



## A Correlational Analysis of Financial Literacy and Entrepreneurs' Performance, Evidence from Adamawa State, Nigeria

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### ABSTRACT

The study investigated the relationship between financial literacy and entrepreneurs' performance in Adamawa State, Nigeria. Financial literacy constructs are bookkeeping and budgeting practices, while business performance includes profitability and business growth. Two hypotheses were developed for the study. First, there is a positive and significant nexus between knowledge of bookkeeping practice and profitability, and second, there is a positive and significant relationship between budgeting practice and business growth. The study adopted a cross-sectional research approach, with data obtained using a structured questionnaire. The population includes 1,447 entrepreneurs from the three senatorial districts of Adamawa State, Nigeria. Krejcie and Morgan's sample size determination table was used to determine a sample size of 177. Demographic characteristics of the respondents were examined using basic percentages and bar charts, while mean, mode, and standard deviation were utilised for univariate analysis. Lastly, the hypotheses were tested using Kendall's Tau correlation coefficient. All analyses were conducted with SPSS version 27. Findings revealed a substantial relationship between the proxies of the variables.

**KEYWORDS:** Financial Literacy, entrepreneurs' Performance, Book Keeping, Budgeting, Profitability and Business Growth

### I. INTRODUCTION

Entrepreneurs form the backbone of all successful economies globally since they are considered as the vital source of economic growth in the provision of employment opportunities, eradicating poverty and contributing to the development of gross domestic product (GDP) of both developed and developing countries (Hussaina

et al., 2017). Nevertheless, financial literacy remains a subject of discussion across developed and developing countries, including Nigeria (Karadag, 2017). Financial literacy is the degree to which one understands important financial concepts and possesses the capacity and confidence to handle funds appropriately.

Emerging economies largely rely on entrepreneurial activities to stimulate economic growth and sustainable development. Entrepreneurs support broad-based competition-driven growth and give economy-wide benefits, innovation and aggregate productivity growth. Wise (2013) pointed out that, notwithstanding the level of financial literacy of entrepreneurs, they contribute considerable output, employment, and, to some extent, the revitalisation of the global economy and of individual national economies. A dynamic economic phenomenon, entrepreneurship occurs when people find and seize market possibilities by launching novel goods, services, or business models (Audretsch et al., 2022; Shane & Venkataraman, 2023). In order to generate value, promote economic growth, and cultivate competitive markets, this process entails collecting and distributing resources such as capital, labor, and technology under uncertain circumstances (Baumol, 2022). By addressing market gaps, enhancing productivity, and promoting job creation, entrepreneurs serve as catalysts for economic growth, which frequently results in wider social advantages, including higher productivity and technological advances (Kirzner, 2023).

The concept of entrepreneurship includes the operational, strategic, and cognitive actions people take to develop, start, and maintain new businesses (Hisrich et al., 2022; Baron, 2023). It calls for a special set of abilities, such as leadership, flexibility, risk assessment, opportunity



recognition, and resource mobilization (Shane, 2022; Sarasvathy, 2023). In order to retain organizational resilience, entrepreneurs must manage difficult tasks like obtaining capital, assembling teams, and reacting to pressure from the competition (Aldrich & Yang, 2022; Gartner, 2023).

## II. LITERATURE REVIEW

### 2.1 Financial Literacy

Financial literacy of entrepreneurs has ever-increasing importance in the day-to-day business performances. Financial literacy is knowledge and understanding of financial concepts and risks, as well as the skills and attitudes to apply such knowledge and understanding in order to make effective decisions across a range of financial contexts, to improve the financial well-being of individuals and society, and to enable participation in economic life.(OECD 2019b)

Lusardi (2015) claimed that there are four innovative aspects of this definition that should be highlighted. First, financial literacy does not refer simply to knowledge and understanding but also to its purpose, which is to promote effective decision making. Second, financial literacy aims to improve financial well-being, not to affect a single behaviour, such as increasing savings or decreasing debt. Third, financial literacy has effects not just for individuals but for society as well. Fourth, financial literacy, like reading, writing, and knowledge of science, enables people to participate in economic life.

Many studies show that financial literacy lead to some positive impact to business such as: (1) equip individuals with financial knowledge necessary to create household budgets, initiate savings plans, and make strategic investment decisions ; (2) facilitate the decision making processes such as payment of bills on time, proper debt management which improves the credit worthiness of potential borrowers to support business performance (Eniola &Entebang, 2016); (3) enables investors to evaluate and compare financial products, such as bank accounts, saving products, credit and loan options, payment instruments, investments, insurance coverage, so as to make optimal decisions (Lusardi, Mitchell, et al., 2014) and (4) ultimately achieve individual financial wellbeing(Eniola &Entebang, 2016). Thus, financial literacy education provides an individual with the ability to recognize commercial opportunities, knowledge, self-esteem and skills, hence improving his business performance (ACCA, 2014).

Mutegi and Phelister (2015) affirm that financial literacy facilitates the decision-making processes, such as payment of bills on time and proper debt management, which improves the creditworthiness of potential borrowers to support livelihoods, economic growth, sound financial systems, and poverty reduction. It also enables more control over one's financial future, more effective use of financial products and services and reduced vulnerability to aggressive retailers or fraudulent schemes. According to Miller, Godfrey, Levesque, and Stark (2009), facing an educated lot, financial regulators are pushed to improve the efficiency and quality of financial services. This is because financially savvy investors exert competitive pressures on financial institutions to deliver more reasonably priced and transparent services by evaluating possibilities, asking the relevant questions, and bargaining more successfully. Investors, on their part, are able to examine and compare financial products, such as bank accounts, savings products, credit and loan choices, payment instruments, investments, and insurance coverage, so as to make optimal judgements.

### 2.2 Entrepreneurs' Performance

Entrepreneurship is the foundation of global economies, acting as engines of innovation, sources of employment, and pillars of economic stability. A study conducted by Tuffour et al. (2022) pointed out that, in the larger context of economic development, entrepreneurs play a critical role in promoting inclusive growth and alleviating poverty. These businesses are frequently praised for their ability to create employment and sources of livelihood for families and their communities.

The repercussions of entrepreneurs' performance depend on whether the business has reached its aims or not (Davidsson, 2004). Performance can be characterised as the business's ability to deliver acceptable outcomes and behaviours. Performance is commonly employed as an indication of a firm's health over a dedicated period. This presents performance as one of the main issues of SMEs. The capacity to institute changes in the management of perceived market opportunities, adapt to the environment, and possess certain managerial factors, product innovations, creativity, proactiveness, technological change, and networking are all critical factors in bringing about strategic improvement in business performance. 'Performance' carries numerous implications, including growth, survival, success, and competitiveness. Performance can be



characterised as the ability to deliver acceptable outcomes and activities (Eniola &Entebang, 2015).

Entrepreneurs' performance may be described as the ability of an entrepreneur to come across or surpass their pre-set objectives or goals as agreed upon by their investors throughout a particular period (Kim & Patel, 2017). Mulyadi (2007) defines performance as personal, team, or unit success in realising the achievements of strategic objectives by means of desirable behaviours. Business performance is the attainment of corporate goals by implementing strategy, effectiveness and procedures. Business performance is an indicator that measures a business's efficiency and effectiveness in achieving (Reijonen, 2008). Based on the preceding criteria, it is concluded that business performance is a condition in which all objectives are attained or not reached after employing all resources and adopting strategies.

Business performance can be measured by several actions that can be broadly broken into financial performance and nonfinancial performance. Indications of business financial success, such as sales growth, economic added value, and cash flow, are tracked with a time lag, as purely examining financial performance indicators in unnecessary competitive environment. The measure of market performance is an important collection of nonfinancial performances. 'Market performance' pertains to customer happiness and customer loyalty, whereas 'financial performance' refers to sales value, sales growth, and gross profit. Market performance has a good impact on financial performance. Bodlaj (2010) examines six market orientation structures: responsive market orientation, proactive market orientation, degree of originality, innovation performance, market performance, and financial performance. Another view on the performance of the firm presented by Jauch and Glueck (1999) is that the performance of a company can be seen from the aspect of quantitative and qualitative aspects.

### 2.3 Theoretical background

Effectuation Theory is a paradigm created by Saras Sarasvathy (2001) to characterise the distinct decision-making processes of entrepreneurs during the start-up era of companies. Unlike the traditional strategy known as causality, which focuses on identifying stated goals and projecting outcomes, effectuation stresses a more flexible and resource-based perspective. Entrepreneurs operating within this paradigm emphasise their available means—such as personal skills and

networks—over specific aspirations, allowing them to adapt to changing conditions and unforeseen challenges.

Sarasvathy's comprehensive work illustrates a firm's founder whose thinking runs a range from the effective to the causative. There seem to be indicators that effective thinking is gained through experience. For example, business experts nurtured in a family enterprise are more likely to be effective thinkers, whereas those who came into the private sector through a conventional MBA and corporate experience are more prone to think causally. It also seems to play a function in financing choices. Experienced angel investors and venture capitalists, for example, tend to think more effectively. Some people may, in fact, consider along the continuum from effectual to causal, depending upon the scenario. At the end, both forms of thinking modes are complementary; that is, both are necessary for entrepreneurs, which suggests that focusing on one or the other mode depends on the conditions and talents of the entrepreneurs.

#### 2.3.1 The wonderful concepts of effectuation

The theory of effectuation boils down to the fact that when it comes to entrepreneurship, effect trumps the causal perspective of the world. The notion of effectuation is further strengthened by four essential assumptions drawn from Saravathy's initial study: Bird in Hand Principle: Entrepreneurs start with what they have: Who they are, what they know and who they know. The bird in hand principle was first introduced by Levi-Strauss in 1967, largely in the area of Arts, Crafts and Science and has since been adapted to the field of entrepreneurship by a slew of other scholars and practitioners.

Affordable Loss Principle: Traditional evaluations of markets begin by evaluating the upside, the standard market sizing approach. But entrepreneurs typically follow unknown markets. Turns out that entrepreneurs are more concerned with analysing the downside of their actions to control their risk, which is often accurately quantifiable. If they can afford the expense, they plunge into the endeavour; if they cannot, they choose something else they can afford.

Lemonade concept: Obviously inspired by the saying - if life brings you lemons, make lemonade - this mentality basically says that entrepreneurs must be flexible above all else, not refractory - that entrepreneurs must expect to use the unexpected, not present expertise. The way this idea is presented also underlines the advantage of



being flexible or open to change, not merely the belief that flexibility is solely geared to prevent failure - flexibility is also the ideal method to resist complacency. Crazy-Quilt theory: This notion effectively urges firms to be networking machines. You never know what may come of speaking with consumers, professionals and other companies - a lot better use of time than repetitive market research or planning exercises based on competitive paranoia. As a startup, you are an ant – you have no competitor. Partnerships can drive business model design as well, and inspire a new business model entirely. Effectuation Theory is a paradigm proposed by Saras Sarasvathy (2001) to characterise the various decision-making processes of entrepreneurs throughout the start-up era of companies. Unlike the traditional technique known as causality, which focuses on defining stated goals and projecting outcomes, effectuation highlights a more flexible and resource-based perspective. Entrepreneurs operating within this paradigm prioritise their available means - such as personal skills and networks - over specific objectives, allowing them to adapt to changing conditions and unforeseen problems.

## **2.4.0 Hypotheses development**

### **2.4.1 Book-Keeping Practice and Performance**

Accounting for revenue and spending is the first crucial phase of accounting, which is a system to give a source of information to entrepreneurs and any other interested parties. The necessity of bookkeeping to any corporate entity cannot be overemphasised. In this regard, the record-keeping processes chosen ought to capture and disclose all the important accounting information to provide reliability, transparency and accountability in the business. Uddin, Biswas, Ali and Khatun (2017) underlined that reported earnings reflect changes in the wealth of business owners.

Aladejebi and Oladimeji (2019) posit that effective bookkeeping practices are critical in improving financial management skills of entrepreneurs, which, in turn, affects many aspects of their performance. In line with the views of Maris et al. (2022), they maintain that accurate and up-to-date bookkeeping provides business owners with a clear picture of their financial situation, including revenue, expenses, and cash flow. This allows them to make informed choices regarding the allocation of resources, investment opportunities, and cost-cutting measures, ultimately leading to better financial performance and profitability. Systematic bookkeeping also makes it

easier to comply with tax and regulatory requirements, lowering the possibility of fines or legal problems that could harm a company (Olawaju & Msomi, 2021). Furthermore, having accurate financial records helps SMMEs gain the trust of stakeholders, such as lenders, investors, and consumers, by increasing their transparency and credibility (King-Aidoo, 2020).

Maseko and Manyani (2011) establish that micro- and small-enterprise recordkeeping is the backbone of one's business. Keeping precise accounting records has actually generated a profitable business. Holmes and Gupta (2015) found that most business operators, especially those in SMEs, regard record keeping as a technique of recovering initial investment in the form of cash at the conclusion of the accounting period. If businesses do not maintain accurate accounting records, the long-term sustainability of the business is in question.

Bookkeeping is the basic activity of the accounting system. Bookkeeping is the recording of financial transactions, and it is a part of the process of accounting in every organisation (Uddin et al., 2017). Bookkeeping is usually conducted by a bookkeeper. A bookkeeper is an employee who records the day-to-day financial transactions of a company (Ernest, 2018). He or she is normally responsible for writing the daybooks, which contain records of purchases, sales, receipts, and payments. The bookkeeper is responsible for ensuring that all transactions, whether they are cash transactions or credit transactions, are documented in the correct daybook, supplier's ledger, customer ledger and general ledger (Ernest, 2018).

### **2.4.2 Budgeting Practice and Performance**

A budget is a detailed and quantitative plan presenting information on the acquisition and usage of financial and other resources over a certain time period, which can be short or long term. Budgets require owners and operators to describe expected incomes in the case of small enterprises, cash inflows and outflows, and costs (Horngren, 2006). Budgets provide sensible and visible facts facilitating and enabling decision-making of organisations. Instead of describing a budget as a static financial plan or blueprint, the term "budgeting" refers to the act of preparing a budget or the activities of forecasting and qualifying future requirements for finance (Garrison et al., 2003).

Budgeting plays a crucial role in engaging top-to-bottom management in formulating organizational strategies and goals (Crackel, 1984).



It facilitates effective communication within the organization, fostering collaboration to plan, enhance cooperation, and streamline processes (Kim & Park, 2006). Moreover, budgeting incentivises individuals and organisations to strive for improvement, analyse performance, develop strategic plans, and be accountable for achieving budgetary goals (Robinson, 2009). Essentially, budgeting evaluates profitability, compares expectations with actual results, allocates resources, and coordinates efforts by identifying issues across different corporate units (Fadaly, 2008). While most businesses monitor monthly performance against short-term budgets, there is a need for methods to track long-term achievements against the company's strategic plan (Rabin, 1992).

Budgeting is the most effective technique to govern cash flow since it ensures investments in fresh firms at the proper time (Yang, 2010). If the budget is based on a business plan, a financial action plan is generated, and this can serve useful roles, particularly if the budget is amended regularly as part of the annual planning cycle (Poon, Pike, & Tjosvold, 2001). Intelligent budgeting integrates excellent business judgements in the review and analysis of prior trends and data essential to the business (Peel & Bridge, 1998).

The budget can offer the basis for precise sales targets, inventory production, cash investment or borrowing and capital spending (Akanke & Yinus, 2014). Budgets allow managers to provide forward-looking direction to investors and creditors (Poon, Pike, & Tjosvold, 2001). It is also vital to convince banks and other lenders to give credit. A budget can be important in detecting restrictions and bottlenecks. Managers can learn well in advance of potential production and distribution bottlenecks, and the knowledge of these difficulties helps in addressing or preventing them. Because the budget is a plan and a roadmap, it warns managers of variances from expectations, which are a cause for concern. Managers can then adjust their immediate plans. Also, in preparing a budget, managers are compelled to consider all aspects of a company's internal activities; hence, the act of making estimates about future economic conditions and about the company's ability to respond to them forces managers to synthesise the external economic environment with their internal goals and objectives.

Finally, if implemented intelligently, the budgeting process boosts management's ability to deploy resources more efficiently and effectively and to bring revisions to the plan promptly.

#### **2.4.3 Profitability and Performance**

Profitability is the ability of a given firm to produce a return from its use (Pooser & Browne, 2018). It can be mentioned that profitability is helpful in giving a useful basis for measuring entrepreneurs' performance and overall efficiency. Choi and Weiss (2005) define profitability as the ability of an investment to make a return on its utilisation. Thus, entrepreneurs' performance is their ability to earn profits; in other words, it's a composite notion associating the efficiency of an entrepreneur to earn profit. According to Anderson, Fornell and Lehmann (1994), entrepreneurs' performance, is synonymous with profitability. Anderson, Fornell and Rust (1997) claim that the expected return from the capital markets reflects an opportunity cost. Put another way, a productive investment project delivers a return sufficient to attract capital from the capital market (Choi & Weiss, 2005).

Profitability is distinguished from Profit. Profit refers to the absolute quantum of profits. Whereas profitability relates to the ability to earn profit, it is a relative metric; it identifies the most profitable alternative. Profit, on the other hand, is an absolute metric; it represents the whole amount of profit earned by a transaction. Very high profit does not usually reflect a sound organisational efficiency, and low profitability is not always a symptom of organisational disease.

It can be mentioned that profitability is helpful in giving a useful basis for measuring business performance and overall efficiency. Profitability is the relation between profit and investment made.

#### **2.4.4 Business Growth and Performance**

Growth is an essential phenomenon in small organisations. In reality, their survival mainly depends on their power to engage in the market with other huge enterprises. Growth minimises the probability of closing small enterprises (Rauch & Rijkskik, 2013). Strengthening is crucial not merely for the firms and their owners but for all stakeholders as these companies drive forward the economy by underscoring the diversity of items and services. The growing phenomenon of tiny firms had been thoroughly explored within entrepreneurship. One motive is that most fail to expand during their life span (Davidsson et al., 2010; McKelvie & Wiklund, 2010), while small firms refrain from growing (Doern, 2009). According to Brush, Ceru & Blackburn (2009), some firms do not desire growth, and others desire



sluggish growth even though they are as successful as those that grow fast.

Growth is the consequence of a proper administration of resources and capacities, which the companies utilise to enhance growth. They consist of capacities, acquired information, financial counselling and resources (Coad, Frankish, Roberts, & Storey, 2013). The establishment of growth depends on the identification of the origin of resources, capacities and learning on accumulation methods and the generation of sustainable profits, coupled with the examination of how and when the resources of industry and financing are accessed and how the external investors may be informed on the subject. Wright and Stigliani (2012) stress that, from the strategic perspective, it is necessary to trust people with cognitive capacities for growth since the holders are not the sole protagonists of growth. Further, the entrepreneurs' competence to get involved in networks is highly crucial (Davidsson, Achtenhagen, & Naldi, 2010). Growth is affected at numerous levels. For example, Wiklund et al. (2009) adopted an integrative model and described growth by associating the variables of the agent (human capital and attitudes), business (resources, entrepreneurial features, and growth), and context (industry). Other research indicated the influence of variables linked with agents, firms, and milieu, as follows.

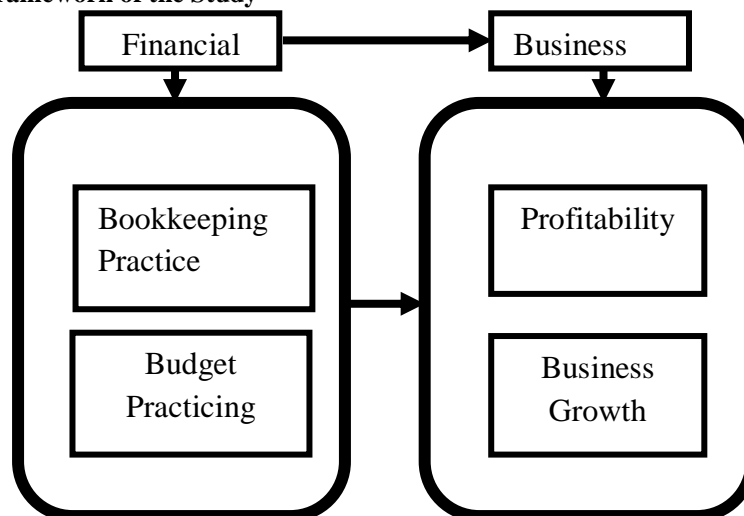
Ogbor&Ogbor (2009) believe that growth is an inherent effect of a business start-up. Growth and sustainability are crucial to every organisation, and Weinzimmer (2001) notes that though growth is currently the single most important indicator of a successful business, it is also dangerous, demanding to pursue and hard to obtain without losing balance. For this reason, most organisations are reluctant to exploit the opportunities accessible to them due to ingrained uncertainties that come with growth risks (Weinzimmer, 2001). Again, Ogbor and Ogbor (2009) point out that it is extremely difficult to manage the transformation of a small, micro- or medium-sized entrepreneurial enterprise into a huge organisation. However, Nonaka and Kenney (1991) believe that for any organisation to stay competitive, it must constantly generate new strategies, new products, and new means of producing, distribution and selling.

In line with the above hypotheses development, the following hypotheses were proposed:

Hi. There is a positive and significant nexus between knowledge of bookkeeping practice and profitability.

Hii. There is a positive and significant relationship between budgeting practice and business growth.

#### Conceptual Framework of the Study



**Figure1:** Conceptual Framework of the variables of financial literacy and entrepreneurs' performance in Adamawa State. The framework proposed that the two dimensions of financial literacy, which are bookkeeping practice and budgeting practice, are empirically linked to profitability and business growth



### III. METHODOLOGY

The survey design method was followed. Data were collected from primary sources via a structured questionnaire. The accessible population is made up of 1,447 entrepreneurs who are literate

and have operated for at least six years in Adamawa state.

The distribution of the study population based on their senatorial district is shown in the table below;

**Table 3.1:** The study population

State	Population	Cumulative
Adamawa North Senatorial District	489	489
Adamawa Central Senatorial District	492	981
Adamawa South Senatorial District	466	1,447

Source: Research data, 2026.

The sample size for this study was drawn from the accessible population using the Krejcie and Morgan (1970) table for sample size

determination. Thus, the sample size of 177 was determined from the accessible population.

**Table 3.2:** Bowley's Proportional Allocation Formula for Sample Size

State	Population	Sample Size
Adamawa North Senatorial District	489	60
Adamawa Central Senatorial District	492	60
Adamawa South Senatorial District	466	57
<b>Total</b>	<b>1,447</b>	<b>177</b>

Source: Field survey, 2026.

A basic random sample procedure was employed to choose the respondents. Data for the study were generated using primary sources. The primary sources of data entail the collection of fresh data that did not previously exist. They are collected in the field by the researcher for analysis. Nachmias and Nachmias (2009) claim that primary data refers to raw data commonly gathered by questionnaires, interviews, or observation.

Reliability of the Research Instrument: Gravetter and Walnau (2013) refer to the extent to which a measuring instrument is consistent in producing identical output when employed in another environment for generation. The scale employed for this study had been previously adjudged reliable. However, the reliability outcome was verified by evaluating the internal consistency using Cronbach's alpha values.

**Table 3.3:** Reliability Figures

S/N	Variable	Number of Items	Cronbach Alpha Value
1	Bookkeeping	5	0.72
2	Budgeting	4	0.84
3	Profitability	4	0.79
4	Business Growth	5	0.80

Source: Research Data Output, 2026.

**3.1 Method of Data Analysis:** Descriptive statistics in the form of frequencies, tables, percentages, mean, and standard deviation were utilised for the demographic profiles and items connected to the characteristics of the respondents. To establish the strength and direction of the association between variables, inferential statistical analysis data were tested using Kendall's tau correlation.

**Decision Rule:** The hypotheses were tested at 95% confidence level. Significance for relationships was based on a probability (P) threshold of  $P < 0.05$ , whereas weak or insignificant relationships are verified based on the evidence of a  $P > 0.05$  level.

### 3.2 Data Presentation

Data were analysed and presented using frequencies, tables and charts and four different analyses were performed.



**Table 3.4 shows the outcome of questionnaire distribution**

Number of Questionnaire Distributed	177	100%
Number of Questionnaire Retrieved	143	80.8%
Number of Usable Questionnaire	137	77.4%

Table 3.4 shows that out of 177 copies of questionnaires distributed, 143 copies were retrieved, and 137 copies were found valid and useful for the study; copies of the questionnaire not

properly filled were discarded as null and void; thus, the analysis for this study would focus on the 137(77.4%) copies of the questionnaire that were properly filled.

### 3.3 Demographic Analysis

**Table 3.5 Age Distribution of Respondents**

Age	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 18 - 35 Years	59	43.1	43.1	43.1
36 - 52 Years	65	47.4	47.4	90.5
>= 53 Years	13	9.5	9.5	100.0
Total	137	100.0	100.0	

SPSS output, Version 27

Table 3.5 shows the respondents age range information and the result indicates that the entrepreneurs comprise mainly adults who are between 36 – 52 years of age as they represent 47.4% (65) of the study participants, followed by those who are between 18 – 35 years 43.1% (59)

and lastly the number of those who are greater than or equal to 53 years tends to be on a high side also as they represent 9.5% (13) of the industry, this might be so as a lot of people venture into entrepreneurship.

**Table 3.6 Distribution of Marital Status of Respondents**

Marital Status	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Single	60	43.8	43.8	43.8
Married	77	56.2	56.2	100.0
Total	137	100.0	100.0	

SPSS output, Version 27

Table 3.6 shows the distribution of marital status of respondents, with a higher percentage of the respondents being married, 77 (56.2%), followed by those who are single, 60 (43.8%). From

the result, it is revealed that marital status does not affect the number of persons who venture into entrepreneurship, as the difference is relatively small.

**Table 3.7 Distribution of Educational Qualifications**

Educational Qualification	Frequency	Percent	Valid Percent	Cumulative Percent
Valid WAEC-OND	47	34.3	34.3	34.3
HND/B.Sc.	81	59.1	59.1	93.4
MSC & above	9	6.6	6.6	100.0
Total	137	100.0	100.0	

SPSS output, Version 27



Table 3.7 shows respondents' data based on their educational qualifications. The result reveals that a large number of the study respondents have B.Sc./HND or its equivalent, 81 (59.1%) as their highest academic qualification, while 47 (34.3%) have WAEC-OND or its equivalent, followed by those who have M.Sc or its

equivalent, 9 (6.6%). The difference in academic qualifications suggests that, in their desire to be successful and to boost business performance, respondents have attempted to obtain more knowledge, hence assisting them to thrive in their businesses.

**Table 3.8 Distribution of Years of Experience**

Years of Experience	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 6-10 Years	40	29.2	29.2	29.2
11 - 15 Years	68	49.6	49.6	49.6
16 Years and Above	29	21.2	21.2	100.0
Total	137	100.0	100.0	

SPSS output, Version 27

**Table 3.8** shows respondents' data based on their years of experience. The result reveals that most of the participants studied have been entrepreneurs for 11 – 15 years, 68 (49.6%), followed by those who have 6 - 10 years of

experience, 40 (29.2%), and lastly those who have 16 years and above of experience, 29 (21.2%). The result revealed that, whereas existing firms are trying to survive in the industry, a whole lot of new entrepreneurs are also springing up.

#### IV. TEST OF THE HYPOTHESES

**Hi: There is a positive and significant nexus between knowledge of book-keeping practice and profitability.**

**Table 4.1** Correlation between Knowledge of Book-Keeping Practice and Profitability Correlations

	Book-Keeping Practice	Profitability
Kendall's tau_b Book-Keeping Practice	Correlation Coefficient	1.000
	Sig. (2-tailed)	.514**
	N	137
Profitability	Correlation Coefficient	.514**
	Sig. (2-tailed)	1.000
	N	137

\*\* . Correlation is significant at the 0.01 level (2-tailed).

SPSS output, Version 27

**Table 4.1** shows a Kendall's tau-b correlation process to determine the relationship between book-keeping practice and profitability among the entrepreneurs. The result revealed a strong, positive correlation between Book-keeping practice and profitability, which is statistically

significant ( $\tau_b = .514, p = .000$ ). Therefore, the alternate hypothesis is accepted, which states that book-keeping practice significantly influences profitability amongst entrepreneurs in Adamawa state

**Hi: There is a positive and significant relationship between budgeting practice and business growth.**

**Table 4.2** Correlation between Budgeting Practice and Business Growth Correlations

	Budgeting Practice	Business Growth
Kendall's tau_b Budgeting Practice	Correlation Coefficient	1.000
	Sig. (2-tailed)	.751
		.004



	N	137	137
Business Growth	Correlation Coefficient	.751	1.000
	Sig. (2-tailed)	.004	.
	N	137	137

SPSS output, Version 27

**Table 4.2** displays a Kendall's tau-b correlation run to examine the association between budgeting practice and business growth among the entrepreneurs in Adamawa State. The findings demonstrated a substantial, positive link between budgeting practice and business growth, which was statistically significant ( $\tau_b = .751$ ,  $p = .004$ ). Therefore, the alternate hypothesis is accepted, which suggests that budgeting practice strongly influences business growth among entrepreneurs in Adamawa state

## V. DISCUSSION OF FINDINGS

The study assessed the relationship between financial literacy and entrepreneurs' performance; two hypotheses were established as tentative solutions to the research questions addressed and were tested to determine support for the assertions, thus.

### 5.1 Relationship between Book-Keeping Practice and Profitability

A previous study revealed that financial literacy has a statistically significant influence on entrepreneurs' performance. Similarly, data demonstrated that financial literacy influences entrepreneurs' performance. Moreover, the conclusion of the study is compatible with prior studies like those of Chepkemoi (2017) and Njoroge (2013). Entrepreneurs who are financially literate and possess abilities like bookkeeping, arithmetical skills, project spotting skills and communication skills are likely to manage successful enterprises. According to the findings of Abiodun (2016), successful people are financially savvy, such that their investments are future-oriented. The conclusions of this research can therefore be decoded that most entrepreneurs are successful because they are future-oriented and have financial goals that are future-oriented with an organised bookkeeping system.

### 5.2 Relationship between Budgeting Practice and Business Growth

The finding is consistent with existing literature and earlier studies that indicated that financial literacy leads to improved business success. The positive outcome of being financially

literate is determined by behaviour like planning expenditures and building insurance; conversely, indisputable behaviours, like extreme use of credit, which may reduce the financial well-being of an individual, are considered as a key element in the personal decision-making process, which improves business growth and development (Peng, Nelson, Maiers, & Demali, 2015). Also, the finding is in line with the findings of Potrich, Vieira, and Kirch (2015), which concluded that financial behaviour has a significant effect on entrepreneurs' performance

## VI. CONCLUSION

The primary objective of every firm is profitability and growth. It is important to note that maintaining and improving performance is primarily contingent on the level of financial literacy of the entrepreneurs. This study gauges the relationship between financial literacy and entrepreneurs' performances. The study revealed a strong connection between constructs of the variables. This study suggested a strong and positive link between financial literacy and entrepreneurs' business performance. Businesses that are more successful are led by entrepreneurs who are financially literate and grasp essential financial principles that include book-keeping and budgeting. This is because financial literacy trains entrepreneurs to superior decision-making abilities that could lead to borrowing, risk-taking, diversification, and investments. The study also suggests that there is a high likelihood that financially advanced entrepreneurs may be more successful than those with a low level of financial literacy.

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