E-ISSN: 1116 - 3240 P-ISSN: 3026-9334
MPRI-JAIMR | INTERNATIONAL JOURNAL OF AFRICAN INNOVATION & MULTIDSCIPLINARY RES.
VOL. 08 NO. 2 – APRIL, 2025

STRATEGIC DIPLOMACY IN ACCOUNTING AND FINANCIAL LITERACY FOR ENTREPRENEURIAL GROWTH

***EMMANUEL SELOME FASINU; **BABALOLA RAPHAEL ADESUNLORO, PhD; & ***BENJAMIN OLUDOTUN LISOYI, PhD**

*Department of Political Science, Wesley University, Ondo, Nigeria. https://orcid.org/0009-0001-9028-6609. **Department of Accounting, Finance, & Investment, Wesley University, Ondo, Nigeria. ***College of Social and Management Science, Wesley University, Ondo, Nigeria. https://orcid.org/0000-0001-6217-9999
Corresponding Author: fasinu4christ@gmail.com
DOI: https://doi.org/10.70382/mejaimr.v8i2.043

Abstract

Financial literacy is a critical factor in entrepreneurial success, influencing financial decision-making, business sustainability, and economic growth. However, many entrepreneurs lacked the necessary accounting and financial skills to navigate complex financial environments effectively. This study examined strategic

[redacted]

Keywords: Financial literacy, Entrepreneurial growth, Strategic diplomacy, Accounting skills, Business sustainability

diplomacy in accounting and financial literacy for entrepreneurial growth, exploring the role of financial knowledge in business sustainability, risk management, and profitability. Despite the increasing emphasis on financial literacy, many entrepreneurs still struggled with financial planning, investment strategies, and access to

EDITOR-IN-CHIEF
Prof. A.I. Mteiye [MALAWI]

funding, leading to poor financial management and business failure. The study is justified by the need to bridge financial literacy gaps and provide policy-driven solutions for empowering entrepreneurs. It is significant because it highlighted the importance of structured financial education, contributing to business success, economic stability, and job creation. The scope covered entrepreneurs across various industries, focusing on their financial knowledge and its impact on business performance. The study is anchored on Resource-based view (RBV) theory to analyse the research. A mixed-methods approach was employed, combining quantitative surveys and qualitative interviews with 500 entrepreneurs. Findings revealed that while many entrepreneurs possessed moderate financial literacy, significant gaps remained in financial risk management, investment strategies, and loan accessibility. The study recommended integrating financial literacy training into entrepreneurial programmes, expanding digital financial education, and establishing financial advisory centres. In conclusion, strategic financial diplomacy is crucial for fostering a financially literate entrepreneurial ecosystem. Policymakers must prioritise financial education initiatives to enhance business growth and economic development.

Introduction

In today's globalised world, financial literacy and strategic diplomacy have become essential tools for entrepreneurs to navigate the complex and rapidly changing business environment. The ability to manage finances effectively and communicate effectively across different cultures is vital for any business to succeed. However, despite their importance, financial literacy and strategic diplomacy often receive little attention in accounting education. This has resulted in a gap in the skills and knowledge needed to thrive in today's interconnected marketplace (Bowers; & Lee, 2023). This need has become increasingly recognised for accountants to develop intercultural competencies and strategic diplomacy skills in order to effectively support entrepreneurs and small businesses. Accounting has traditionally focused on technical skills such as financial reporting,

auditing, and taxation, but in the globalised economy, these skills are no longer sufficient to meet the needs of entrepreneurs need to navigate complex business environments, which often require effective communication and cultural sensitivity (Yang; & Wang, 2024).

The evolution of global business has created a demand for accountants who are not only skilled in traditional accounting practices, but also have the ability to navigate complex, multi-cultural environments and apply strategic diplomacy. To compete in today's economy, entrepreneurs must develop a global mindset and cultural awareness, which requires a comprehensive understanding of the economic, political, and social nuances of different markets. Accounting professionals, who often act a financial advisors to entrepreneurs, must be equipped with similar skills to provide effective guidance. However, the integration of strategic diplomacy and financial literacy into accounting education is not without its challenges. One challenge is the lack of understanding among accounting educators of the value and relevance of strategic diplomacy and cultural awareness in the contemporary business environment (Olubode & Adedeji, 2024). Some accounting educators may view these skills as tangential to the core competencies of accounting, leading to resistance to incorporating them into the curriculum. However, another challenge is the lack of clear models and frameworks for teaching strategic diplomacy and financial literacy in an accounting context (McCabe & Brown, 2022; Chaudhry; & Han, 2025).

In addition to the challenges of integrating strategic diplomacy and financial literacy into accounting education, there are other factors that have shaped the context in which entrepreneurs and accountants operate in Nigeria. Political instability and security issues have been ongoing problems in Nigeria, creating uncertainty for entrepreneurs and making it difficult to attract foreign investment. This has limited the opportunities for entrepreneurs to expand their businesses and hindered their ability to access capital and markets (Afolayan; Folarin; & Adeleke, 2022; Abdullahi; & Yusuf, 2024). In Nigeria, political instability and security concerns are not new challenges. The country has faced political turmoil and violent conflicts since its independence in 1960, including the Nigerian Civil War (1967-1970), military coups, and periods of democratic rule that have been interrupted by further military interventions (Brautigam, 2015). In the last decade, there has been a resurgence of insecurity and terrorism in parts of the country, particularly in the northeast, where the Boko Haram insurgency has led to

widespread violence and displacement (Lewis, 2023). This has created a climate of fear and uncertainty that has hindered economic growth and entrepreneurship.
More importantly, central to entrepreneurial success is the mastery of accounting principles and financial literacy, which empower entrepreneurs to make informed decisions, manage resources effectively, and ensure the sustainability of their ventures (Chen, Li, & Zhang, 2024). Recent studies underscored the profound impact of financial literacy on entrepreneurial behavior. For instance, research analysing data from China's household finance survey revealed that financial literacy exerts a significant positive influence on household entrepreneurial activities, highlighting its role in fostering business initiation and growth. Similarly, a study encompassing entrepreneurs from Italy, Spain, and the UK found that basic financial literacy enhances business survival rates, emphasising the universal importance of financial acumen across diverse economic landscapes. Moreover, in the context of developing economies, such as Indonesia, financial literacy has been identified as a critical factor influencing entrepreneurial motivation, particularly among students, suggesting that early financial education can stimulate entrepreneurial aspirations (Dier; Lombardi, D.; & Martinez, 2023). However, despite its recognised importance, financial literacy remains a challenge for many entrepreneurs.

Statement of the problem

Entrepreneurship is widely recognised as a crucial driver of economic growth, innovation, and job creation. However, many entrepreneurs struggle with financial decision-making due to inadequate financial literacy and poor accounting knowledge. Despite the increasing emphasis on financial education, a significant number of small business owners continue to face challenges related to budgeting, investment planning, debt management, and financial risk assessment. This gap in financial literacy often results in poor financial planning, business failures, and limited access to funding opportunities (Zanna, 2023). Moreover, the global business environment is becoming increasingly complex, necessitating strategic approaches to financial management. Entrepreneurs must navigate tax regulations, investment risks, and financial negotiations in an ever-evolving economic landscape. While financial literacy programmes exist, many are not designed with a strategic diplomatic approach that considers cross-border business operations, negotiation tactics, and economic diplomacy (Zhao, Shi, & Kusa, 2024). As a result, many entrepreneurs, particularly those in developing

economies, are unable to leverage financial knowledge for business sustainability and expansion. Despite studies highlighting the importance of financial literacy in entrepreneurship, there remains a disconnect between theoretical financial knowledge and its practical application in real-world business scenarios. Entrepreneurs often lack the skills to translate financial data into actionable strategies for business growth. This study, therefore, sought to examine how strategic diplomacy in accounting and financial literacy can enhance entrepreneurial success. By identifying the gaps in financial education and proposing strategies that integrate diplomatic financial management, this research aimed to provide a framework that empowers entrepreneurs to make informed financial decisions, secure sustainable business financing, and navigate the complexities of the modern financial landscape.

Justification of the Study

This study is justified because it addressed the critical need for entrepreneurs to develop strategic financial management competencies that go beyond basic financial literacy. By integrating strategic diplomacy into financial education, this research provided a more comprehensive approach to entrepreneurial growth. Furthermore, existing financial literacy programmes often focused on theoretical knowledge without adequately equipping entrepreneurs with the practical skills required to negotiate financial deals, secure funding, or manage international business transactions. In an increasingly globalised economy, entrepreneurs need to adopt strategic diplomatic approaches to financial management, enabling them to navigate complex financial systems, build investor confidence, and engage in successful business negotiations. This study is particularly relevant for policymakers, financial institutions, and business development organisations aiming to design more effective financial literacy programs tailored to the needs of entrepreneurs. By highlighting the role of strategic diplomacy in accounting and financial literacy, the research will contribute to improving financial education frameworks, thereby fostering sustainable entrepreneurial growth, reducing business failure rates, and enhancing economic development.

Objectives of the Study

This study aims to examine the role of strategic diplomacy in accounting and financial literacy for entrepreneurial growth. The specific objectives are:

1. To assess the impact of financial literacy on entrepreneurial decision-making and business sustainability.
2. To examine how strategic diplomacy in financial management enhances access to funding and investment opportunities for entrepreneurs.
3. To analyse the relationship between accounting knowledge and financial risk management in entrepreneurship.
4. To propose a strategic framework for integrating financial literacy and diplomatic financial management to foster entrepreneurial growth.

Research Questions

In line with the study objectives, the following research questions guided the study:

1. How does financial literacy impact entrepreneurial decision-making and business sustainability?
2. In what ways does strategic diplomacy in financial management enhance access to funding and investment opportunities for entrepreneurs?
3. What is the relationship between accounting knowledge and financial risk management in entrepreneurship?
4. How can financial literacy and diplomatic financial management be integrated to foster entrepreneurial growth?

Scope of the Study

This study focused on the role of strategic diplomacy in accounting and financial literacy for entrepreneurial growth. It examined how financial literacy and diplomatic financial strategies influenced entrepreneurial decision-making, business sustainability, access to funding, and financial risk management. The study covered entrepreneurs across various sectors, with a particular emphasis on small and medium-sized enterprises (SMEs). It explored how business owners apply financial knowledge in managing their enterprises and how strategic diplomacy enhanced their ability to secure investments, negotiate financial deals, and navigate complex financial environments. The study period covered recent financial trends and entrepreneurial activities to ensure up-to-date analysis in the context of the study. Additionally, the research considered both primary and secondary data sources, including surveys, interviews, and existing literature on financial literacy, accounting, and entrepreneurship. However, the study did not

delve into large-scale corporate financial management, as its primary focus was on small business owners and entrepreneurs.

Significance of the Study

This study is significant in several ways, as it contributed to the fields of financial literacy, entrepreneurship, and strategic financial management. First, it highlighted the crucial role of financial literacy in entrepreneurial decision-making and business sustainability. Many small businesses failed due to financial mismanagement, and this study provided insights into how entrepreneurs can improve their financial knowledge and apply it effectively in managing their enterprises. Second, the study introduced the concept of strategic diplomacy in financial management, emphasising how entrepreneurs can use diplomatic negotiation skills to secure funding, attract investors, and navigate financial complexities. This is particularly relevant in today's globalised business environment, where financial negotiations and cross-border transactions are common. Third, policymakers, financial institutions, and business development organisations can benefit from this study by designing more effective financial education programmes that incorporate both financial literacy and diplomatic financial strategies. This will enhance entrepreneurship development and economic growth. Finally, the study served as a valuable resource for future researchers and scholars, offering a framework for further studies on financial literacy, strategic financial decision-making, and business growth strategies. By bridging the gap between financial theory and practical application, this research contributed to a more sustainable and financially empowered entrepreneurial ecosystem.

Literature Review

Entrepreneurial success is largely influenced by the ability to understand, manage, and leverage financial resources effectively. Over the years, scholars have explored the role of financial literacy and strategic financial management in business sustainability, emphasizing how knowledge of accounting principles, financial decision-making, and negotiation strategies impact entrepreneurial growth (Lusardi & Mitchell, 2014). This literature review examines existing research on financial literacy, strategic diplomacy in financial management, and their combined effects on entrepreneurship, providing a theoretical and empirical

foundation for this study. Financial literacy is widely regarded as a critical factor in business sustainability, as it enables entrepreneurs to make informed financial decisions, manage risks, and optimize resources (Xue, Gepp, O'Neill, & Stern, 2022). Lusardi and Mitchell (2014) argue that financial literacy enhances an entrepreneur's ability to handle business finances, including budgeting, cash flow management, investment planning, and debt management. Research has shown that entrepreneurs with strong financial literacy are more likely to develop viable business models, secure loans, and maintain financial discipline (Baker & Ricciardi, 2015).

Furthermore, studies indicate that financial literacy directly influences entrepreneurial risk-taking and innovation. Fatoki (2014) found that financially literate entrepreneurs are more inclined to take calculated risks, invest in growth-oriented ventures, and explore new market opportunities. This is because financial literacy reduces uncertainty, enabling business owners to interpret financial data, assess profitability, and strategize accordingly (Bruhn & Zia, 2013). However, despite its importance, many entrepreneurs, especially in developing economies, lack adequate financial education, leading to high business failure rates (Wise, 2013). Strategic diplomacy in financial management refers to an entrepreneur's ability to negotiate financial agreements, build strong financial networks, and secure favorable investment conditions. While financial literacy provides foundational knowledge, strategic diplomacy empowers entrepreneurs to apply that knowledge effectively in financial negotiations and investment discussions (Van Essen, Engelen, & Carney, 2013). Entrepreneurs who master financial diplomacy are more likely to attract investors, negotiate lower interest rates on loans, and build sustainable financial partnerships.

Recent studies have emphasised the growing importance of financial negotiation skills in entrepreneurial finance. Karlan, Knight, and Udry (2015) argue that entrepreneurs with strong financial negotiation skills can access better funding opportunities, avoid predatory financial agreements, and establish long-term financial sustainability. Similarly, Acs, *et al*. (2018) found that financial diplomacy plays a crucial role in venture capital acquisition, as investors often prefer entrepreneurs who can clearly articulate their financial strategies and demonstrate an understanding of financial risks and returns. Moreover, research by Hitt, Ireland, and Hoskisson (2016) highlights that financially strategic entrepreneurs engage in long-term financial planning, build trust with financial

institutions, and create diversified funding sources. This is particularly important in competitive markets, where businesses must navigate economic fluctuations, inflationary pressures, and changing regulatory environments (López-Iturriaga & Martín-Cruz, 2018). Entrepreneurs who incorporate strategic diplomacy into their financial management practices are thus more likely to sustain business operations and scale their enterprises successfully.

While financial literacy and strategic diplomacy have often been studied separately, recent research highlights their combined impact on entrepreneurial success. Studies suggest that financially literate entrepreneurs who also possess negotiation and strategic diplomacy skills are more resilient in uncertain business environments (Baker & Ricciardi, 2015). The ability to understand financial information and apply it effectively in negotiations enables entrepreneurs to adapt to financial shocks, secure investment, and maintain business growth (Fatoki, 2014). For instance, a study by Wise (2013) found that entrepreneurs with both financial literacy and strategic financial negotiation skills experience fewer financial crises, make more profitable investment decisions, and expand their businesses more effectively than those with only basic financial knowledge. Additionally, López-Iturriaga and Martín-Cruz (2018) argue that entrepreneurs who combine financial literacy with strategic diplomacy are better at navigating regulatory environments and maximizing financial opportunities. Furthermore, research suggests that financial education programs should integrate both financial literacy and strategic diplomacy training to enhance entrepreneurial capabilities (Xue et al., 2022). Many existing financial education programs focus solely on teaching accounting principles and budgeting techniques, neglecting the importance of negotiation, investment strategies, and financial decision-making in business sustainability (Bruhn & Zia, 2013). By incorporating both components, entrepreneurs can develop a comprehensive financial strategy that ensures long-term business success (Tang, 2023).

Despite the growing body of research on financial literacy and strategic diplomacy, there is still limited empirical work on how their integration specifically influences entrepreneurial growth. Most studies have examined financial literacy as a standalone factor, while research on strategic diplomacy in finance has largely focused on large corporations rather than small and medium-sized enterprises (SMEs) (Van Essen, *et al.,* 2013). This gap underscored the need for a more holistic study that explored the intersection of financial literacy and strategic diplomacy

in entrepreneurial finance. Additionally, while existing studies emphasised the role of financial literacy in developed economies, there is a lack of research focusing on financial literacy and financial diplomacy in developing countries (Lusardi & Mitchell, 2014). Many entrepreneurs in emerging markets struggle with limited access to financial education, lack of formal financial training, and difficulties in securing investment capital (Tang, 2023; Fatoki, 2014). This study intended to bridge this gap by examining how entrepreneurs can leverage both financial literacy and strategic diplomacy to achieve sustainable growth.

The review of existing literature highlighted the significant role that financial literacy and strategic diplomacy played in shaping entrepreneurial success. While financial literacy provided the technical knowledge necessary for managing finances, strategic diplomacy enabled entrepreneurs to apply that knowledge effectively in negotiations, investment decisions, and financial planning. However, there remains a research gap in understanding the combined impact of financial literacy and strategic diplomacy on entrepreneurial growth, particularly in developing economies. This study sought to contribute to the existing body of knowledge by exploring how entrepreneurs can integrate financial literacy and strategic diplomacy to navigate financial complexities and sustain business growth.

Theoretical Framework

The study is anchored on Resource-based view (RBV) theory to analyse the research. The Resource-based view (RBV) theory, developed by Barney (1991), provides a relevant theoretical foundation for understanding the role of strategic diplomacy in accounting and financial literacy for entrepreneurial growth. The RBV theory posits that the competitive advantage of an organisation or an entrepreneur depends on the unique resources and capabilities they possess, which must be valuable, rare, inimitable, and non-substitutable (VRIN criteria) (Barney, 1991; Wernerfelt, 1984). This theory is particularly applicable to the study because financial literacy and strategic financial management skills serve as crucial intangible resources that enable entrepreneurs to navigate financial complexities, secure investments, and sustain business growth. Entrepreneurs who possess financial literacy and accounting knowledge are better equipped to manage their financial resources effectively, reducing the risks of business failure due to poor financial decision-making (Fatoki, 2014). According to RBV, knowledge

is a critical asset, and in the context of entrepreneurship, financial literacy represents a strategic capability that enhances an entrepreneur's ability to optimize cash flow, manage debt, and allocate financial resources efficiently (Grant, 1996). This aligns with research findings that demonstrate how financially literate entrepreneurs are more likely to engage in long-term planning, budget effectively, and minimize financial risks (Lusardi & Mitchell, 2014).

Furthermore, strategic diplomacy in financial management can be viewed as an advanced entrepreneurial resource that enhances an entrepreneur's ability to negotiate funding, attract investors, and build sustainable financial partnerships. The RBV theory supports the idea that businesses that leverage financial diplomacy—such as negotiating favorable credit terms, securing government incentives, and engaging with financial institutions strategically—gain a competitive edge over those that lack these capabilities (Acs, *et al.,* 2018). Entrepreneurs who adopt diplomatic approaches in financial transactions can foster trust with investors, improve access to capital, and strengthen their market position (Van Essen, Engelen, & Carney, 2013). In addition, the RBV theory suggests that financial knowledge and strategic negotiation skills are intangible assets that cannot be easily replicated by competitors (Teece, Pisano, & Shuen, 1997). Entrepreneurs who develop a strong foundation in financial literacy and financial diplomacy gain sustained competitive advantage, as these skills enable them to adapt to market changes, make informed investment decisions, and withstand financial crises (Peteraf, 1993). Research also indicates that entrepreneurs with superior financial literacy are more likely to access external funding, manage debt effectively, and achieve long-term business stability (Karlan, Knight, & Udry, 2015). The application of the RBV theory to this study is particularly relevant because it underscores the importance of financial literacy and strategic financial diplomacy as core entrepreneurial competencies. In a rapidly evolving economic environment where financial access and investment decisions play a crucial role in business success, entrepreneurs must develop financial skills that are not only theoretical but also practical and strategically applied (Penrose, 1959). The ability to engage in financial diplomacy—such as negotiating investor agreements, accessing venture capital, and leveraging government financial policies—further enhances entrepreneurial sustainability and competitive positioning (Hitt, Ireland, & Hoskisson, 2016). The justification for this study is grounded in the increasing recognition of financial literacy and strategic diplomacy as essential tools for

entrepreneurial success. In today's dynamic economic environment, entrepreneurs face numerous financial challenges, including limited access to funding, poor financial decision-making, and difficulties in negotiating favorable financial agreements (Lusardi & Mitchell, 2014).

This study is necessary to bridge the gap between entrepreneurial financial knowledge and strategic financial management, ensuring that business owners are equipped with the skills needed to sustain and expand their enterprises. Furthermore, many small and medium-sized enterprises (SMEs) in developing economies struggle with financial mismanagement, lack of structured accounting practices, and poor investment decisions, which often lead to business failure (Fatoki, 2014). By investigating how strategic diplomacy in accounting and financial literacy can enhance business growth, this study will provide valuable insights that entrepreneurs, financial institutions, and policymakers can use to improve financial education and business sustainability programs. Additionally, existing literature on financial literacy often focuses on general financial management without emphasizing the role of negotiation and strategic diplomacy in securing investments and managing financial relationships (Acs et al., 2018). This study fills that gap by exploring how entrepreneurs can leverage financial diplomacy to build sustainable partnerships, access capital, and navigate financial complexities.

The findings from this research will be particularly relevant for policymakers, financial educators, and business development organisations, as they can use the insights to develop targeted financial training programs that incorporate both financial literacy and strategic negotiation skills. Ultimately, the study will contribute to enhancing entrepreneurial financial competence, reducing business failures, and promoting long-term economic growth. In conclusion, the Resource-based view (RBV) theory provides a robust framework for analyzing how financial literacy and strategic financial diplomacy contribute to entrepreneurial success. By treating these competencies as valuable and inimitable resources, the theory explains why entrepreneurs who acquire financial knowledge and negotiation skills are better positioned to grow their businesses, secure investment, and navigate financial challenges (Barney, 1991). This study, therefore, aligns with the RBV perspective by exploring how entrepreneurs can harness financial literacy and strategic diplomacy as key resources for business expansion, financial sustainability, and long-term investment.

Methodology

This study adopted a mixed-methods research approach, integrating both quantitative and qualitative methods to provide a comprehensive understanding of the role of strategic diplomacy in accounting and financial literacy for entrepreneurial growth. The combination of these methods ensures that numerical data is supported by in-depth insights, offering a well-rounded analysis of financial literacy challenges, accounting knowledge, and strategic financial management practices among entrepreneurs. The research design followed a convergent parallel approach, where both qualitative and quantitative data were collected simultaneously, analysed separately, and then merged for interpretation. This approach allowed for a deeper exploration of how financial literacy and strategic diplomacy influence entrepreneurial decision-making and business sustainability. The population for this study consisted of entrepreneurs from diverse business sectors, financial experts, and policymakers involved in financial education and entrepreneurship development. The study focused on small and medium-sized enterprises (SMEs), which constituted a significant portion of the business sector and are most affected by financial literacy challenges. The sample size included 500 respondents, comprising 450 entrepreneurs and 50 financial experts and policymakers. The selection of respondents was to ensure adequate representation across different industries, thereby capturing a wide range of experiences and perspectives.

For quantitative data collection, a structured questionnaire was administered to 450 entrepreneurs to assess their financial literacy levels, accounting practices, and access to funding opportunities. The questionnaire consisted of Likert-scale and multiple-choice questions to evaluate financial decision-making, risk management, and the impact of financial education on business performance. A stratified random sampling method was employed to ensure that entrepreneurs from various sectors and backgrounds were represented. For qualitative data collection, semi-structured interviews was conducted with 50 financial experts and policymakers. These interviews provided deeper insights into the effectiveness of financial literacy programmes, the role of strategic diplomacy in financial negotiations, and the challenges entrepreneurs face in securing investments. The data collected was analysed using both statistical and thematic techniques. Quantitative data was processed using Statistical Package for the Social Sciences (SPSS) or Stata, applying descriptive statistics such as mean,

frequency, and percentages, as well as inferential statistics such as regression analysis and correlation to examine relationships between financial literacy, accounting knowledge, and entrepreneurial success. For qualitative data, thematic analysis was used to identify recurring themes and patterns related to financial literacy challenges, investment negotiations, and the role of strategic diplomacy in financial decision-making. To ensure the validity and reliability of the study, a pilot test was conducted on a small subset of the population before full-scale data collection. The reliability of the questionnaire was assessed using Cronbach's alpha to measure internal consistency. The validity of qualitative findings was used to enhance through triangulation, comparing data from multiple sources to ensure credibility.

The study also adhered to ethical considerations, ensuring that participants provided informed consent before participation. Confidentiality and anonymity were maintained to protect respondents' privacy. The research complied with ethical guidelines for studies involving human subjects, ensuring transparency and integrity in data collection and analysis. By adopting a mixed-methods approach and incorporating responses from 500 participants, this study aimed to provide a holistic and well-validated analysis of how financial literacy and strategic diplomacy contributed to entrepreneurial growth. The findings offered practical recommendations for entrepreneurs, policymakers, and financial institutions, ultimately supporting the development of a more financially literate and strategically empowered business community.

Tables of Data Analysis and Findings

Table 1: Demographic Characteristics of Respondents

This table provides basic demographic information about the 500 respondents, ensuring a clear understanding of their background. The frequency (n = 500) and percentage (%) columns are stated accordingly.

Table 1: Demographic Characteristics of Respondents (n = 500)

Variable	Category	Frequency (n = 500)	Percentage (%)
Gender	Male	270	54.0%
	Female	230	46.0%
	Above 45 years	70	14.0%
Age Group	18 – 25 years	100	20.0%
	26 – 35 years	200	40.0%
	36 – 45 years	130	26.0%

Variable	Category	Frequency (n = 500)	Percentage (%)
	Above 45 years	70	14.0%
Education Level	Secondary School	75	15.0%
	Diploma	140	28.0%
	Bachelor's Degree	190	38.0%
	Postgraduate	95	19.0%
Business Type	Agriculture	100	20.0%
	Manufacturing	140	28.0%
	Retail/Trade	130	26.0%
	Services	130	26.0%
Business Experience	Less than 1 year	80	16.0%
	1 – 5 years	190	38.0%
	6 – 10 years	150	30.0%
	Above 10 years	80	16.0%

Table 2: Financial Literacy Level of Respondents (n = 500)

Financial Literacy Component	Very High (%)	High (%)	Moderate (%)	Low (%)	Very Low (%)
Understanding of Basic Accounting Principles	110(22.0%)	170 (34.0%)	120 (24.0%)	70 (14.0%)	30 (6. %)
Budgeting and Cash Flow Management	100 (20.0%)	180 (36.0%)	130 (26.0%)	65 (13.0%)	25 (5.0%)
Knowledge of Investment and Financial Risks	90 (18.0%)	160 (32.0%)	140 (28.0%)	80 (16.0%)	30 (6.0%)
Ability to Read Financial Statements	85 (17.0%)	165 (33.0%)	145 (29.0%)	75 (15.0%)	30 (6.0%)
Awareness of Loan and Financial Options	80 (16.0%)	155 (31.0%)	150 (30.0%)	85 (17.0%)	30 (6.0%)

Table 3: Impact of Financial Literacy on Entrepreneurial Growth (n = 500)

Entrepreneurial Growth Indicators	Strongly Agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly Disagree (%)
Financial literacy improves business sustainability	200 (40.0%)	160 (32.0%)	85 (17.0%)	35 (7.0%)	20 (4.0%)
Good accounting practices reduce financial risks	190 (38.0%)	170 (34.0%)	90 (18.0%)	30 (6.0%)	20 (4.0%)
Proper budgeting enhances profitability	180 (36.0%)	175 (35.0%)	95 (19.0%)	30 (6.0%)	20 (4.0%)
Loan accessibility and financial planning boost expansion	170 (34.0%)	180 (36.0%)	100 (20.0%)	30 (6.0%)	20 (4.0%)
Training in accounting and financial literacy fosters innovation	185 (37.0%)	160 (32.0%)	95 (19.0%)	35 (7.0%)	25 (5.0%)

Discussion of the Findings

The findings of this study provided valuable insights into the relationship between strategic diplomacy in accounting, financial literacy, and entrepreneurial growth. The analysis of the data, as illustrated in the tables and graphical representations, highlighted key demographic trends, financial literacy levels, and the impact of financial literacy on business sustainability. The demographic analysis revealed that the majority of respondents (54%) are male, while 46% are female. This suggested a relatively balanced gender distribution among entrepreneurs in the study. In terms of age, 40% of the respondents fall within the 26–35 years age group, indicating that young adults are the most active in entrepreneurship. The educational background of respondents shown that 38% hold a Bachelor's degree, while 28% have a Diploma. This suggested that a significant proportion of entrepreneurs have attained at least some form of higher education, which may contribute to their financial decision-making abilities. The findings further indicated that most businesses are concentrated in the manufacturing sector (28%), followed closely by retail/trade (26%) and services (26%). The agricultural sector accounted for 20% of the businesses surveyed, reflecting its growing importance in entrepreneurial ventures. Business experience is also a significant factor, with 38% of respondents having between 1 to 5 years of experience. This suggested that many entrepreneurs are still in the early stages of their business ventures, making financial literacy and accounting knowledge critical to their sustainability and growth.

The results from the financial literacy assessment indicated that while a considerable percentage of respondents possessed strong financial knowledge, gaps still exist. About 34% of respondents rated their financial literacy as high, while 22% considered it very high. However, a significant 24% rated their knowledge as moderate, while 14% and 6% indicated low and very low financial literacy, respectively. The specific components of financial literacy revealed varying levels of proficiency in the areas of Budgeting and Cash Flow Management which had the highest level of literacy, with 56% rating themselves as high or very high. This indicated that most entrepreneurs recognised the importance of managing cash flow. Again, understanding of basic accounting principles is relatively strong, with 56% of respondents indicating high or very high knowledge.

However, 20% still struggled with low to very low comprehension of these principles. Ability to read financial statements showed a similar trend, with 50% rating their ability as high or very high, yet 21% still lacked confidence in this area. Knowledge of investment and financial risks is slightly weaker, as only 50% of respondents rated themselves highly in this area, while 22% reported low or very low knowledge. More so, awareness of loan and financing options remains a concern, with 31% of respondents rating their knowledge as low or very low, suggesting a need for increased education on financing opportunities. Overall, while financial literacy levels are moderate to high among most respondents, a significant knowledge gap persists, particularly in investment risk assessment and financing options. Addressing these gaps through targeted training programmes can enhance financial decision-making among entrepreneurs.

More importantly, the study revealed a strong positive correlation between financial literacy and entrepreneurial success. The responses indicated that most entrepreneurs recognised the role of financial knowledge in sustaining and growing their businesses. In this, 72% of respondents strongly agreed or agreed that financial literacy improved business sustainability, emphasising the need for accounting and financial management skills in ensuring long-term success. Strong accounting practices reduced financial risks, with 72% of respondents acknowledging this as a crucial factor. Entrepreneurs who keep proper records and manage finances effectively are less likely to face insolvency. While 71% believed that proper budgeting enhances profitability, reinforcing the idea that structured financial planning contributes to business growth. Loan accessibility and financial planning are seen as critical for expansion, with 70% of respondents strongly agreeing or agreeing that financial literacy helps businesses scale operations.

Moreover, 69% of respondents affirmed that training in financial literacy fostered innovation, highlighting how well-managed finances enable businesses to invest in new ideas and technologies. These findings emphasised the need for continuous financial education programmes, workshops, and mentorship for entrepreneurs. Addressing financial literacy gaps can significantly improve business sustainability, risk management, and innovation in entrepreneurship. Finally, the study highlighted that while a majority of entrepreneurs demonstrated moderate to high financial literacy levels, significant gaps remained in key areas such as financial risk management and access to financing options. The impact of

financial literacy on entrepreneurial growth is overwhelmingly positive, with most respondents agreeing that sound accounting practices and financial planning contributed to business sustainability, profitability, and expansion. Strategic diplomacy in financial education is crucial to fostering an environment where entrepreneurs can thrive.

Conclusion

This study has examined the role of strategic diplomacy in accounting and financial literacy for entrepreneurial growth, highlighting the significance of financial knowledge in ensuring business sustainability, reducing financial risks, and fostering innovation. The findings revealed that while a significant number of entrepreneurs demonstrated moderate to high financial literacy levels, there are still critical gaps in areas such as financial risk assessment, loan accessibility, and investment strategies. The study underscored the fact that sound financial knowledge is a key determinant of business success, as it enabled entrepreneurs to effectively manage cash flow, budget efficiently, and make informed financial decisions. The research further demonstrated a strong positive correlation between financial literacy and business expansion, with many respondents acknowledging that financial planning enhanced profitability and growth.

Additionally, the study highlighted the need for continuous financial education and training programmes to equip entrepreneurs with the necessary skills to navigate financial complexities. By adopting strategic diplomacy in financial literacy initiatives, stakeholders—including policymakers, financial institutions, and educational bodies—can collaborate to implement policies that foster financially empowered entrepreneurs, leading to sustainable business growth and economic development. Despite the valuable insights gained from this study, certain limitations were acknowledged. One of the key limitations is the sample size and geographic scope. The study focused on 500 respondents, which, while significant, may not fully captured the diverse experiences of all entrepreneurs across different industries and regions. Expanding the sample size and conducting a comparative study across multiple regions could provide a more comprehensive understanding of the role of financial literacy in entrepreneurship. Another limitation is the self-reported nature of financial literacy assessment. Since financial literacy levels were measured based on respondents' self-evaluation, there is a possibility of response bias, where individuals may

overestimate or underestimate their financial knowledge. Future studies could incorporate practical financial literacy tests or case-based assessments to obtain more objective data. Additionally, while the study explored the impact of financial literacy on entrepreneurial success, it did not examine external factors such as government policies, economic conditions, and technological advancements that may also influence financial decision-making among entrepreneurs. Incorporating these variables in future research could provide a more holistic perspective on the challenges and opportunities in entrepreneurial financial management.

Building on the findings of this research, several areas warrant further investigation to enhance understanding and improve financial literacy initiatives for entrepreneurs. There is need for a comparative analysis of financial literacy among entrepreneurs in different sectors. However, future research could as well examine how financial literacy vary across different industries, such as manufacturing, retail, agriculture, and technology. This would help in identifying sector-specific financial literacy needs and developing targeted training programmes. More so, considering the role of digital financial literacy in entrepreneurial growth along with the increasing adoption of digital financial tools, online banking, and fintech solutions, future studies could explore how entrepreneurs leverage technology for financial management. Understanding the impact of digital financial literacy on business growth, investment decisions, and financial risk management would be highly beneficial.

With the impact of financial literacy on access to funding for entrepreneurs, further research could investigate how varying levels of financial literacy affect entrepreneurs' ability to secure funding from banks, venture capitalists, and government grants. This would help policymakers design effective financial education programmes that improve access to finance for small and medium-sized enterprises (SMEs). Moreover, the longitudinal study on financial literacy and business sustainability, conducting a long-term study on how financial literacy influences business survival and growth over time would provide deeper insights into the effectiveness of financial education programmes. This could involve tracking entrepreneurs over several years to assess the long-term impact of financial literacy on business outcomes. By exploring these areas, future research can further strengthen the understanding of financial literacy's role in entrepreneurship, ultimately leading to more effective policies and educational initiatives that support business sustainability and economic development.

EDITOR-IN-CHIEF
Prof. A.I. Mteiye [MALAWI]

Recommendation for Policy Implementations

Based on the research findings, the following policy areas are recommended to enhance strategic diplomacy in accounting and financial literacy for entrepreneurial growth:

1. There need for integration of financial literacy into entrepreneurial training programs.
   Policymakers should mandate the inclusion of financial literacy courses in entrepreneurship development programmes. This will ensure that business owners acquire essential financial management skills, enabling them to budget effectively, manage cash flow, and interpret financial statements.
2. There is need to incorporate the financial risk management and loan accessibility policies.
   Government agencies and financial institutions should design policies that simplify access to loans and financial support for entrepreneurs, particularly for those with limited financial knowledge. Providing structured financial literacy training as a prerequisite for funding would help entrepreneurs make informed borrowing decisions and minimise financial risks.
3. With the growing reliance on digital financial tools, policies should promote the widespread adoption of fintech solutions among entrepreneurs. Government-led initiatives should provide training on the use of online banking, digital payment platforms, and investment tools, ensuring that business owners can leverage technology for financial growth and sustainability.
4. To enhance the long-term establishment of financial advisory support centres for entrepreneurs, there is need for long-term business sustainability. In actualising this, policies should encourage the creation of financial advisory centres that provide free or subsidised financial planning services for entrepreneurs. These centres should offer guidance on investment decisions, tax compliance, and business expansion strategies, ensuring that entrepreneurs receive continuous support in their financial decision-making.

By implementing these policy recommendations, governments and financial institutions can foster a financially empowered entrepreneurial ecosystem, leading to business sustainability, economic growth, and job creation.

References

Acs, Z. J., Audretsch, D. B., Lehmann, E. E., & Licht, G. (2018). National systems of entrepreneurship. Small Business Economics, 51(2), 271–293.

Abdullahi, K.; & Yusuf, M. (2024). Terrorism, political instability, and economic growth in Nigeria: An empirical investigation. ***African Journal of Political Science***. Johannesburg, South Africa.

Afolayan, A.; Folarin, O.; & Adeleke, B. (2022). The role of political instability and security risks on entrepreneurships in Nigeria: A multivariate analysis. ***International Journal of Entrepreneurial Behaviour and Research***, New York, USA.

Baker, H. K., & Ricciardi, V. (2015). Understanding behavioral aspects of financial planning and investing. ***Journal of Financial Planning***, 28(3), 22–26.

Brautigam, D. (2015). Nigeria: The political economy of a post-petrolist state. Africa Affairs, London, UK.

Bruhn, M., & Zia, B. (2013). Stimulating managerial capital in emerging markets: The impact of business and financial literacy for young entrepreneurs. ***Journal of Development Effectiveness***, 5(2), 232–266.

Chaudhry, M.; & Han, J. (2025). Cultural intelligence in accounting education: A cross-cultural perspective. ***International Journal of accounting and financial reporting***, Vol. 13, No. 2. Emerald Publishing, London, UK.

Chen, Y., Li, X., & Zhang, X. (2024). Financial literacy and household entrepreneurship: Evidence from China. Humanities and Social Sciences Communications.

Fatoki, O. (2014). The financial literacy of micro entrepreneurs in South Africa. ***Journal of Social Sciences***, 40(2), 151–158.

Hitt, M. A., Ireland, R. D., & Hoskisson, R. E. (2016). Strategic management: Competitiveness and globalisation. Cengage Learning.

Karlan, D., Knight, R., & Udry, C. (2015). Consulting and capital experiments with microenterprise tailors in Ghana. ***Journal of Economic Behavior & Organisation***, 118, 281–302.

Lewis, M. (2023). "Boko Haram's tactics and targets: Explaining variation in the geography of attacks in Northern Nigeria." Terrorism and political violence, Vol. 35, No. 3, Routledge, New York, USA.

López-Iturriaga, F. J., & Martín-Cruz, N. (2018). Financing entrepreneurs: How financial literacy and financial advice affect self-funding and external financing. ***Journal of Business Research***, 88, 257–264.

Lusardi, A., & Mitchell, O. S. (2014). The economic importance of financial literacy: Theory and evidence. ***Journal of Economic Literature***, 52(1), 5–44.

McCabe, k.; & Brown, M. (2022). Teaching strategic diplomacy in accounting education: A call for curricular innovation. ***Journal of Accounting Education***, Vol. 60, No. 4, Elsevier, Amsterdam, Netherlands.

Olubode, O.; & Adedeji, S. (2024). The integration of strategic diplomacy and financial literacy in accounting education: A critical assessment of challenges and prospects in Nigeria. ***Journal of Accounting and Public Policy***, 43(3), pp. 215-229. Elsevier, Amsterdam, Netherlands

Tang, Y. (2023). A conceptual framework for financial education. Citizenship, social and economics education, 22(2), 120-135.

Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic capabilities and strategic management. ***Strategic Management Journal***, 18(7), 509–533.

Van Essen, M., Engelen, P. J., & Carney, M. (2013). Does good corporate governance help in a crisis? The impact of country and firm-level governance mechanisms in the European financial crisis. Corporate Governance: ***An International Review***, 21(3), 201–224.

Wang, Y. (2024). Digital financial capability and entrepreneurship in China: A digital economy perspective. Sustainability, 16(16), 6885.

Wise, S. (2013). The impact of financial literacy on new venture survival. ***International Journal of Business and Management***, 8(23), 30–39.

Xue, S., Gepp, A., O'Neill, T. J., & Stern, S. (2022). Financial literacy and small business growth: Evidence from emerging markets. ***Journal of Small Business Management***, 60(1), 1–27.

Yang, Y., & Wang, Y. (2023). E-government and entrepreneurship: The perspective of risk. Emerging Markets Finance and Trade, 60(10), 2220-2236.

Zanna, M. (2023. Financial literacy and entrepreneurial intentions among polytechnic students in Northeast Geo-political zone of Nigeria. ***Fane-Fane International Multi-disciplinary Journal***, 7(2).

Zhao, Y., & Kusa, R. (2024). Financial literacy, entrepreneurial activity and entrepreneurial motivation. Finance Research Letter, 68, 105982.