a day, it could be in a bad financial situation if they are not monitoring their expenses, credit sales, debts and owner withdrawals. Asravor and Angmor (2026) revealed that one of the key financial management practices mentioned by the African SMEs is to keep financial records, and also indicated poor financial record keeping was associated with poor cash flow management and financial decision making. This puts financial information at the foundation and from which the financial position of a start-up is derived.

Effective financial record keeping has a number of main features, such as accuracy, consistency, completeness, timeliness, simplicity, accessibility and relevance. Accuracy is “transactions being properly recorded”. Occasional maintenance of records is rated as Consistency and so is regular maintenance of records. Completeness is defined as all of the income, expenses, debts and assets being identified. Timeliness = transactions being recorded “around the time of transactions”. With simplicity being a key factor, record systems should be easy to understand and use as many of the startup owner's may not have a high level of accounting expertise. Accessibility: This is the requirement to access the record as necessary during the decision-making process, during taxation, loan applications etc. and for business review. Relevance records need to be relevant, not pieces of paper that the owner doesn't look at, to increase his/her performance.

There are several purposes to financial record keeping. It can be utilized by startups to monitor their sales, control their expenditure, calculate their profits and losses, and pinpoint where their money is getting wasted, monitor their debtors and creditors, budget and plan finances. It can also make it easier for you to attract financing, as banks, microfinance providers and investors and even government financing organizations may wish to see how your business is doing before they give you a loan or invest in your business. In his study “External Funding and the Performance of SME”, Dabale (2025) noted that the SMEs in their early stages have problems accessing funds and that the lack of financial documentation makes it difficult for them to get funding. This is because poor record keeping may indirectly restrict their access to finance as the lender may not be able to assess the viability of the business.

For startups, keeping proper financial records is crucial and can have a great number of benefits. It adds transparency, financial discipline, less misuse of money, aids in tax compliance, better planning and assists the businessman to differentiate between personal and business funds. This’ll also help you to identify any potential monetary difficulty at the

beginning. For instance, if a business is seeing spending grow faster than sales, then the accounts will alert the business to something amiss even before the business goes bankrupt. Business diagnostic tools are helpful to an SME to identify performing poorly areas of the business and improve the profit of the business in the long run according to Aladejebi and Amao-Taiwo (2024). Since the data required to make such diagnosis is available in financial data, record keeping is very important in measuring business health.

A major issue among startups and small businesses in Nigeria is financial record keeping, where the majority of businesses are informal and without any form of record keeping and only use memoranda, phone calls or counting of the daily cash to account for transactions. This makes it difficult to get a handle on the finances and to know what the profit, taxes, stock value or debts are. It also impacts on business development as businesses with poor documentation will not be eligible for banking finance or the investors or even access the Government support scheme. Augustine et al. (2026) also mentioned that the SMEs particularly startups and youth businesses are often in a situation of financial constraints and transparent documentation can mitigate some of the issues as they seek loans. In a local business setting, therefore, proper financial record keeping may be able to increase the credibility of the financial information of a start-up and close the information gap between the business and the sources of financing.

This is a problem all over Africa. Record keeping, budgeting and cash management are major challenges in the financial management of SMEs in Ghana according to Asravor and Angmor (2026), while in Zimbabwe Mutambara and Kader (2026) revealed that weak financial control and poor financial statements are financial challenges faced by SMEs. The results indicated a problem in the financial record keeping, not necessarily a problem peculiar to Nigeria but it is a general problem of entrepreneurs in Africa. Therefore, financial record keeping can be viewed as a great dimension in the study of financial management problems and the survival of the startups as it affects decision making, measuring profitability, getting access to finance,

cash flow management and long-term survival. A start-up with good records will be able to plan a strategy, survive a financial crisis and expand to a viable size; a start-up without good records, will be confused and wasteful, be subject to debt and even failure.

2.2.3 Conceptual Framework

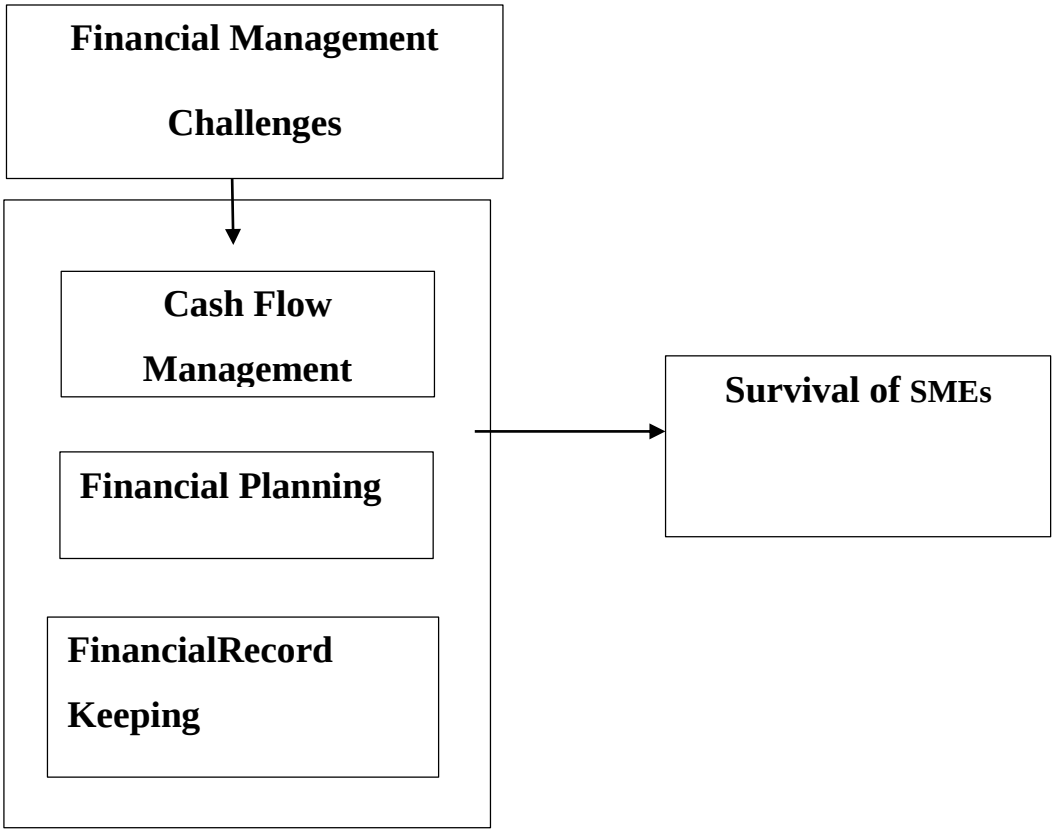


Figure 2.1: Relationship between Financial Management practices and Survival of SMES

2.3 Theoretical Review

2.3.1 The Resource-Based View Theory

Resource Based View Theory is one of the most relevant theories in the study on the effect of Financial Management practices on the survival of startups as it explains how the internal resources and capabilities of a firm determine its ability to survive, compete and perform. The theory has been traced back to Penrose (1959) who states that the growth of a firm largely depends on the productive use of its internal resources; but the theory was formally known into

the domain of strategic Management through Wernerfelt (1984), who coined the expression "resource-based view of the firm." Subsequent development and popularization of the theory was done by Barney (1991), who claimed that a sustained competitive advantage exists when a firm has resources that are valuable, rare, imperfectly imitable, and organized. The major advocates of the theory are consequently Edith Penrose, Birger Wernerfelt, and Jay Barney, and it is associated most closely with the modern version of the theory, put forth by Jay Barney. According to the theory, an organization's success and capability to operate is tied to its internal resources, whether that is a financial resource, human skills, managerial competence, information systems, organizational routines and/or decision-making capability. Financial management practices, including cash flow management, financial planning, access to finance and financial record keeping, can be considered strategic resources in relation to the current subject which can impact the survival of the start-up. A startup firm with a good financial planning, good records, disciplined cash management, and the capability of mobilising financing has internal resources that can make it survive, whereas a start-up firm with poor financial planning, poor records, poor cash management and poor ability to mobilise financing is vulnerable to having liquidity problem, high debts, making wrong decisions and becoming insolvent. This is a reason why the RTV is very relevant to the research, as the issues in financial management can be understood as strength deficit in the start-up's internal resources. It is in this sense that the resource-based perspective has been used more recently in explaining the performance, resilience, financial literacy and business survival of SMEs. For instance, Almuraqab et al. (2024) related SME financial literacy and digital financial access to financial and economic development from a resource-based perspective; Meuric and Favre-Bonté (2026) employed the resource-based view and the dynamic capabilities to explain the SME trajectory toward maturity and long-term survival. Thus, Resource-Based View offers a solid theoretical

underpinning for explaining the effect of weakness in internal financial management capability to decrease the survival chances of startups.

2.3.2 The Pecking Order Theory

The Pecking Order Theory is also applicable to the topic due to the fact that it is an explanation of the financing behaviour of firms, and it explains how businesses will choose between using internal funds, debt and external equity. The theory can be traced to the fact observed by Donaldson (1961) that the companies tend to prefer to rely on internal sources of finance before borrowing from outside sources. But it was formalized by Myers (1984) and Myers and Majluf (1984), who contend that due to the presence of information asymmetry between the firm's managers and outside suppliers of funds, the firm might prefer one source of funds over another. The major proponents of the theory are Stewart C. Myers and Nicholas S. Majluf. The theory suggests that the first choice of financing the operations of a firm is from internal sources (retained earnings or personal savings), the second choice is from debt, and the third is equity. It's a theory that's very applicable to startups as many new businesses use personal savings, family assistance, retained earnings, cooperative contributions and informal loans as a way to get off the ground before they turn to outside sources like banks, investors or venture capitalists. This theory is relevant to the Nigerian scenario, as the many startups have significant challenges when seeking formal financing such as collateral requirement, bad credits, lack of financial statements, inadequate cash flow and limited business documentation. The lack of internal funds coupled with the inability to access external funds jeopardizes the survival of startups, who may be unable to restock, pay rent, buy equipment, expand or weather economic shock. This is particularly pertinent when considering “access to finance” dimension of Financial Management practices in terms of Pecking Order Theory. In a study of external funding and SME performance in Lagos State, Dabale (2025) used financial growth and pecking order perspectives to explain the financing behaviour and financing barriers of SMEs

and Augustine et al. (2026) also positioned SME funding and survival in the context of financial constraints and pecking order financing. Hence, the above study shows that limited access to finance is not just a financial inconvenience, but becomes a start-up survival issue, as per Pecking Order Theory.

2.3.3 Dynamic Capabilities Theory

Dynamic Capabilities Theory is another relevant theory used for the study, as it can help in understanding how firms are able to survive in unpredictable and dynamic environments through adaptation, reconfiguration and reorganization of their resources. The theory comes from the work of Teece, Pisano and Shuen (1997), which is an extension of the Resource-Based View. The Resource-Based View is more about owning the valuable resource, and the Dynamic Capabilities Theory is more about a firm's ability to renew, modify and redeploy the resources to meet the changing environment. David Teece, Gary Pisano and Amy Shuen are the principal advocates of the theory. The theory is that an organization which can sense opportunities and threats, seize those opportunities, and reconfigure internal and external resources to address the changes will survive and maintain its competitiveness. A business' ability to survive as a startup is not just a matter of whether it has financial resources, it's whether it can do so when the business climate changes. They face the uncertainties of inflation, fluctuations in customer demand, increasing operational costs, competition, unreliable power supplies, scarcity of credit and regulations in the startup environment. A startup company with robust financial flexibility can make changes to their budget, change prices, cut costs, enhance cash flow management, find alternative sources of financing, and implement electronic bookkeeping and change operations when financial issues arise. On the other hand, a start-up that does not have the adaptive financial capability may die when it suddenly faces financial pressure. Thus this theory is applicable as it makes sense about the survival of some startups with financial problems and the failure of other startups in the same situation. Dynamic capabilities have been

recently linked to SME resilience, adaptability, financial planning and survival. Meuric and Favre-Bonté (2026) explained that the concept of dynamic capabilities can serve as an explanation for the maturity and long-term survival of SMEs, while Ode et al. (2026) demonstrated that the Resource-Based View and Dynamic Capabilities Theory can be integrated to better understand SME resilience. In a vein similar to this, Ogrenci et al. (2026) connected the dynamic capabilities of owner-managers and employees to SME performance via business model innovation. Thus, Dynamic Capabilities Theory can be related to the present study as it explains that survival of startups is dependent not just on the availability of financial resources but also on responding to Financial Management practices strategically.

2.3.4 Theoretical Framework

The most appropriate theory that can be followed up in the study is Resource Based View (RBV) Theory as it can be used to explain the challenges faced by the startups in financial management and its effect on their survival. The RBV emphasizes that the survival and performance of a firm is hinged around the quality, uniqueness and strategic utilization of its internal resources and capabilities. Financial resource management cash flow management, financial planning, access to finance and financial record keeping are internal resources for start-ups. The resources play a crucial role in helping businesses stay operational, and they can be critical for startups to manage unpredictable operations, optimize investments and make informed business decisions. A well managed company can ensure it stays liquid, reduces the risk of debt, maximises investment and adapts to any new challenges that might be thrown at it, as well as to increase the company's likelihood of success. However if the firm has a deficiency of these financial resources then these are weaknesses and the firm could be subject to cessation of trading, a liquidity crisis and may even fail. Evidence of this, based on financial literacy, disciplined management of cash flow and access to organized financial resources on improved survival of SMEs and startups further reinforces the relevance of RBV to this study

(Almuraqab et al., 2024; Meuric & Favre-Bonté, 2026). RBV is helpful in the sense that it provides a structured lens in which internal financial management resource can be analyzed that relates directly to survival, whereas the Pecking Order Theory is complementary with financing behavior and Dynamic Capabilities Theory is complementary with adaptive strategy. Then, financial management practices can be seen as strategic resources and with the support of the RBV framework, the various vulnerabilities that stem from the lack of financial resources can be systematically explored and the differential survival rate of startups in the same environment and market is known. This theory gives the basis for a deeper look into the financial management problems which are not only short-term hiccups in the start-up's normal functioning, but also characteristics that will help to ensure its continuity and sustainability.

2.4 Empirical Review

Eke, Imafidon and Okoye (2026) in their study on the influence of financial literacy on the survival of Small and Micro scale enterprises (SMEs) in Edo State, Nigeria adopted descriptive survey design, structured questionnaires and regression analysis. A total of 455 SME owners/managers in Edo State were involved in the study. The results showed that the budgeting, cash flow management and cost control had significant positive association on improving the SME survival while the financial reporting had high negative association on SME survival. This study was carried out in Edo State, Nigeria and it was concluded that the practices of financial literacy are vital for sustainability of businesses but it did not actually determine if these are start-ups or businesses in Oredo Local Government Area.

Dauda and Bamidele (2026), in their paper Assessment of financial management practices and business performance of SMEs in North-West Nigeria, used a descriptive survey design, where a structured questionnaire was given to 322 SME owners in various states in the North-West region including Kaduna, Kano, Jigawa, Katsina, Kebbi, Sokoto and Zamfara. The study found that in general, SMEs had a moderate level of adoption of financial management practices

which is indicating that SMEs' strategic financial management, namely capital structuring and long-term financial forecasting is still weak. They discovered that there is a lack of financial strategy, affecting business performance and indirectly sustainability, but it was not start up oriented and survival studies.

In a report, we come across study conducted by Jude (2026) with Survey based empirical design using 150 SMEs, however, the location of the SMEs was not mentioned in the available report. The study found that the three factors namely working capital management, cash flow monitoring practices and investment decision practices are the key factors which are associated with the stability and expansion of business. It was found that a system of financial management in firms' performance enabled the firm to withstand these shocks in the market. But the study didn't go to the level of geographies and startup categorisation to be very precise in the local analysis of startup survival.

Afolabi, Adeleye and Bankole (2026) adopted descriptive survey research design with 349 questionnaires sent out, 321 of which were valid for the study of The effect of budgeting practices on the financial performance of SMEs in Ado-Ekiti, Nigeria. This study was conducted in Ado-Ekiti, Ekiti State. The results showed that the variables of budgeting planning, budgetary control and fund allocation are significant in terms of financial performance and sustainability of SMEs. Overall, the study revealed that structured budgeting is not a measure of the survival of businesses but there is a positive relationship between structured budgeting and the reduction of financial inefficiency and increase in financial stability.

A cross sectional survey with regression analysis, SWOT and PESTEL frameworks, (Umoh, 2026) was used as the study design for the study Financial information practices as determinants of SME profitability: Evidence from a developing economy. 290 owners/managers of SMEs in Abakaliki, Ebonyi State, Nigeria were sampled for the study.

Results indicated that financial record keeping, budgeting information and cash flow data and profitability were not significantly related. The study's conclusion is that financial information are not necessarily a proxy for better performance; external environment and managerial factors may be the ones that may affect the financial performance.

In Small business funding and SME survival rates in Nigeria: A quantitative analysis of financial constraints, Augustine, Amobi, Chukwu and Udefi (2026) employed a quantitative survey research design with statistical financial constraint analysis in their study but the number of samples was not clearly spelt out in the report that was available. This study was conducted in Nigeria. The findings indicated that the SMEs that were more transparent and had better cash flow management systems had higher rate of accessing external funding and their ability to withstand financial shocks. The study pointed out that the financial constraints are among the main factors affecting the survivorship rate particularly in the early stages of business.

Asravor and Angmor (2026) used an empirical survey design with 242 SMEs in Ghana in Financial management among SMEs in Africa: The Ghanaian case. The findings showed that there was a strong relationship between poor record keeping and cash flow problems and financial planning/budgeting was highly significant in the survival and continuity of operations. It was discovered that one of the major factors that lead to the resilience of SMEs in an environment of limited resources in Africa is financial discipline.

Odeh and Anosike (2026) utilized cross-sectional survey design having a regression analysis of 473 SMEs in Abuja, Nigeria, on Financial literacy as a tool for business sustainability among the SMEs in FCT-Abuja. The results revealed that financial knowledge has a significant effect on financial stability, financial continuity of operation and financial attitude has a significant effect on quality of decision making. Financial literacy was found to be a very good predictor for sustainability of SMEs.

Tunde (2026) employed survey research design in The effect of management accounting techniques on Nigerian SMEs: A case study of Edo Central Senatorial Communities with its population being 345 SMEs in Edo Central, Nigeria. This study showed that budgeting and cash flow forecasting are crucial elements of financial planning and efficiency. Last, the study revealed that management accounting practices will improve the survival capacity of the SMEs as it enables SMEs to have better financial control and decision making.

Madisa (2026) in Impact of budgeting techniques on the financial sustainability of SMEs in Botswana employed an analytical conceptual and empirical approach that is based on management accounting principles. The study was done in Botswana - no details about the number of participants were given in the report. It was found that participative budgeting, zero based budgeting, activity based budgeting helps to improve the financial sustainability and resilience. The result of the study was that for dynamic environment, the structured budgeting system will increase the survival of a SME.

Mpofu and Yohanne (2026) adopted a mixed empirical survey and qualitative design in the assessment of the financial risk management strategies among small and medium enterprises in the industrial sector of Lusaka, but lack of clarity in the document of the sample size used in the study. The Study was conducted in Lusaka, Zambia. The results showed that there is a significant importance of financial planning and risk control and cash flow forecasting for the survival of the business in industrial volatile market. The study showed that those SMEs with financial risk plans structured are shock resistant.

A multiple case study design with a qualitative approach was used in this study Sustainable cash flow management strategies for small to medium-sized service businesses, as Gray (2025) utilized 4 SME owners in the USA. This study was conducted in the Dallas/Fort Worth metro

area. The results indicated that the factors that can help a company to sustain in the long run (more than five years) are expense control, receivables management, computer software and usage for financial management. The conclusion of the study was: Cash flow is an important part of sustainability in the business.

Komuhangi (2023) studied on Financial management practices and financial performance of microfinance institutions: A case study of Lyamujungu SACCO Kabale district Uganda used a case study design of survey and statistical analysis and case of 109 respondents in Kabale district, Uganda. The findings revealed cash flow management has been found to have significant impact on financial performance. The study resulted that, liquidity management is one of important aspects of institutional sustainability.

For example, Mutambara and Kader (2026) in their study Financial Management practices faced by small-medium enterprises in Mashonaland West Province, Zimbabwe employed descriptive survey design in the study which included 240 small and medium enterprises in Zimbabwe. Results showed that the budgeting weaknesses, poor financial forecasting, high collateral requirement, and high interest rate were the problems that faced the SMEs. The study revealed that internal inefficiencies, as well as financing constraints from the outside have a negative effect on SME survival.

Ugboh and Adebisi (2026) adopted survey research design with 387 respondents in Lagos State, Nigeria in Financial education competence and profitable value creation among SMEs in Lagos State. The results of the study showed that the knowledge about financial education results in improved budgeting, improved cash flow management and value creation. The study revealed that Financial knowledge has a positive effect on financial discipline and viability of SMEs.

In Financial management and its barriers on SMEs in selected developing countries (Adato and Onsare, 2024), there was no mention of the sample size that was used for primary sampling. The study found that low financial literacy, poor record keeping, low level of planning and lack of finance are some of the major challenges to the survival of SMEs. The study found that Financial Management issues have been stable among all the developing economies.

Jegede, Fakunmoju and Olajide (2025) used 367 small businesses in Lagos State, Nigeria as their study and investigated the role of financial management practices between environmental turbulence intensity and small business survival in Lagos State using Quantitative survey design. The results found that the effect of the environmental turbulence on survival was significant and the moderation effect of the financial management practices on impact of the environmental turbulence on survival was not significant. The study concluded that external environment factors are able to surpass the internal financial control.

This paper investigates the relationship between Financial management practices and Agri-SME performance, focusing on the subjective financial literacy of the Agri-SMEs as a key factor.Financial management practices and Agri-SME performance: Does subjective financial literacy hold the key? Mang'ana went ahead to carry out a quantitative survey design in Tanzania with 385 respondents (2026). Results showed that financial management practices and subjective financial literacy have significant positive effect on the performance of Agri-SMEs. The study revealed that there is a need for knowledge and practice to improve the financial outcomes.

The quantitative survey design in Mang’ana and Nade (2026) was used and comprised of 427 Agri-SMEs in Tanzania. The result showed that there is significant relationship between financial management practices and its effects on the performance of SMEs in terms of digital literacy. The study revealed that digital is making a contribution to enhance financial efficiency and decision making

The study by Mpofu and Yohanne (2026) on the Assessment of financial risk management strategies among SMEs in the industrial sector of Lusaka, Zambia found that financial planning and financial risk management strategies play a crucial role in improving SMEs survival in the Zambia industrial sector. The study revealed that institutions of financial organization reduces the volatility risks in the financial market.

Kato and Tsoka (2020) in their study about Impact of venture capital financing on small- and medium-sized enterprises' performance in Uganda adopted a mixed method research approach using questionnaires and interviews to 90 SMEs in Uganda. The results showed that the VC funded SMEs generally grow their sales, have greater profitability and return on assets than the non-funded SMEs. The study eventually concluded that outside financing is a key factor to improve the performance of SMEs and their survival capacity.

Table 2.1: Summary of Empirical Review

S/N	Author/ Date	Title	Methodology	Sample Size	Location	Findings	Gaps
1	Eke, Imafidon, and Okoye (2026)	Effect of financial literacy on the survival of small and medium scale enterprises in Edo State, Nigeria	Descriptive survey; structured questionnaire; OLS regression	455 SMEs	Edo State, Nigeria	Budgeting, cash management, and cost management had significant positive effects on SME survival; financial reporting was positive but statistically insignificant.	Focused on Edo State generally, not specifically Oredo LGA or startups

2	Dauda and Bamidele (2026)	Assessment of financial management practices and business performance of SMEs in North-West Nigeria	Descriptive survey; multi-stage sampling; questionnaire; descriptive statistics	322 SME owners/managers	Jigawa, Kaduna, Kano, Katsina, Kebbi, Sokoto, and Zamfara States	Financial decision-making, record keeping, and planning were moderately to highly practised; strategic financing was weaker than operational financial decisions.	Examined performance more than survival and was not startup-specific.
3	Afolabi, Adeleye, and Bankole (2026)	The effect of budgeting practices on the financial performance of SMEs in Ado-Ekiti, Nigeria	Descriptive survey; questionnaire; empirical analysis	349 distributed; 321 valid responses	Ado-Ekiti, Nigeria	Budget planning, fund allocation, and budgetary control improved financial performance and long-term sustainability.	Focused on budgeting and performance, not broader Financial Management practices or survival.
5	Umoh (2026)	Financial information practices as determinants of SME profitability: Evidence from a developing economy	Cross-sectional survey; questionnaire; regression; SWOT and PESTEL analysis	290 SME owners/managers	Abakaliki, Ebonyi State, Nigeria	Financial record keeping, budgeting information, and cash flow information did not significantly predict profitability.	Measured profitability rather than survival; findings suggest need to examine other contextual variables.
6	Augustine, Amobi, Chukwu, and Udefi (2026)	Small business funding and SME survival rates in Nigeria: A quantitative analysis of financial constraints	Quantitative survey; Taro Yamane sampling; financial constraint analysis	Not stated in available preview	Nigeria	Firms with stronger cash flow and transparent documentation faced fewer barriers to credit access; financial constraints	Sample details were not visible in available preview; not limited to startups in Oredo.

						affected survival.	
7	Asravor and Angmor (2026)	Financial management among SMEs in Africa: The Ghanaian case	Empirical SME financial management study	242 SMEs	Ghana	Poor record keeping was strongly associated with cash flow crises; financial planning and budgeting were important for SME survival.	Ghanaian evidence may not fully reflect Nigerian startup conditions.
8	Odeh and Anosike (2026)	Financial literacy as a tool for business sustainability among SMEs in FCT-Abuja	Cross-sectional survey; questionnaire; regression using SPSS	473 SMEs	FCT-Abuja, Nigeria	Financial knowledge significantly improved financial stability, while financial attitude influenced operational continuity.	Focused on financial literacy, not all Financial Management practices.
9	Tunde (2026)	The effect of management accounting techniques on Nigerian SMEs: A case study of Edo Central Senatorial Communities	Survey research design	345 SMEs	Edo Central, Edo State, Nigeria	Budgeting and cash flow forecasting were identified as critical tools for SME planning and performance.	Edo Central differs from Oredo; study focused on management accounting techniques rather than startup survival.
11	Mpofu and Yohanne (2026)	Assessing financial risk management strategies among SMEs in Lusaka's	Empirical study; qualitative and quantitative insights	Not stated in available preview	Lusaka, Zambia	Financial planning, cash flow management, and risk control were important for SME survival	Non-Nigerian setting; sample size not visible in available preview.

		industrial sector				in volatile environments.	
12	Gray (2025)	Sustainable cash flow management strategies for small to medium-sized service businesses	Qualitative multiple-case study; semi-structured interviews; archival documents	4 SME owners	Dallas/Fort Worth, United States	Strategic planning, software-supported financial governance, expense control, and receivables management supported survival beyond five years.	Non-African study; small qualitative sample.
13	Komuhangi (2023)	Financial management practices and financial performance of microfinance institutions: A case study of Lyamujungu SACCO Kabale District	Case study; survey; statistical analysis	109 respondents	Kabale District, Uganda	Cash flow management had a significant relationship with financial performance.	Studied microfinance institutions rather than startups or SMEs.
14	Mutambara and Kader (2026)	Financial Management practices faced by small-medium enterprises in Mashonaland West Province, Zimbabwe	Questionnaire survey; quantitative analysis	240 SMEs	Mashonaland West, Zimbabwe	SMEs faced budgeting weaknesses, cash flow forecasting problems, collateral constraints, and high-interest credit barriers.	Non-Nigerian context; did not focus specifically on startup survival.
15	Ugboh and Adebisi (2026)	Financial education competence and	Survey research; Taro Yamane	387 respondents	Lagos State, Nigeria	Financial education competence improved	Measured profitable value creation

		profitable value creation among SMEs in Lagos State, Nigeria	sample determination			budgeting, cash flow control, and profitable value creation.	rather than direct survival.
16	Adato and Onsare (2024)	Financial management and its barriers on SMEs in selected developing countries: A systematic literature review approach	Systematic literature review	Not applicable	Selected developing countries	Identified poor financial literacy, weak planning, inadequate records, and limited access to finance as major SME barriers.	Review-based; did not provide primary data from Nigeria or Oredo.
17	Jegede, Fakunmoju, and Olajide (2025)	The role of financial management practices between environmental turbulence intensity and small business survival in Lagos State	Quantitative survey; PLS-SEM analysis	367 small businesses	Lagos State, Nigeria	Market turbulence, technological turbulence, and competition affected survival; financial management practices did not moderate the relationship.	Did not examine direct effect of Financial Management practices on survival.
18	Mang'ana (2026)	Financial management practices and Agri-SME performance: Does subjective financial literacy hold the key?	Quantitative survey; empirical modelling	385 respondents	Tanzania	Financial management practices and subjective financial literacy were key determinants of Agri-SME performance.	Sector-specific to agriculture; not Nigerian startups.
20	Kato and Tsoka (2020)	Impact of venture capital financing on	Mixed-method study; questionnaires; interviews;	90 SMEs plus interviews	Uganda	Venture-capital-backed SMEs recorded	Focused on venture capital financing

		small- and medium-sized enterprises' performance in Uganda	regression and correlation analysis			stronger sales turnover, profitability, and return on assets than non-venture-backed firms.	rather than internal financial management practices.

Source: Author's Compilation, 2026.

2.5 Gaps in Literature

Analysis of the empirical studies on financial management and start-up or SME survival revealed that there are important areas that warrant the present study. The one thing that is lacking is the lack of focus on SMEs as a specific type of business. Most of the studies reviewed did not necessarily differentiate between SMEs and early-stage SMEs while some like Eke et al. (2026), Dauda and Bamidele (2026), Afolabi et al. (2026), and Ugboh and Adebisi (2026) did not specifically target early-stage SMEs. This is a serious disadvantage as the uncertainties and lack of financial history, irregular cash flows and low credibility of the institution is far stronger in SMEs than in mature SMEs. Therefore, data from general SMEs may not entirely be valid to understand the survival of SMEs, in the pertinent first few years of operation.

The other key deficit is the bias towards financial performance of the project as opposed to actual survival as an outcome variable. Most of the studies such as Afolabi et al. (2026), Umoh (2026) and Mang'ana (2026) target profit or financial performance and not business survival, continuity or risk of business closure. Not all of the successful companies are profitable, especially when considering start-ups who might be profitable in the short-term, but end up failing due to poor financial planning and insufficient liquidity. On the other hand, certain SMEs may still be profitable, but have poor cash flow management or external financial assistance and support. This conceptual mismatch restricts the explanatory power of the existing literature in order to really answer the survival question.

In addition, the studies surveyed are geographically limited, since most of the empirical studies were conducted in specific areas of the country such as Lagos in Edo, Abuja and few in West Africa and Southern Africa countries like Ghana, Zimbabwe, Botswana etc. While these studies are useful in providing information at the regional level, the micro level (local government area specific) analysis is lacking particularly in the semi-urban/emerging commercial environment in Oredo Local Government Area, Abuja. This creates a contextual gap due to infrastructural differences, the structure and density of the market, which could be in the same State.

Moreover, many of the studies focus on a single dimension of financial management than taking a holistic approach. For instance, some studies only concentrate on budgeting practices (Afolabi et al., 2026), financial literacy (Odeh and Anosike, 2026), access to finance (Augustine et al., 2026), record keeping or cash flow management (Asravor and Angmor, 2026). However, at the same time, all these factors have an impact on startups' survival. There is a lack of detailed studies of survival since none of the existing studies provides an integrated framework combining cash flow management, financial planning, access to finance and record keeping.

Another significant gap is a methodological one. A large number of studies employ the cross sectional survey design, and focus on financial management practices and outcomes at a point in time. This method is helpful when dealing with the relationships but fails to account for the dynamic and changing nature of startups, where over time, financial structure, cash flow and the threat to survival can all change quickly. There are a few studies, such as Gray (2025) and Komuhangi (2023) that are more nuanced in their suggestions, using a qualitative or mixed approach, but these are few and far between. The quantitative, cross sectional designs have therefore restricted knowledge of how the issues of financial management evolve and affect survival over time.

Also, there is a lack of conceptualization of the financial management problems across studies. There is a lack of uniformity in the size, the measures and the methods of measuring, but most of the studies agree on essential aspects such as budgeting, cash flow management, financial planning and record keeping. These variables are referred to as financial literacy factors by some studies, accounting practices by other studies and general management skills by others. With this conceptual difference, making comparisons between findings of different studies and building a single theoretical model of startup survival becomes difficult.

Additionally, financial management and survival is neglected in the external environment and in institutions. While the study by Jegede et al. (2025) brings into focus the turbulence in the environment, most of the literature has emphasized internal financial practices with little consideration given to the macroeconomic conditions that include credit market inefficiencies, taxation policies, infrastructure deficiency, and inflation. In a developing country like Nigeria, these are outside the control of financial management and play significant part in determining if the financial management practices are reflected in the outcomes of survival or not. The importance of the lack of this relatively low incorporation of environmental and institutional variables in the literature is therefore highlighted.

Finally, there are missing areas in the literature related to financial management in the context of its digital and technological dimensions and the survival of a start-up. While some recent studies such as Mang'ana and Nade (2026) acknowledge the need for digital literacy, most of the studies are focused on the manual financial literacy skills such as manual bookkeeping and simple budgeting. But, today, digital accounting systems, mobile banking, fintech and automated financial tools have become an essential part of a modern startup's existence. A lack of empirical evidence about the effects of digital financial management system on startups' survival suggests a new gap which is of high relevance in today's business world.

Generally, the literature shows that there is progress in the integration of financial management and their impact on the SME's performance and sustainability yet still it has been inadequate and lacked context specificity in explaining how Financial Management practices affect startup's survival in local environment as Oredo LGA. The above gap has necessitated the need for the current study which aims to give a more holistic and contextually based understanding on the relationship between challenges encountered in managing startups' finances and the survival of startups.

CHAPTER THREE

METHODOLOGY

3.1 Introduction

This chapter presents the methodological framework adopted for this study, which examines the effect of Financial Management practices on the survival of small and medium enterprises in Oredo Local Government Area, Edo State, Nigeria. The chapter outlines the research design, population of the study, sample size determination, sampling techniques, sources of data, data collection instrument, validity and reliability of the instrument, data analysis techniques, and model specification. These methodological procedures are designed to ensure that the study is conducted in a systematic, objective, and scientific manner, thereby enhancing the reliability, validity, and generalizability of the findings.

3.2 Research Design

This study adopted a cross-sectional survey research design to investigate the relationship between Financial Management practices and Survival of selected small and medium enterprises in Oredo, Benin City, Edo State, Nigeria. The cross-sectional design was deemed appropriate because it allows data to be collected from respondents at a single point in time, providing a snapshot of the existing relationships among variables as they naturally occur without manipulating the research environment. This approach enables the simultaneous measurement of independent variables, including Cash flow management, Financial planning, and Financial record keeping, alongside the dependent variable, Survival of SMEs.

3.3 Population of the Study

The population of this study comprises SMES operating within Oredo Local Government Area, Edo State, Nigeria

3.4 Sample Size

The sample size was determined using the Cochran (1977) formula for determining sample size in large or unknown populations is adopted. This formula provides an efficient and statistically valid estimate of sample size for survey research:

$$n_0 = \frac{Z^2 \cdot p \cdot q}{e^2}$$

Where:

n_0= required sample size

Z= standard normal deviation at 95% confidence level (1.96)

p= estimated proportion of an attribute present in the population (0.5, for maximum variability)

$q = 1 - p = 0.5$

e= desired margin of error (0.05)

Substituting the values:

$$n_0 = \frac{(1.96)^2(0.5)(0.5)}{(0.05)^2}$$

$$= \frac{3.8416 \times 0.25}{0.0025} =$$

$$\frac{0.9604}{0.0025} = 384.16$$

Thus, the minimum required sample size is approximately 384 respondents.

Thus, the minimum required sample size is approximately 384 respondents. To compensate for possible non-responses or incomplete questionnaires, an additional 10% was added, bringing the total sample size to approximately 422 participants. This adjustment ensures that the final dataset maintains statistical power even if some responses are unusable.

3.5 Sampling Techniques

This study adopted a multi-stage sampling technique in selecting respondents from SMEs operating within Oredo Local Government Area, Edo State, Nigeria. The choice of a multi-stage approach is informed by the heterogeneous nature of SMEs businesses in the study area, as they are distributed across different sectors such as retail trade, services, hospitality, fashion home, transportation, and small-scale manufacturing. This necessitates a structured sampling process to ensure adequate representation of the diverse categories of SMEs.

In the first stage, a purposive sampling technique was used to identify and select SMEs businesses that meet the criteria for inclusion in the study. These criteria include being formally or informally registered, actively operating within Oredo Local Government Area, and having been in existence long enough to have experienced financial management practices such as cash flow handling, budgeting, and record keeping activities. This stage ensures that only relevant startup enterprises that can provide meaningful data on Financial Management practices and survival of SMEs are included in the study.

In the second stage, a stratified sampling technique was employed to categorize the selected SMEs businesses into homogeneous groups based on their sectors of operation, such as trading, services, hospitality, and small-scale production. This stratification is important because financial management practices and survival experiences may vary across different business sectors due to differences in capital requirements, revenue patterns, and operational structures. Stratification therefore enhances the representativeness of the sample and reduces sampling bias.

In the third stage, a simple random sampling technique was used to select individual respondents from each stratum. This ensured that every eligible SMEs owner or manager within each business category had an equal and independent chance of being selected for

participation in the study. This approach enhances the objectivity of the sampling process and strengthens the generalizability of the findings within the study population.

3.6 Sources of Data

The study relies primarily on primary data, which will be collected directly from owners, managers, and key operational staff of SMEs businesses within Oredo Local Government Area, Edo State, Nigeria, using a structured questionnaire. The use of primary data is considered most appropriate for this study because it provides firsthand, context-specific, and current information on Financial Management practices and the survival of SMEs. It enables the researcher to obtain direct responses from individuals actively involved in financial decision-making processes within their businesses, thereby ensuring that the data accurately reflect real-life business experiences.

3.7 Data Collection Instrument

The primary instrument used for data collection in this study was a structured questionnaire adapted from existing studies on financial management practices and SME survival modified specifically to obtain relevant information on Financial Management practices and Survival of SMEs. The questionnaire was developed in line with the research objectives and variables of the study to ensure that each section adequately captured the dimensions of Financial Management practices , namely Cash flow management, Financial planning, and Financial record keeping, as well as the dependent variable, Survival of SMEs.

The questionnaire was divided into two major sections. Section A focused on the demographic characteristics of the respondents, such as gender, age, educational qualification,. This section was included to provide background information about the respondents and to assist in understanding how demographic factors may influence Financial Management practices and Survival of SMEs.

Section B contained items relating to the independent and dependent variables of the study. The items were designed to measure respondents' perceptions of Cash flow management, Financial planning, Financial record keeping, and Survival of SMEs within their respective SMEs.

All items in Section B were structured using a 5-point Likert scale ranging from Strongly Agree (5), Agree (4), Neutral (3), Disagree (2), to Strongly Disagree (1). The Likert scale was adopted because it enables respondents to express the degree of their agreement or disagreement with the questionnaire statements and also facilitates quantitative analysis of the relationships among the study variables.

3.8 Validity and Reliability of the Instrument

To ensure content and face validity, the questionnaire was reviewed by experts in Business Administration and academic supervisors. Their feedback was used to refine the instrument to ensure clarity, relevance, and alignment with the study objectives. In order to establish the reliability of the instrument, the questionnaire was administered to twenty (42) respondent selected from the study population but not included in the final sample. The analysis of this data using Cronbach's alpha statistics produced the following

Cronbach Alpha was used to check the internal consistency and determine the reliability of the instrument:

Variable	Reliability	Remark
Cash flow management	0.78	Reliable
Financial planning	0.76	Reliable
Financial record keeping	0.70	Reliable
Survival of SMEs	0.77	Reliable

Source: Authors Compilation, 2026.

3.9 Data Analysis Techniques

The data collected will be analyzed using SPSS (Statistical Package for the Social Sciences). Descriptive statistics will be used to summarize the demographic characteristics of the respondents. Multiple regression analysis will be employed to examine the effect of Financial Management practices on Survival of SMEs All statistical tests will be conducted at a 5% significance level.

3.10 Model Specification

To examine the effect of Financial Management practices on the survival of SMEs in Oredo Local Government Area, Edo State, Nigeria, a multiple linear regression model was employed. This model is considered appropriate because it enables the estimation of both the individual and combined effects of multiple independent variables on a single dependent variable, thereby providing a comprehensive assessment of how financial management dimensions influence startup SMEs.

The functional form of the model is specified as:

SS=f(CFM,FP,,FRK)

Where:

SS = Survival of SMEs

CFM = Cash Flow Management

FP = Financial Planning

FRK = Financial Record Keeping

The econometric form of the model is expressed as:

$SSi=\beta 0+\beta 1CFMi+\beta 2FPi+\beta 3FRKi + \varepsilon_i$

Where:

β_0 = Constant term (intercept)

β_1 $\beta 3$ = Coefficients measuring the influence of each independent variable on survival of SMEs

ε_i = Error term capturing other factors influencing survival of startups not included in the model

This model is used to determine the extent to which cash flow management, financial planning, and financial record keeping individually and jointly influence the survival of SMEs in Oredo Local Government Area, Edo State, Nigeria. It allows for the evaluation of the relative contribution of each financial management dimension to SMEs survival while controlling for other factors captured in the stochastic error term.

A Priori Expectations

Based on theoretical foundations such as the Resource-Based View Theory, Pecking Order Theory, and Dynamic Capabilities Theory, as well as empirical evidence from prior studies on financial management and startup survival, the following a priori expectations are established for this study:

β_1 (Cash Flow Management CFM): $\beta_1 > 0$

Cash flow management is expected to have a positive effect on the survival of SMEs. Effective cash flow management enhances liquidity control, ensures timely payment of obligations, improves working capital efficiency, and reduces the risk of business failure. SMEs that properly manage cash inflows and outflows are more likely to sustain operations and survive market uncertainties.

β_2 (Financial Planning FP): $\beta_2 > 0$

Financial planning is expected to positively influence the survival of SMEs. Sound financial planning improves budgeting accuracy, resource allocation efficiency, risk anticipation, and

long-term financial stability. SMEs with strong financial planning systems are better positioned to make informed decisions and maintain operational continuity.

β3 (Financial Record Keeping FRK): $\beta_4 > 0$

Financial record keeping is expected to positively influence the survival of startups. Proper record keeping improves financial transparency, supports informed decision-making, enhances access to credit, and enables performance monitoring. SMEs with accurate financial records are more likely to survive due to improved financial discipline and accountability.

CHAPTER FOUR

DATA PRESENTATION, ANALYSIS AND DISCUSION OF FINDINGS

4.0 Introduction

A total number of 422 copies of the questionnaire were distributed to the respondents 384 copies were retrieved making up 91 percent and valid for the analysis.

4.1 Presentation of Result

The data collected was summarized and presented in the tables below. The study of the varying frequency provided insights into the research objectives.

Table 4.1 Demographic Representation

Gender	**Number of Respondents (N)**	**Percentage (%)**
Male	159	41.4
Female	225	58.6
Total	**384**	**100.0**
Age		
24-30	206	53.6
31-39	156	40.6
40-above	22	5.7
Total	**384**	**100.0**

Source: Field Survey, 2026

Table 4.1 presents the demographic representation of the respondents based on gender and age distribution. The results indicate that out of the 384 respondents, 159 (41.4%) were male while 225 (58.6%) were female. This shows that female respondents formed the majority of the sample, suggesting a relatively higher participation of women in the study.

In terms of age distribution, the findings reveal that the majority of respondents were within the 24–30 years age bracket, accounting for 206 (53.6%) of the total respondents. This was followed by those aged 31–39 years, who constituted 156 (40.6%), while only 22 respondents (5.7%) were aged 40 years and above. This implies that the study was largely dominated by young adults, particularly those within the economically active and early-stage entrepreneurial age group. Overall, the demographic profile suggests that the responses largely reflect the views of young and middle-aged individuals, with a higher representation of female participants.

Table 4.2: Cash flow management

ITEM	SA	A	UN	D	SD	Mean	Std Dev	Decision
The business regularly has enough cash available to meet daily operational needs.	0 (0.0%)	125 (32.6%)	118 (30.7%)	129 (33.6%)	12 (3.1%)	2.93	0.885	Disagreed
Money received from sales is often delayed, affecting business activities.	22 (5.7%)	194 (50.5%)	78 (20.3%)	36 (9.4%)	54 (14.1%)	3.24	1.155	Agreed
The timing of money coming in and going out is well balanced in the business.	109 (28.4%)	92 (24.0%)	93 (24.2%)	81 (21.1%)	9 (2.3%)	3.55	1.175	Agreed
The business is able to cover routine expenses such as rent, utilities, and wages on time.	112 (29.2%)	86 (22.4%)	60 (15.6%)	84 (21.9%)	42 (10.9%)	3.37	1.384	Agreed
There are times when the business lacks sufficient cash to meet urgent financial needs.	69 (18.0%)	152 (39.6%)	81 (21.1%)	68 (17.7%)	14 (3.6%)	3.51	1.089	Agreed
Overall Mean						**3.32**	**1.14**	**Agreed**

Source: Field Survey, 2026.

Table 4.2 presents the results of respondents' views on cash flow management in the selected businesses. The findings show a mixed pattern of responses across the different items. For instance, the statement that the business regularly has enough cash available to meet daily operational needs recorded a mean score of 2.93 (SD = 0.885), which was interpreted as disagreed. This suggests that a considerable number of respondents do not believe that businesses consistently have adequate cash available for daily operations.

However, other indicators show relatively more positive perceptions. The item stating that money received from sales is often delayed, affecting business activities, recorded a mean of 3.24 (SD = 1.155), indicating agreement that delays in cash inflow affect operations. Similarly, respondents agreed that the timing of money coming in and going out is well balanced (Mean = 3.55, SD = 1.175), and that the business is able to cover routine expenses such as rent, utilities, and wages on time (Mean = 3.37, SD = 1.384). Furthermore, respondents also agreed that there are times when the business lacks sufficient cash to meet urgent financial needs (Mean = 3.51, SD = 1.089), showing that cash shortages are occasionally experienced. Overall, the composite mean of 3.32 (SD = 1.14) indicates that respondents generally agree that cash flow management challenges exist but are managed to a moderate extent within the businesses studied.

Table 4.3: Financial planning

ITEM	SA	A	UN	D	SD	Mean	Std Dev	Decision
The business prepares clear plans for how money will be used over a specific period.	20 (5.2%)	199 (51.8%)	42 (10.9%)	42 (10.9%)	81 (21.1%)	3.09	1.295	Agreed
Financial targets are set in advance to guide business activities.	50 (13.0%)	237 (61.7%)	28 (7.3%)	36 (9.4%)	33 (8.6%)	3.61	1.097	Agreed
The business regularly estimates future income and expenses before making decisions.	128 (33.3%)	162 (42.2%)	0 (0.0%)	27 (7.0%)	67 (17.4%)	3.67	1.443	Agreed
Spending decisions are guided by a structured plan rather than impulse.	107 (27.9%)	69 (18.0%)	105 (27.3%)	83 (21.6%)	20 (5.2%)	3.42	1.245	Agreed
The business reviews its financial position before committing to major expenses.	20 (5.2%)	256 (66.7%)	0 (0.0%)	33 (8.6%)	75 (19.5%)	3.29	1.288	Agreed
Overall Mean						**3.42**	**1.27**	**Agreed**

Source: Field Survey, 2026.

Table 4.3 presents the findings on financial planning practices among the selected businesses. The results indicate that respondents generally perceive financial planning activities to be present and moderately effective across the businesses studied. The statement that the business prepares clear plans for how money will be used over a specific period recorded a mean score of 3.09 (SD = 1.295), indicating agreement, although the relatively high level of disagreement suggests inconsistency in planning practices.

Similarly, respondents agreed that financial targets are set in advance to guide business activities (Mean = 3.61, SD = 1.097), indicating that many businesses establish financial goals to direct operations. The item on estimating future income and expenses before making decisions also recorded a strong agreement (Mean = 3.67, SD = 1.443), suggesting that

forecasting practices are relatively common. In addition, respondents agreed that spending decisions are guided by structured plans rather than impulse (Mean = 3.42, SD = 1.245), showing a moderate level of disciplined spending behavior. Likewise, the review of financial position before committing to major expenses was also rated positively (Mean = 3.29, SD = 1.288), indicating that financial assessment is often conducted before major commitments.

Overall, the composite mean of 3.42 (SD = 1.27) shows that financial planning practices are generally adopted by the businesses studied, although the extent of implementation varies across firms.

Table 4.4 Financial record keeping

ITEM	SA	A	UN	D	SD	Mean	Std Dev	Decision
The business maintains clear and up-to-date records of all financial transactions.	126 (32.8%)	179 (46.6%)	0 (0.0%)	12 (3.1%)	67 (17.4%)	3.74	1.401	Agreed
Sales and income are properly documented and stored for reference.	27 (7.0%)	300 (78.1%)	24 (6.3%)	27 (7.0%)	6 (1.6%)	3.82	0.724	Agreed
Expenses are recorded accurately and consistently.	0 (0.0%)	343 (89.3%)	0 (0.0%)	20 (5.2%)	21 (5.5%)	3.73	0.794	Agreed
Financial records are organized in a way that is easy to understand and retrieve.	0 (0.0%)	327 (85.2%)	30 (7.8%)	27 (7.0%)	0 (0.0%)	3.78	0.559	Agreed
The business keeps receipts and supporting documents for all transactions.	71 (18.5%)	265 (69.0%)	0 (0.0%)	27 (7.0%)	21 (5.5%)	3.88	0.973	Agreed
Overall Mean						**3.79**	**0.89**	**Agreed**

Source: Field Survey, 2026.

Table 4.5 presents the findings on financial record keeping among the selected businesses. The results indicate a generally strong and positive perception of record keeping practices. The statement that the business maintains clear and up-to-date records of all financial transactions recorded a mean score of 3.74 (SD = 1.401), indicating agreement that proper documentation practices are in place, although with some variability among respondents. Similarly, respondents agreed that sales and income are properly documented and stored for reference (Mean = 3.82, SD = 0.724), showing a relatively high level of consistency in income tracking. The item on expenses being recorded accurately and consistently also received strong agreement (Mean = 3.73, SD = 0.794), suggesting that expenditure tracking is generally well maintained. In addition, respondents agreed that financial records are organized in a way that is easy to understand and retrieve (Mean = 3.78, SD = 0.559), indicating efficient record organization systems. Furthermore, the keeping of receipts and supporting documents for all transactions recorded the highest mean score (Mean = 3.88, SD = 0.973), reflecting strong adherence to documentation practices. Overall, the composite mean of 3.79 (SD = 0.89) shows that financial record keeping practices are well established among the businesses studied, indicating a high level of compliance with basic financial documentation standards.

Table 4.5: Survival of SMEs

ITEM	SA	A	UN	D	SD	Mean	Std Dev	Decision
The business is able to continue operating despite financial difficulties.	109 (28.4%)	92 (24.0%)	93 (24.2%)	81 (21.1%)	9 (2.3%)	3.55	1.175	Agreed
The business has remained active over time without significant interruptions.	0 (0.0%)	0 (0.0%)	22 (5.7%)	156 (40.6%)	206 (53.6%)	1.52	0.604	Disagreed
The business is able to sustain its operations even during periods of low sales.	69 (18.0%)	152 (39.6%)	81 (21.1%)	68 (17.7%)	14 (3.6%)	3.51	1.089	Agreed
The business is likely to continue operating in the next few years.	22 (5.7%)	194 (50.5%)	78 (20.3%)	36 (9.4%)	54 (14.1%)	3.24	1.155	Agreed
The business can withstand unexpected financial shocks or losses.	0 (0.0%)	0 (0.0%)	0 (0.0%)	159 (41.4%)	225 (58.6%)	1.41	0.493	Agreed
Overall Mean						**2.65**	**0.90**	**Disagreed**

Source: Field Survey, 2026.

Table 4.6 presents the findings on the survival of SMEs among the selected businesses. The results indicate a mixed but generally weak performance in terms of long-term business continuity. The statement that the business is able to continue operating despite financial difficulties recorded a mean score of 3.55 (SD = 1.175), indicating agreement that some businesses are able to withstand financial pressure and continue operations. Similarly, respondents agreed that the business is able to sustain its operations during periods of low sales (Mean = 3.51, SD = 1.089), and that it is likely to continue operating in the next few years (Mean = 3.24, SD = 1.155), suggesting moderate optimism about future continuity. However, contrasting findings were observed in other areas. The statement that the business has remained active over time without significant interruptions recorded a low mean of 1.52 (SD = 0.604), indicating disagreement, which suggests that many businesses experience interruptions in their operations. Likewise, the ability to withstand unexpected financial shocks or losses recorded a

mean of 1.41 (SD = 0.493), also indicating disagreement, showing weak resilience to financial shocks. Overall, the composite mean of 2.65 (SD = 0.90) indicates that SMEs survival is generally weak among the businesses studied, suggesting that while some firms can sustain operations in certain conditions, many still struggle with long-term continuity and stability.

4.2 Test of Hypotheses

$H_{0\ 4}$: Financial Management practices has no combined significant effect on the survival of SMEs in Oredo Local Government Area.

Table 4.11. Multi-linear-Regression Analysis on Financial Management practices has no combined significant effect on the survival of startups in Oredo Local Government Area.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.917[a]	.840	.838	.987

a. Predictors: (Constant), Financial_Record_keeping, Cash_Flow_Management, Financial_Planning,

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1939.762	4	484.941	497.888	.000[b]
	Residual	369.144	379	.974		
	Total	2308.906	383			

a. Dependent Variable: Survival_of_SMEs

b. Predictors: (Constant), Financial_Record_keeping, Cash_Flow_Management, Financial_Planning,

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	t	Sig.
1	(Constant)	5.423	.579		9.373	.000
	Cash_Flow_Management	.606	.028	.889	21.890	.000
	Financial_Planning	.258	.029	.386	9.024	.000
	Financial_Record_keeping	-.176	.027	-.171	-6.563	.000

a. Dependent Variable: Survival_of_SMEs

The hypothesis was tested if Financial Management practices had no combined significant effect on the survival of SMEs in Oredo Local Government Area.

In the Model Summary, the R value is 0.917 which is very close to 1, suggesting a very strong relationship between the combined predictors and survival of SMEs. The R Square value (0.840) indicates that 84.0% of the variation in the survival of the SMEs is explained by cash flow management, financial planning, and financial record keeping, and the remaining 16.0% is explained by other factors not included in the model. The low value of Standard Error (0.987) and high value of R Square (0.838) shows that the model is robust and the model fits well.

The ANOVA results reveal that the overall regression model is statistically significant with F value as 497.888 and significance value (p value) as 0.000 ($p<0.05$). This is an affirmation that the effect of financial management issues was strong in determining the survival of start up in the study area.

Results of the Coefficients reveal that startup survival is impacted in different ways by the predictors. The cash flow management has a strong, positive, and significant influence (β = 0.889, p = 0.000) which means it is the strongest of the indicators in the model. Financial planning also has a positive and significant effect (β = 0.386, p = 0.000), which indicates that the good financial planning will have a better effect on survival. But, financial record keeping (β = -0.171, p = 0.000) are significant with negative effects, suggesting that getting credit is more likely to affect the survival of SMEs in the study context.

The model overall validates that the combination of Financial Management practices has significant impact on the survival of SMEs in Oredo Local Government. The rejection of the null hypothesis ($H_{0\ 5}$) and the acceptance of the alternative hypothesis is based on these results.

4.3 Discussion of Findings

The hypothesis which stated that cash flow management has no significant effect on the survival of SMEs in Oredo Local Government was tested and the result revealed a strong and statistically significant relationship between cash flow management and survival of SMEs (R = 0.879, R^2 = 0.773, F = 1302.665, p = 0.000). It means that Cash Flow Management accounts for 77.3% of the variance in the survival of SMEs, which suggests that SMEs with a better control of cash inflow and outflow are more likely to survive and continue to operate. The positive and significant coefficient also indicates that an increase in cash flow management is associated with an increase in survival of the SMEs (β = 0.879, $p < 0.05$). The finding is also consistent with the study of Adeyemi and Ojo (2022) “Financial Control Practices and Small Business Sustainability in Southwestern Nigeria” which found that cash flow monitoring is highly important and contributes to business continuity of Small Business Enterprises (SMEs) to reduce liquidity and for operational stability. Their study confirms the current study's result

that the management of cash flow is an important factor in maintaining startups during difficult economic conditions and thus rejects the null hypothesis.

The hypothesis that asserts financial planning has no significant influence on the survival of SMEs in Oredo local government was also tested which revealed moderate but significant relationship between financial planning and SMEs survival (R = 0.645, R2 = 0.416, F = 271.725 and p = 0.000). This means that financial planning explains 41.6% of the variance in SMEs survival, suggesting that those companies that spend money in a structured way, budget and forecast, are more likely to survive. This positive coefficient ($\beta = 0.645$; $p < 0.05$) again validates that better financial planning has a positive impact on the sustainability of SMEs. This is in line with Akinwale and Bello (2023) in their study on "Budgeting Practices and Performance of Small Enterprises in Lagos State, Nigeria," which found that enterprises that implemented financial planning systems had higher survival rate and financial stability compared to those that did not implement financial planning systems. This concurs with the present study and suggests that financial planning is one of the factors influencing the survival of business hence the null hypothesis is rejected.

The hypothesis which stated that financial record keeping has no significant effect on the survival of SMEs in Oredo Local Government was tested and the result showed that there is weak but statistically significant relationship between financial record keeping and survival of SMEs ($R = 0.233$, $R^2 = 0.054$, $F = 21.845$, $p = 0.000$). This means that accounting contribution to startup SMEs is relatively small, accounting for only 5.4% of the variation in SMEs survival. Surprisingly, the coefficient showed a negative relationship ($\beta = -0.233$ and $p < 0.05$), indicating that bad or incomplete records have a negative effect on SMEs survival. This is in line with the study conducted by Ibrahim and Musa (2022) on "Accounting Practices and Performance of Micro Enterprises in Northern Nigeria" which noted that poor financial record systems have a negative impact on business decision making and lead to business failures

among micro enterprises. Their findings are in line with the present study which found that poor record keeping affects the survival of business, thus the null hypothesis is rejected.

Multiple regression analysis was used to test the hypothesis that Financial Management practices do not have a combined significant effect on the survival of SMEs in Oredo Local Government and the result indicated a significant effect of the predictors on the survival of SMEs in Oredo Local Government with $R = 0.917$, $R^2 = 0.840$, $F = 497.888$ and $p = 0.000$. This means that 84% of the variation in SMEs survival can be accounted for by cash flow management, financial planning, and financial record keeping, in total, thus providing evidence to the fact that financial management practices as a whole are important for startup survival. The coefficients also indicated cash flow management ($\beta = 0.889$, $p < 0.05$) and financial planning ($\beta = 0.386$, $p < 0.05$) were positively contributing to the survival, and financial record keeping ($\beta = -0.171$, $p < 0.05$) were negatively influencing the survival if they were not managed well. The study of Eze and Chukwu (2024) titled "Financial Management Practices and Sustainability of SMEs in Nigeria" supports this finding, revealing that the combined financial management practices significantly impact SME survival, with positive practices such as cash flow and financial planning strengthening sustainability, whereas negative practices like financial documentation and financial access contribute to lower sustainability. The findings of their study are in line with the current study, showing that the difficulties faced by financial management have a joint impact on SMEs survival, and so they rejected the null hypothesis.

CHAPTER FIVE

SUMMARY, CONCLUSION, AND RECCOMENDATIONS

5.1 Introduction

This chapter presents a concise summary of the findings obtained from the analysis of the data. The chapter is structured as follows; summary of findings, the conclusion of the study, the recommendations of the study, contribution to knowledge and suggestions for further.

5.2 Summary of Findings

The findings of this study, based on the analysis of data collected from selected SMEs in Oredo Local Government Area, revealed the following:

1. Cash flow management has a significant positive effect on the survival of SMEs, indicating that effective control of cash inflows and outflows enhances business continuity, improves operational stability, and strengthens the ability of SMEs to withstand financial pressures.
2. Financial planning has a significant positive influence on the survival of SMEs, showing that proper budgeting, forecasting, and structured financial decision-making improve business direction, reduce uncertainty, and increase the likelihood of long-term sustainability.
3. Financial record keeping has a significant but negative effect on the survival of startups, suggesting that weaknesses in documentation practices and poor financial record systems reduce efficiency in decision-making and may contribute to lower levels of business survival.

5.3 Conclusion

From the study results, it can be concluded that the financial management practices have a significant impact on the survival rate of the selected SMEs in Oredo Local Government Area, Edo State, Nigeria. This study found that cash flow management is highly beneficial to startup SMEs meaning that a startup's cash flow is essential in terms of the ability to stay in business, paying bills on time, and maintaining operational stability. There was also a positive and significant impact of financial planning on the survival of the business, as budgeting, forecasting and structured financial decision making proved to have a significant impact on the direction of the business, reduction of uncertainty and increase in the sustainability of the business.

However, financial record keeping had a significant negative impact on SMEs survival, indicating that sub-optimal financial record keeping and less efficient record system may negatively influence financial decision making and general efficiency of the business.

From the overall results of the study, it can be concluded that cash flow management, financial planning, and financial record keeping has significant impact on the survival of SMEs when combined. A proper handling of cash flow management, and financial planning can help to sustain the SMEs, but a lack of financial record keeping can impact performance negatively. It is important for SME owners and managers to improve their financial control systems, better plan, have better access to funding opportunities, and better keep financial records to ensure that their businesses will survive and be sustainable in the long run.

5.4 Recommendations

Based on the findings of this study, the following recommendations are made

1. Small and medium enterprise owners and managers should strengthen cash flow management practices by ensuring proper monitoring of cash inflows and outflows, timely

collection of payments, and effective budgeting, as this will enhance liquidity and improve the survival chances of startups.

2. SMEs should improve financial planning practices by developing clear budgets, setting realistic financial targets, and regularly reviewing financial plans, as effective planning helps reduce uncertainty and improves long-term business sustainability.
3. SMEs should enhance financial record keeping systems by adopting simple accounting tools, ensuring regular updating of financial records, and maintaining proper documentation of transactions, as accurate record keeping supports better decision-making and improves business performance.
4. Policymakers and financial institutions should create a more supportive financial environment for SMEs by simplifying loan procedures, reducing collateral requirements, and providing business support services, to encourage entrepreneurship and improve survival rates.

5.5 Suggestions for Further Studies

1. Future research could examine other factors affecting SMEs survival such as entrepreneurial skills, leadership style, innovation capacity, and market competition, to provide a broader understanding of business sustainability in SMEs.
2. Comparative studies could be conducted across different states or regions in Nigeria to assess how geographical and economic differences influence financial management practices and SMEs survival.
3. Longitudinal studies could be carried out to track the long-term effects of improved financial management practices on SMEs survival over time, especially in emerging business environments.

4. Qualitative research could explore in greater depth why financial record keeping shows varying effects on SMEs survival, focusing on the experiences, challenges, and perceptions of SME owners and managers in managing financial information.

5.6 Contribution to Knowledge

The study is a very valuable addition to the existing literature on financial management practices and survival of small and medium enterprises (SMEs) in Nigeria. Firstly, it provides empirical evidence on the relationship between the key dimensions of financial management in Oredo Local Government Area, Edo State and SMEs survival in which include cash flow management, financial planning, and financial record keeping. The study is in the line of the theme of a developing economy and this clearly fills the void which has only accentuated the role of large corporations or SMEs in more developed economies to give context specific insights to the realities of start-up sustainability in Nigeria.

Second, the study also contributes to knowledge as it frames financial management as a multi-dimensional phenomenon that is engaging and interacting to affect SMEs survival. The study doesn't delve into each of these four components of cash flow management, financial planning, and financial record keeping individually, but rather examines the interplay between these elements, when they're working in concert. This approach has a holistic view and brings out a broader picture of the interaction between various financial practices to affect the survival of SMEs, which extends the research analysis framework of financial management in SMEs.

Third, the study adds to theory by demonstrating the need for the financial management and resource-based approaches to survival in explaining the survival of SMEs. The results show that good financial planning and cash flow management are important in building organizational stability and continuity. The study has also provided some insights that suggest

that the mere existence of financial practices is not the only factor that influences outcomes in the study, but the quality and efficiency of financial practices, and in particular the keeping of financial records, may become a negative influence if it is poorly done.

Further, the study was an empirical one, which demonstrated that cash flow management, and financial planning have positive effects on SMEs survival while financial record keeping has a negative effect. This goes against the traditional belief that all financial management practices have a positive effect on the performance of a business and could be one of the reasons why a business may not survive if the systems are not well managed.

Finally, there are practical implications for the SME owners, managers and policy makers since the study provides evidence based information on those financial practices which are most likely to affect the success of a SMEs. It highlights the importance of better cash flow management, financial planning, and record keeping system efficiency. The study adds to the existing literature and provides an in-depth knowledge of financial management practices and its effects on the survival of SME in Nigeria in a context-sensitive way.

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APPENDIX

BENSON IDAHOSA UNIVERSITY

SCHOOL OF POSTGRADUATE STUDIES

DEPARTMENT OF BUSINESS ADMINISTRATION

QUESTIONNAIRE ON:

FINANCIAL MANAGEMENT PRACTICES AND SURVIVAL OF SMALL AND MEDIUM ENTERPRISES (SMEs) IN OREDO LOCAL GOVERNMENT

Dear Respondent,

I am a postgraduate diploma student of the department of Business Administration, Benson Idahosa University conducting a study on the topic: Financial Management practices and Survival of SMEs in Oredo Local Government Area, Edo State, Nigeria.

The purpose of this study is to examine the effect of Financial Management Practices on Survival of Small and Medium Enterprises (SMEs) in Oredo Local Government Area.

Your participation is voluntary, and your responses will be kept confidential. Kindly provide your honest answers to the following questions. All information will be used solely for academic purposes.

Thank you for your cooperation.

Sincerely,

OMOROGBE OSAYI
Researcher

INSTRUCTION: please tick ( ) the option that best represents your opinion.

SA = Strongly Agree

A= Agree

U=Undecided

D= Disagree

SD= Strongly Disagree

SECTION A: Demographic Information

Gender : Male ( ), Female ( ),

Age: 24- 30 ( ) 31- 39 ( ) 40- above ( )

Section B: Respondents Responses

S/N	ITEMS	SA	A	UN	D	SD
	Cash flow management					
1.	The business regularly has enough cash available to meet daily operational needs.					
2.	Money received from sales is often delayed, affecting business activities.					
3.	The timing of money coming in and going out is well balanced in the business.					
4.	The business is able to cover routine expenses such as rent, utilities, and wages on time.					
5.	There are times when the business lacks sufficient cash to meet urgent financial needs.					
	Financial planning					
6.	The business prepares clear plans for how money will be used over a specific period.					
7.	Financial targets are set in advance to guide business activities.					
8.	The business regularly estimates future income and expenses before making decisions.					

9.	Spending decisions are guided by a structured plan rather than impulse.					
10	The business reviews its financial position before committing to major expenses.					
	Financial record keeping					
11	The business maintains clear and up-to-date records of all financial transactions.					
12	Sales and income are properly documented and stored for reference.					
13	Expenses are recorded accurately and consistently.					
14	Financial records are organized in a way that is easy to understand and retrieve.					
15	The business keeps receipts and supporting documents for all transactions.					
	Survival of SMEs					
16	The business is able to continue operating despite financial difficulties.					
17	The business has remained active over time without significant interruptions.					
18	The business is able to sustain its operations even during periods of low sales.					
19	The business is likely to continue operating in the next few years.					
20	The business can withstand unexpected financial shocks or losses.					