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FINANCIAL PLANNING, FINANCIAL EXPERIENCE, AND ENTREPRENEURIAL RISK ATTITUDES: EVIDENCE FROM SMALL AND MEDIUM ENTERPRISES IN EKITI STATE

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ABSTRACT

Although financial capability has been recognized as a crucial source of information for financial decision-making, little study has been done on how it influences SMEs' risk-taking attitudes. This study investigated the nexus between financial planning, financial experience, and entrepreneurial risk attitudes among SMEs in Ekiti State, Nigeria. The study used a descriptive survey design with double sampling, which included single-stage cluster and convenience sampling. A structured questionnaire was used in the study to collect information from 287 participants. In the data analysis, descriptive statistics and multinomial logistics regression technique were used. This study therefore confirmed a positive and statistically significant effect of financial knowledge and financial planning on entrepreneurial risk attitudes in Ekiti State, Nigeria. Findings from the study have obviously shown the significance of financial planning, and financial experience on SMEs' entrepreneurial risk attitudes. The findings of the study, if adopted will lead to high level knowledge, and planning in financial products such as loans, derivatives, insurance etc. and thus, create reasonable risk attitudes from SMEs operators. Thus, the study's outcome may be considered useful by policymakers, regulators, and other business operators in incorporating simplicity in financial transactions that will affect positively decision-making of SMEs operators, which can be driven by their level of risk aversion. To further fine-tune, SMEs' operators should, nevertheless, continue honing their financial planning abilities.

Keyword: *financial planning, financial experience, risk attitude, entrepreneurial decisions*

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1. Introduction

Managing one's own financial experiences is essential since people deal with money at practically every stage of their lives. Financial experience is necessary to manage one's financial circumstances, and as a result, some behaviors about the risks associated with the financial decision or scenario in question are influenced by this information (Elia et al., 2022; Lursadi & Messy, 2023). This demonstrates how financial experience is drawn from financial risk behavior which affects financial decisions. Even those who are knowledgeable about the financial system find it difficult to make decisions when confronted with the complexity of the financial market (Fryman & Camerer, 2016; Stromback et al., 2017).

To make sure that their decisions have a positive impact on their future, people need to empower themselves with financial planning and experience given the complexity and variety of financial products accessible today (Xiao et al., 2022). However, People should arm themselves with financial education, financial management, retirement, investments, savings, wills, insurance, and loans in addition to basic personal financial experience (Jumady et al., 2024). With this personal experience, consumers might be able to comprehend the risk and make better financial decisions, preventing future financial problems. Most people experience their first financial difficulties when they start college or university since they must learn how to manage their money on their own (Lursadi, 2019; Ryu & Fan, 2023). This then demonstrates the importance of focusing on financial literacy, particularly among young people, to ensure that a country can produce many financially literate citizens. Therefore, to improve their financial well-being, it is crucial that they possess the skills and information necessary to handle their own personal money (Faulkner, 2022; Khan et al., 2024).

However, managing one's own financial circumstances is essential since finance permeates all aspects of a person's social life. Planning financial activities and actions is so crucial. Most people, however, do not think financial planning is important because they do not see the need to manage their finances or create budgets before spending, which leads them to continue spending until they discover they are nearly out of money (Lone & Bhat, 2022; Sabri *et al.,* 2023). Financial planning increases one's confidence in their attitude toward risk by making it easier to manage financial risk. Although these earlier empirical studies are available in the literature, many of them concentrate on the global environment, with very little attention paid to Nigeria's local milieu. Not too many of the few studies that looked at the Nigerian context connected financial literacy to individual entrepreneurs' risk-taking behavior in small and medium-sized business community in Ekiti State. The main objective of this study is to examine the effects of financial capacities on entrepreneurial risk attitudes of selected small and medium sized enterprises in Ekiti State, Nigeria. The specific objectives are to investigate the effect of financial planning on the entrepreneurial risk attitude among selected small and medium-sized enterprises in Ekiti State and evaluate the influence of financial experience on the entrepreneurial risk

attitude among selected small and medium-sized enterprises in Ekiti State.

2. Literature review

Financial Planning

The process of figuring out how a company can afford to accomplish its strategic goals and objectives is known as financial planning. The practice of managing money to attain personal financial satisfaction is known as personal financial planning. Personal money management, also known as personal financial planning, is a systematic procedure that leads to both financial and personal happiness (Bai, 2023; Roestal, 2016). People can control their financial situation through this planning approach. Priorities must first be established to do this. The degree to which financial requirements and objectives are satisfied depends on having a strategy for spending, saving, and investing money. Financial planning that considers all facets of financial life, such as budgeting and managing taxes, liabilities, purchasing decisions, managing insurance, managing investments, retirement, and estate planning, is necessary to achieve those goals (Mendari & Soejono, 2020).

A financial plan serves as a road map for reaching one's financial objectives. The process of creating plans to handle one's finances to accumulate wealth, enjoy life, and attain financial security is known as financial planning (Aziza *et al.,* 2022). As a continual process, it must be followed throughout various periods of an individual's life cycle. According to Lingyan *et al*. (2023), there are six fundamental steps in financial planning: (1) setting short-, medium-, and long-term financial goals; (2) taking into account one's current financial situation, including savings, investments, and net worth; (3) identifying and assessing alternative plans that could help one reach those goals; (4) choosing and putting into action the best plan for doing so; and (5) assessing the results of implementation. Studies (such as Chun et al., 2021; Krishna et al., 2019) affirmed that budgeting, spending planning, liquidity planning, and personal financing or debt (liability) planning (personal loans and housing loans) are important aspects of financial planning. (5) Planning investments; (6) Planning for retirement; (7) Planning for insurance (life, property, liability, health, etc.) to safeguard assets and income; (8) Planning for estates; and (9) Planning for taxes.

Financial Experience

People's experiences with conventional and alternative borrowing as well as investment activities are referred to as their financial experience (Purwidianti & Tubastuvi, 2019). According to Stolper and Walter (2017) and Rahayu et al. (2024), financial experience is the capacity to decide on investment considerations or to decide on investment planning and management in order to ensure the utility of current and future financial management. People can learn how to manage financial issues and make decisions in the future by using their financial experience. According to some earlier studies, financial conduct is significantly

influenced by prior financial experience (Susanna et al., 2023). The ability to decide on investment planning and management and assess the value of financial management for the present and the future is known as financial experience. However, to improve family financial management and provide wealth to the family, financial decisions are required to raise revenue, control spending, and pay taxes (Awais et al., 2016; Hirdinis & Lestari, 2021). In addition to financial education, another element that enhances financial literacy is the experience of owning a financial product or sharing ownership experiences with others (Soetan et al., 2021).

According to Frijns et al. (2014), financial experience has a favorable and significant causal effect on financial literacy. However, strong financial understanding is a byproduct of having strong financial experience. Nevertheless, methodological problems in the current literature make it impossible to establish the causal relationship between financial experience and financial literacy or vice versa. Financially literate people have experience bridging the gap between knowledge and skills, according to Linus (2023), who also found that knowledge is useless without applied experience. Soetan et al. (2021) discovered that financial behavior, financial experience, and financial understanding are related. A person's degree of financial knowledge and their development of competence are influenced by their financial experiences and activities.

Entrepreneurship Education and Entrepreneurial Risk Attitudes

According to Bayero (2020), entrepreneurship education was started by Shigeru Fiji in 1938 at Kobe University in Japan. Due to the perceived importance of entrepreneurship, several studies (such as Jongbo & Ajemunigbohun, 2023; Ndofirepi, 2020; Smail et al., 2022) have been conducted with a view to establishing the relevance of entrepreneurship education to national development. In this light, gender, as a critical component of socio-economic development of any nation, is key to driving the success of entrepreneurship development (Kaur & Chawla, 2023)

Risk attitude is critical to the discussion of human elements. The attitude of an individual is crucial to the variability of situational events. Risk attitude is referred to a person's enlightenment towards seeking or being conscious of risk when making decisions on how to navigate in circumstances with uncertain outcome (Genty et al., 2022). Gonzaga and Manigo (2023) opined that people's display of risk attitude affect every atom of any entrepreneurial activities, even when they pretend to be unaware of it. Studies (such as Filmina, & Mayangsari, 2020; Isimoya & Oluwaleye, 2023) have affirmed that an individual's or enterprise's risk attitude is a function of the patronage for risk management instrument such as insurance. Risk attitude is an indication of an organisation's long-term view of risk. However, with the right-thinking risk attitude displayed genuinely in the entrepreneurial activities, the desirable organisational objectives are achievable in that it eases entrepreneurs' capacities to build sustainable

risk management tools (Ajemunigbohun *et al*., 2020).

Theoretical Review

Theory of Planned Behaviour

Planned behaviour, as a theory, was propounded to depict social values, attitude and controlled behaviour of mankind in business related activities (Bayona-Ore, 2023). Planned behaviour theory commenced as the theory of reason action in the 80's to predict individuals' intents to get involved in behavioural events at a specific place and time (Barber, 2011). It is a well-designed estimates of risk attitude regarding a behaviour of interest, perceived behavioural intention and control, and subjective values. The outcome of previous studies (such as Carr & Sequeira, 2007; Kautonen, Van Gelderen, & Tornikoski, 2013) have shown that the theory of planned behaviour (TPB) has contributed extensively to entrepreneurial studies. This theory is thus considered typical for entrepreneurial activities even if the new venture may develop abruptly due to a chance realised.

By placing a strong emphasis on individual attitudes and beliefs, TPB makes it possible to investigate the variables that affect students' choices (Davis et al., 2002). Perceived behavioral control (PBC), subjective norms (SN) pertaining to perceived social pressure, and attitude (ATT) toward a behavior are the three components that determine intents. A person's assessment of a behavior, which may be positive or negative, makes up their attitude toward that behavior (Ajzen, 2002). While entrepreneurial intention refers to the desire to start a firm as impacted by attitudes toward entrepreneurial behavior (Mensah et al., 2021), intention refers to the motivation of an individual for certain behaviors (Alshebami et al., 2020).

With TPB, two major sources of intent, that is, motivation to act for an intended behaviour and possibility of a given behaviour (Hasan et al., 2020). It is necessary to note that TPB contends that intent is a direct antecedent of behavioural performance. TPB stipulates, in principle, that the more acceptable the attitude and subjective value, the higher the perceived behavioural control, the stronger an individual's intent concerning the performance of entrepreneurial behaviour (Barbera & Ajzen, 2021).

Empirical Review

Mudzingiri (2021) assessed the nexus between financial literacy, risk seeking, and patterns' attitudes among university students, specifically in South Africa. The study used questionnaire to execute multiple price lists experiments and implemented a financial literacy test. The study employed a maximum probability joint measure on an anticipated utility exponential function on identical and differential students' preferences. The study established that financial literacy significantly impacted on risk and time preferences of university students with low financial capabilities. The study revealed that increase in financial capabilities are associated with risk preferences and patients' attitudes among university students.

Adewunmi (2022) assessed the relationship between financial literacy and business risk-taking among business start-up students in Nigeria. The intent of the study was to interrogate financial knowledge and financial behaviour, as leverage for business risk-taking among selected students in the university of Lagos, Nigeria. While a random sampling technique was adopted, the structured questionnaire was utilised to gather information from 145 final-year students. In data analysis, regression technique was employed with findings, which proved that females are becoming more financially literate, with continuous development, for suitable pecuniary decision-making in business risk taking and enterprises' creation.

Isimoya and Oluwaleye (2023) evaluated the nexus between financial literacy and entrepreneurial risk attitude among selected SMEs in Nigeria, specifically in Ekiti State. The study ventured into knowledge-based approach view of this nexus. The study adopted a survey research design cum multistage sampling method. For data collection procedure, the study gathered information material from 154 owners and operators of SMEs in Ado-Ekiti (the capital of Ekiti State). This study employed a regression technique in its data analytical procedure, which generated that financial attitude, knowledge, and behaviour all have positive effects on the risk-averse of SMEs in Ekiti State, Nigeria. The study thus revealed that high knowledge of financial management has significant impact on improving the entrepreneurial risk-taking habits of the growing business owners and operators.

Michels *et al.* (2024) investigated critical factors such as innovativeness, and financial literacy in both agricultural and forest economics, specifically in market and weather-related risks. This study took cognisant of 371 German farmers, and 215 foresters online in the year 2022. The study found that both groups were financial literate, have neutral generalised risk attitude, leaned on risk aversion in their exert areas. This study, statistically, showed differences in both generalised and contextualised risk attitude. While the farmers showed statistically significant differences in their generalised and contextualised innovativeness, it was so far from foresters.

Ulfa et al. (2025) assessed the interactions of financial risk attitude, financial literacy, financial behaviour, financial inclusion, and MSME's performance I Jember, Indonesia. This study focused on enhanced intensity of competitive impact on business efficacies when implementing digital transformation. This study accentuated the possibility and systematic validity of creating well-crafted strategy for digital transformation of industrial businesses as onjects of economic and managerial study.

3. Research Methods

In attainment of the objectives of this study, a descriptive survey design was adopted. The desire for the adoption of this design was because it involves the gathering of data from a number of cases; and thus, observed happenings around sample variables with no

intent of manipulation and control over them (Creswell & Creswell, 2018; Wilson, 2014). The population of this study was the total number of cases or subjects in the universe. The total number of Small and Medium Enterprises operating in Ekiti State, according to the Ekiti State Ministry of Commerce and Industries (2017) as cited in Adeduro and Omolere (2023), was estimated at 928. The study adopted single-stage cluster and convenience sampling techniques. The purpose for choosing the single-stage cluster sampling method was because it permitted researchers to split the population into convenient clusters by randomly selecting the needed number of clusters as sample variables and examining all the subjects in each of the randomly selected clusters. For convenience sampling technique, data was further generated among SMEs operators on their availability and readiness.

Since the target population comprised of all registered SMES in Ado-Ekiti metropolis, the total sample size for the study was statistically determined by Taro Yamane's (1967) formula as cited in Ajemunigbohun *et al.* (2020), given as:

$$n = \frac{N}{1+Ne^2}$$

$$n = \frac{928}{1 + 928\ (0.05)^2} = 280$$

To secure the data gathering errors and non-response of information, 30 percent was added to the 280 generated from the formular making it 364 anticipated participants. In the end, 287 participants were considered as useful for data analysis. Data gathering was carried out via the field work among selected small and medium-sized enterprises whose businesses cut across trade, education, food processing, retail services, manufacturing, and other services in Ado-Ekiti. With the assistance of a questionnaire. The desire for choosing the respondents were because of their crucial purpose to the economic sustenance of the nation. The use of questionnaire, as a data gathering instrument was due to its suitability to the design of the research with regards to being relatively inexpensive, wider and more distribution of sample representation (Kothari & Garg, 2016).

Regarding the correctness of the survey instrument, congruent, logical, and criterion-related types of validity were adopted. While the congruent (construct) validity was carried out through variables explained from past literature, the logical (content) validity was employed via administration and distribution of the chosen and decided survey instrument to my supervisors, and academia in financial management, and entrepreneurship. Experts thoroughly examined the questionnaire and came up with logical and reasonable suggestions, and thus gave advice that assisted in designing a questionnaire that accurately measured the variables.

Table 1. Reliability Coefficient of the Confirmed Dimensional Constructs

Constructs	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	No of Items
Financial Planning	.775	.774	4
Financial Experience	.700	.667	4
Entrepreneurial Risk Attitude	.883	.884	12

Source: *Researcher's Computation, 2024*

Measuring financial capability is important for the success of any stakeholder in terms of meeting goals. Different methods by researchers have been employed to achieve these goals, but this study employed Multinomial Logistics Regression (MLR) for analysis.

The equation for the model is expressed in terms of the logit of the outcome, which is a comparison of a particular category to the reference category, both denoted π_j here.

$$\ln\left(\frac{\pi_j}{\pi_j}\right) = \alpha_j + \beta_j X \qquad (1)$$

Therefore, the operationalisation of variables and model specification for the study objectives is depicted below:

Model 1: model explaining the relationship between risk attitude constructs and financial planning

$$\ln\left(\frac{p(Y=RS}{PY=RN}\right) = c_o + c_1 FP \qquad (2)$$

$$\ln\left(\frac{p(Y=RA}{P(Y=RN}\right) = d_o + d_1 FP \qquad (3)$$

Model 2: model explaining the relationship between risk attitude constructs and financial experience

$$\ln\left(\frac{P(Y=RS}{P(Y=RN}\right) = e_o + e_1 FE \qquad (4)$$

$$\ln\left(\frac{P(Y=RA}{P(Y=RN}\right) = f_o + f_1 FE \qquad (5)$$

4. Results and Discussion

Descriptive Analysis of Primary Source of Information

Table 2: Participants' Profiles

Variables	Response Label	Frequency	Percentage
Gender			
	Male	208	72.5
	Female	79	27.5
Age			
	18 but less than 30	48	16.7
	30 but less than 40	99	34.5
	40 but less than 50	79	27.5
	50 but less than 60	49	17.1
	60 and above	12	4.2
Marital status			
	Single	73	25.4
	Married	206	71.8
	Divorced	6	2.1
	Widow	2	.7

Educational qualification			
	Bachelor's degree/HND	114	39.8
	Master's degree	45	15.7
	Doctorate degree	11	3.8
	Professional Certificate	38	13.2
	Others (ND, SSCE, GCE etc.)	79	27.5
Income (per annum)			
	Less than one hundred thousand	71	24.7
	One thousand but less than 300,000	97	33.8
	300,000 but less than 500,000	53	18.5
	500,000 but less than 1,000,000	48	16.7
	1,000,000 & above	18	6.3

Field Survey, 2024

The analysis of Table 2 reveals that the 287 SME operators sampled comprised 214 (72.5 percent) males and 73 (27.5 percent) females. This demonstrated diversified responses across genders. However, many of the respondents (78.7 percent) were less than 50 years of age formed 40 but less than 50 years. This is an indication that the perceptions of this age group largely influenced the opinions expressed in this study. Most of the respondents (71.8 percent) were married and their opinions formed the basis of financial capabilities and entrepreneurial risk attitudes. All the respondents were educated, with 72.5 percent having a minimum of a Higher National Diploma. This is suggestive of the fact that they are capable of understanding the questions being asked. Almost 77 percent earned less than five hundred thousand annually, which indicates that many SME operators have a low financial base, which may affect their effective demand for motor insurance.

Table 3: Financial Planning

Construct	Variables	Scale Level					Mean	Std Dev.
		SD	D	U	A	SA		
		1	2	3	4	5		
Financial Planning	I often keep a close eye on my spending for the year's important purchases for financial products	3.8	11.8	16.4	53.0	15.0	3.63	1.001
	I would weigh my options for several times before making any financial decisions	3.8	11.9	15.7	51.9	16.7	3.66	1.015
	I have never purchased financial products with my earnings.	11.1	34.8	12.3	28.9	12.9	2.98	1.267
	Compared to other people, I don't have a plan on how to manage financial risk	4.5	27.2	17.8	37.3	13.2	3.28	1.133

Field Survey, 2024

In Table 3 for financial planning four measuring items were tested. For the '*first survey item'*, 15.6 percent disagreed, 16.4 percent were indifferent, and 68 percent agreed. On the *'second survey item'* 15.7 percent disagreed, 15.7 percent were indecisive, and 68.6 percent agreed. On the *'third survey item',* 45.9 percent disagreed, 12.3 percent were undecided, and 41.8 percent agreed. On the *'fourth survey item',* 31.7 percent disagreed, 17.8 percent were indifferent, and 50.5 percent agreed. The respondents' numerous responses on their financial planning showed that they were all in the agreement of all the statements except the third item, which gave a dissenting

response. Conclusively, it shows that the majority of the entire respondents aligned with the confirmation of the various financial capability measuring instruments. This thus reflected in the mean and standard deviation scores. This shows that respondents' opinions to the survey items were normally distributed and centered around the mean. It further proved that because the means and standard deviation of the various survey items were similar, there are no notable differences in the distribution of the respondents' opinions.

Table 4: Financial Experience

Construct	Variables	Scale Level					Mean	Std Dev.
		SD	D	U	A	SA		
		1	2	3	4	5		
Financial Experience	Regardless of how wise I believe my choices are, I am terrified to make financial decisions	8.7	26.8	23.0	34.5	7.0	3.04	1.115
	I'm not sure how I'll manage my money to purchase financial products for the year.	7.7	30.3	20.2	35.9	5.9	3.02	1.100
	Even when I have the knowledge to make financial decisions, I lack confidence.	3.8	14.0	10.8	54.0	17.4	3.04	1.195
	I would rather work with professionals than handle my financial losses on my own.	4.5	30.7	15.0	36.2	13.6	3.24	1.159

Field Survey, 2024

In Table 4 for financial experience, four measuring items were tested. For the '*first survey item'*, 35.5 percent disagreed, 23 percent were undecided, and 41.5 percent agreed. On the *'second survey item'* 38 percent disagreed, 20.2 percent were indecisive, and 41.8 percent agreed. On the *'third survey item',* 17.8 percent disagreed, 10.8 percent were indifferent, and 71.4 percent agreed. On the *'fourth survey item',* 35.2 percent disagreed, 15 percent expressed their indecision, and 49.8 percent were in agreement. The respondents' numerous responses on their financial experience showed that they were all in the agreement of all the statements except the third item, which gave a dissenting response. Conclusively, it shows that the majority of the entire respondents aligned with the confirmation of the various financial capability measuring instruments. This thus reflected in the mean and standard deviation scores. This shows that respondents' opinions to the survey items were normally distributed and centered around the mean. It further proved that because the means and standard deviation of the various survey items were similar, there are no notable differences in the distribution of the respondents' opinions.

Table 5: Entrepreneurial Risk Attitudes

Variables	Scale Level					Mean	Std Dev.
	SD	D	U	A	SA		
	1	2	3	4	5		
People who know me claim that I'm a cautious person.	4.1	5.6	3.5	55.4	31.4	4.04	.974
The word "risk" conjures up the word "opportunity."	7.3	10.1	7.3	42.5	32.8	3.83	1.200
I will not take on any financial risk.	9.4	18.5	8.4	36.2	27.5	3.54	1.319
I'm willing to take on a lot of financial risk in exchange for big profits.	4.9	14.6	8.4	38.7	33.4	3.81	1.188
In general, even if the safest investment options yield lower returns, I still look for them.	2.4	6.3	10.1	49.5	31.7	4.02	.944
When it comes to investing my money, I'd rather be safe than sorry.	2.4	6.6	7.0	53.3	30.7	4.03	.929
I don't have much experience investing money in financial transactions.	8.4	18.5	3.8	38.7	30.6	3.65	1.311
I would rather keep my money in the bank than invest it in other financial endeavors.	10.5	21.3	10.1	24.0	34.1	3.50	1.411
I feel comfortable investing my money in business ventures.	7.3	8.4	11.8	51.6	20.9	3.70	1.112
I usually take a long time to make decisions when it comes to money.	5.6	10.1	8.7	48.4	27.2	3.82	1.111
When I consider assets that include a certain amount of risk, I get tremendously anxious.	4.9	9.1	12.1	56.1	17.8	3.73	1.015
When I look for substantial investment growth, I'm willing to take into account the potential for larger losses.	7.4	11.1	12.5	38.7	30.3	3.74	1.212

Field Survey, 2024

In table 5, *twelve* measuring items were tested, while 86.8 percent agreed, 3.5 percent were indecisive, and 9.7 percent disagreed. For item 1, stating 'I associate the word 'risk' with the idea of 'opportunity' was analysed. While 17.4 percent disagreed, 7.3 percent undecided, and 75.3 percent expressed their agreement. For item 2, stating 'I am not willing to take any financial risk' was analysed. While 27.9 percent expressed their disagreement, 8.4 were indifferent, and 63.7 displayed their agreement. For item 3, stating 'I am willing to take high financial risk to earn high returns' was analysed. While 19.5 percent disagreed, 8.4 percent undecided, and 72.1 percent agreed. For item 4, stating 'I generally look for the safest type of investment even if that means lower returns for me'. While 8.7 percent expressed displeasure, 10.1 percent neutral, and 81.2 percent declared their acceptance. For item 5, stating 'when it comes to investing my money, I would rather be safe than sorry'. While 9 percent disagreed, 7 percent undecided, and 84 percent agreed. For item 6, stating 'I have little experience when it comes to investing money in financial dealings.' While 26.9 percent were in disagreement, 3.8 percent indifferent, and 69.3 percent expressed their agreement. For item 7, stating 'I rather keep my money in the bank than investing it in any other financial dealings'. While 31.8 percent disagreed, 10.1 percent undecided, and 58.1 percent agreed. For item 8, stating 'I feel comfortable investing my money in financial dealings'. While 15.7 percent disagreed, 11.8 percent undecided, and 72.5 percent agreed. For item 9, stating 'usually it takes me a long time to make up my mind on financial matters'. While 15.7 percent expressed their disagreement, 8.7 percent indifferent, and

75.6 percent displayed their agreement. For item 10, stating 'when I consider investment that have an element of risk, I feel quite anxious'. While 14 percent disagreed, 12.1 percent undecided, and 73.9 percent agreed. For item 11, stating 'whenever I am looking for high investment growth, I am willing to accept the possibilities of greater losses to achieve this'. While 18.5 percent exhibited their disagreement, 12.5 were neutral, and 69 percent displayed their disagreement. Conclusively, it shows that the majority of the entire respondents aligned with the confirmation of the various items measuring entrepreneurial risk attitude. This thus reflected in the mean and standard deviation scores. This shows that respondents' opinions to the survey items were normally distributed and centered around the mean. It further proved that because the means and standard deviation of the various survey items were similar, there are no notable differences in the distribution of the respondents' opinions.

Hpothese Testing

To provide answers to research objectives 1 to 2, a multinomial logistic regression model of the measurements of financial capabilities and entrepreneurial risk attitudes was conducted. The model's output was used to test the relationship between financial capabilities dimensions (financial knowledge and financial planning) and entrepreneurial risk attitudes.

Hypothesis 1:

Table 6: Multinomial Regression Result for Financial Planning vs. Entrepreneurial Risk Attitude

Pseudo R-Square	
Cox and Snell	.027
Nagelkerke	.036
McFadden	.019

Likelihood Ratio Tests				
	Model Fitting Criteria	Likelihood Ratio Tests		
Effect	-2 Log Likelihood of Reduced Model	Chi-Square	Df	Sig.
Intercept	195.164	2.247	2	.413
Financial Planning	156.047	6.152	2	.032

Parameter Estimates									
								95% Confidence Interval for Exp(B)	
Risk Attitude Constructs[a]		B	Std. Error	Wald	Df	Sig.	Exp(B)	Lower Bound	Upper Bound
Risk Averse	Intercept	-.168	1.786	.008	1	.917			
	Financial Planning	-.357	.423	.460	1	.542	.517	.207	2.087
Risk Seeking	Intercept	-1.175	1.017	1.243	1	.276			
	Financial Planning	.517	.207	3.365	1	.013	1.786	1.056	2.571

a. The reference category is: Risk Neutral

Source: *Researcher's Computation, 2024*

The R-squared statistic (Cox & Snell and Nagelkerke and McFadden R-Square) as explained by the fitted model implies that about 1.9% to 3.6% of the total variation in the measure of entrepreneurial risk attitude is explained by the variations in financial planning. As regards the variables in the parameter estimate, a significant value

improves the model and indicates a positive effect. The findings show that financial planning insignificantly predicted (= -0.357, *SE* = 0.423, $p > 0.05$) risk-averse but significantly predicted (= 0.517, *SE* = 0.207, $p < 0.05$) risk-seeking. The likelihood ratio tests of the multinomial regression indicate that there is a significant association between the predictor variable (financial planning) and the response variable (risk attitude) ($\chi^2(2) = 6.152, p < 0.05$). As a result, it can be concluded that financial planning has a significant effect on entrepreneurial risk attitudes in Lagos, Nigeria.

Hypothesis 2:

Table 7: Multinomial Regression Result for Financial Experience and Entrepreneurial Risk Attitudes

Pseudo R-Square	
Cox and Snell	.027
Nagelkerke	.035
McFadden	.018

Likelihood Ratio Tests

Effect	Model Fitting Criteria: -2 Log Likelihood of Reduced Model	Likelihood Ratio Tests: Chi-Square	Df	Sig.
Intercept	121.892	.700	2	.705
Financial Experience	129.058	7.867	2	.020

Parameter Estimates

Risk Attitude Constructs[a]		B	Std. Error	Wald	Df	Sig.	Exp(B)	95% Confidence Interval for Exp(B): Lower Bound	Upper Bound
Risk Averse	Intercept	-.088	.861	.011	1	.918			
	Financial Experience	-.469	.311	2.276	1	.311	.626	.340	1.150
Risk Seeking	Intercept	.355	.492	.516	1	.471			
	Financial Experience	.249	.158	2.479	1	.115	1.283	.941	1.750

a. The reference category is: Risk Neutral.

Source: *Researcher's Computation, 2024*

The R-squared statistic (Cox & Snell and Nagelkerke and McFadden R-Square), as explained by the fitted model, implies that the financial experience variations explain about 1.8% to 3.5% of the total variation in the measure of entrepreneurial risk attitude. As regards the variables in the parameter estimate, a significant value improves the model and indicates a positive effect. The findings show that financial experience insignificantly predicted (= -0.469, *SE* = 0.311, $p > 0.05$) risk-aversion and also insignificantly predicted (= 0.249, *SE* = 0.158, $p > 0.05$) risk-seeking. The likelihood ratio tests of the multinomial regression indicate that there is a significant association between the predictor variable (financial experience) and the response variable entrepreneurial risk attitudes) ($\chi^2(2) = 7.867, p < 0.05$). As a result, it can be concluded that financial experience has a

significant effect on entrepreneurial risk attitudes in Lagos, Nigeria.

Discussion of Findings

Null hypothesis one is invalidated by the results, which likewise show a significant but negative link between financial planning and entrepreneurial risk attitudes among SMEs in Nigeria. The outcome further supports the link between financial planning and Nigerian SMEs' propensity for taking risks. This finding explains why SMEs in Nigeria are less confident and distrustful of proper financial planning as a financial tool; thus, their low level of insurance confidence has an inverse link with their risk-averse attitude. However, the outcome differs from earlier research by Adewunmi (2022), Isimoya & Oluwaleye (2023), and Santos & Tavares (2020). According to Azizah et al. (2024), having a plan for investing, saving, and spending money affects how well financial needs to be unscaled.

The result shows that financial experience has a significant and positive relationship with the entrepreneurial risk attitudes of SMEs in Nigeria, thereby invalidating the null hypothesis and validating the alternate hypothesis. The result suggests that the way financial experience are being handled by the SMEs affects their entrepreneurial risk attitudes. In light of this, a previous study by Rahayu et al. (2024) proposed that financial experiences serve as a learning process for people to manage their finances and make decisions in the future. According to certain earlier studies, people's financial conduct is significantly influenced by their financial experience (Linus, 2023; Purwidianti & Tubastuvi, 2019; Stolper & Walter, 2017).

5. Conclusion and Recommendations

Findings from the study have obviously shown the significance of financial knowledge, and financial planning on SMEs' entrepreneurial risk attitudes. The findings of the study, if adopted will lead to high level planning and experience in financial products such as loans, derivatives, insurance etc. and thus, create reasonable risk attitudes from SMEs operators. The findings further affirmed that financial planning and financial experience were significant in attracting entrepreneurial risk attitudes from SMEs operators. Thus, the study's outcome may be considered useful by policymakers, regulators, and other business operators in incorporating simplicity in financial transactions that will affect positively decision-making of SMEs operators, which can be driven by their level of risk aversion. To enable capabilities in terms of financial returns on their investment, it is advised that SMEs' operators improve their financial understanding of company systems. To further fine-tune, SMEs' operators should, nevertheless, continue honing their financial planning abilities.

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