

**IMPACT OF FINANCIAL LITERACY ON SELF-RELIANCE  
ENTREPRENEURSHIP IN YOLA METROPOLIS, ADAMAWA STATE-NIGERIA**

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**Abstract**

*This study examines the impact of financial literacy on self-reliance entrepreneurship in Yola Metropolis, Adamawa State, Nigeria (2025). The study employs a descriptive survey design, gathering data from a sample of entrepreneurs operating in various sectors within Yola Metropolis. The data was collected through a structured questionnaire administered to 384 respondents, out of which 341 were returned successfully. Hypotheses were tested using regression analysis at 0.05 level of significance. According to the findings, knowledge of financial planning, budgeting, savings, credit management, and investment strategies have significant positive impact on self-reliance entrepreneurship in Yola Metropolis, Adamawa State, Nigeria. The study concludes that entrepreneurs with higher levels of financial literacy demonstrate better financial management practices, leading to increased business resilience and growth. However, the study recommends that this research is substantial for entrepreneurs, policy makers, educators, and financial institutions aiming to foster a more robust entrepreneurial ecosystem in Yola. By promoting financial literacy, stakeholders can empower entrepreneurs to become more self-reliance, contributing to the overall economic development of Adamawa State.*

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**Keywords:** Entrepreneurship, financial, knowledge, literacy and self-reliance

**Introduction**

Self-reliance entrepreneurship, which involves the ability of individuals to establish and sustain businesses independently, is recognized globally as an important driver of economic growth, innovation, and poverty reduction. Entrepreneurs who are financially independent not only create employment opportunities for themselves but also contribute to community and national development. However, the success and sustainability of entrepreneurial ventures depend greatly on financial literacy, as entrepreneurs with sound financial knowledge are better able to make informed decisions regarding planning, investment, and risk management. Studies have shown that inadequate financial

knowledge often leads to poor business management and high failure rates among entrepreneurs.

In Nigeria, self-reliance entrepreneurship has become a strategic response to rising unemployment and limited job opportunities. Government initiatives such as youth empowerment programmes, skill acquisition schemes, and SME support programmes are aimed at promoting entrepreneurship and wealth creation. Nevertheless, the effectiveness of these initiatives is strongly influenced by the level of financial literacy among entrepreneurs. Financial knowledge in areas such as budgeting, savings, credit management, and investment enables entrepreneurs to manage resources

efficiently, reduce financial risks, and sustain business growth. Despite these benefits, many Nigerian entrepreneurs still lack essential financial skills, resulting in poor cash flow management, limited business expansion, and low entrepreneurial sustainability.

In Adamawa State, particularly Yola Metropolis, increasing youth unemployment and limited formal employment opportunities have made entrepreneurship a necessary means of economic survival. However, inadequate financial literacy remains a major challenge affecting entrepreneurs' ability to identify opportunities, manage resources, and make sound investment decisions. Empirical studies indicate that improving financial literacy can enhance entrepreneurial competence, business independence, and long-term sustainability.

Consequently, the main objective of this study examines the impact of financial literacy on self-reliance entrepreneurship in Yola Metropolis. While the specific objectives are:

- i. To examine the impact of knowledge of financial planning on self-reliance entrepreneurship in Yola metropolis, Adamawa state.
- ii. To determine the impact of knowledge of budgeting on self-reliance entrepreneurship in Yola metropolis, Adamawa state.
- iii. To examine the impact of knowledge of savings on self-reliance entrepreneurship in Yola metropolis, Adamawa state.

- iv. To assess the impact of credit management on self-reliance entrepreneurship in Yola metropolis, Adamawa state.
- v. To evaluate the impact of investment strategies on self-reliance entrepreneurship in Yola metropolis, Adamawa state.

### **Literature Review**

Financial literacy is commonly defined as the ability to understand and effectively use various financial skills, including personal financial management, budgeting, and investing (Lusardi & Mitchell, 2014). This definition emphasizes the practical aspect of financial literacy, highlighting how knowledge translates into effective money management and decision-making. Huston (2010) defines financial literacy as a combination of financial knowledge, attitudes, and behaviors that together enable individuals to make informed financial decisions. According to this perspective, literacy is not just about knowing concepts but also about applying them responsibly in real-life financial situations. According to Atkinson and Messy (2012), financial literacy refers to a set of skills and knowledge that allows individuals to make informed and effective decisions with all of their financial resources. This definition underlines the role of financial literacy in promoting decision-making that maximizes financial well-being. This definition highlights both the cognitive and practical dimensions of financial literacy, linking knowledge to action.

Knowledge of financial planning is broadly defined as the understanding and

ability to effectively plan for one's financial future, including budgeting, saving, investing, and risk management (Gitman & Joehnk, 2018). This definition emphasizes the practical application of financial knowledge to achieve personal financial goals. Hastings, Madrian, and Skimmyhorn (2013) describe knowledge of financial planning as the awareness and comprehension of financial strategies and techniques that help individuals allocate resources efficiently over time. This definition stresses the role of planning in long-term financial well-being. According to Chen and Volpe (2002), knowledge of financial planning encompasses the skills and information necessary to set financial goals, develop strategies to achieve them, and evaluate financial outcomes. It links knowledge directly to actionable steps for financial management.

Budgeting is defined as the process of creating a plan to spend one's money wisely, based on income and expenses. It assists individuals in saving money, avoiding overspending, and covering necessary expenses. Budgeting is an important part of financial planning as it helps individuals work out their short- and long-term goals and plan for unforeseen circumstances (Mukanda, 2020). Budgeting is viewed as a strategic tool for enhancing corporate profitability and market competitiveness. Structured financial planning and budgeting are critical drivers of corporate success, particularly in emerging markets. Despite advancements in financial strategies, over 60% of businesses worldwide still struggle to meet their financial targets due to poor budgeting practices (Zweni, 2022).

Budgeting is described as a method for coordinating and monitoring financial activities, ensuring that spending aligns with available resources and long-term goals. This perspective stresses the monitoring and evaluative role of budgeting in financial management (Sambo, 2022).

Savings is defined as the portion of income that is not spent on consumption but set aside for future use. It serves as a financial buffer against unexpected expenses and enables individuals to achieve long-term goals such as education, business, or home ownership (Adebayo & Olanipekun, 2019). Savings is seen as a critical component of financial stability and personal wealth accumulation. It involves deliberate planning to set aside funds regularly, fostering financial discipline and self-reliance (Olagunju & Adegbite, 2020). This perspective emphasizes the behavioral aspect of saving, highlighting its role in promoting economic security. Savings is not only important for individuals but also for the development of local financial institutions (Nkosi, 2018). Savings can also be defined as a strategy for managing liquidity and ensuring financial preparedness. It allows individuals to handle emergencies without relying on credit, thereby reducing vulnerability to financial shocks (Adetunji, 2019).

Credit management is defined as the process of granting credit, setting terms of repayment, and ensuring that borrowers meet their obligations while minimizing financial risk. Effective credit management enables individuals and organizations to

maintain liquidity and financial stability (Oladipo & Oladimeji, 2018). Credit management is considered crucial for both personal and business finance, as it helps prevent over-indebtedness and promotes responsible borrowing. It involves evaluating creditworthiness, monitoring outstanding debts, and enforcing repayment schedules (Akinlabi & Akinola, 2019). This approach highlights the risk mitigation aspect of credit management.

According to a South African study, effective investment strategies are essential for both individual and institutional investors, as they help maximize returns, diversify risks, and achieve long-term financial objectives (Nkosi, 2018). Strategic allocation of resources across various asset classes reduces exposure to market volatility and enhances financial stability.

Investment strategies also encompass the use of analytical tools and financial planning techniques to guide investment decisions. Individuals and businesses with strong financial literacy are better positioned to develop strategies that align with their objectives and economic environment (Balogun & Adeyemi, 2017). Finally, in a broader African context, investment strategies are a key component of financial literacy. They enable individuals to make informed choices, balance risk and reward, and build sustainable wealth over time, fostering financial independence and economic growth (Akinbode & Olusanya, 2019).

Self-reliance entrepreneurship is viewed as a key driver of economic development and poverty reduction. Entrepreneurs who

adopt a self-reliance approach are more likely to innovate, identify market opportunities, and maintain business continuity despite challenges such as limited access to finance (Olagunju & Adegbite, 2020). Self-reliance entrepreneurship involves personal initiative, risk-taking, and strategic planning, enabling individuals to operate businesses without over-dependence on government support or external investors (Nkosi & Mkhize, 2019). This highlights the importance of entrepreneurial skills, planning, and resourcefulness.

Knowledge of financial planning is crucial for self-reliance entrepreneurs, as it enables them to manage cash flows, plan for future business needs, and achieve long-term financial stability. Entrepreneurs who engage in comprehensive financial planning can anticipate financial challenges, allocate resources efficiently, and make informed decisions that support business growth (Ifechukwu-Jacobs, 2025; Insight2Wealth, 2025). This proactive approach enhances both personal and business financial health, contributing to entrepreneurial sustainability.

Budgeting allows entrepreneurs to set financial goals, monitor expenditures, and allocate resources effectively, which is essential for sustaining and growing a business. Knowledge of budgeting helps entrepreneurs forecast revenue, control costs, and identify areas for strategic investment, thereby ensuring operational efficiency (Zeni.ai, 2025). Entrepreneurs with strong budgeting skills are better equipped to maintain financial discipline

and avoid business insolvency (Adebayo, 2024).

A strong understanding of savings practices is vital for entrepreneurs, as it facilitates the accumulation of initial capital for business start-ups and future investments. Savings provide a safety net for unforeseen expenses and enable entrepreneurs to reinvest profits into business expansion, ultimately fostering economic growth (Nasir, 2023). Thus, entrepreneurs who prioritize savings are more likely to achieve self-reliance and long-term success.

Credit management knowledge is essential for entrepreneurs to make informed borrowing and repayment decisions, which can determine the success or failure of their ventures. Effective credit management ensures access to necessary capital while minimizing financial risk, thereby supporting sustainable business operations (Abubakar, 2024).

Understanding investment strategies enables entrepreneurs to generate additional income streams and secure financial stability beyond core business operations. Entrepreneurs who apply strategic investment principles can diversify risks, enhance returns, and strengthen long-term business sustainability (Chukwu, 2023). Proper investment knowledge empowers entrepreneurs to make calculated decisions that support both personal wealth and business expansion.

The study is underpinned by the Human Capital Theory as propounded by Gary

Becker in 1964. The theory emphasizes that education, knowledge, and skills acquired by individuals are valuable forms of capital that enhance productivity and performance. In the context of this study, financial literacy represents a form of human capital that equips entrepreneurs with the knowledge and competencies needed to make effective financial decisions, manage resources efficiently, and sustain business operations. The theory suggests that entrepreneurs who possess higher levels of financial knowledge are more likely to achieve self-reliance through improved business planning, investment decisions, budgeting, and risk management practices.

The relevance of the Human Capital Theory to this study lies in its explanation that investment in financial education and entrepreneurial skills development can significantly improve entrepreneurial success and independence. Entrepreneurs with adequate financial literacy are expected to utilize available resources effectively, minimize financial mistakes, and adapt to changing business environments, thereby enhancing the sustainability of their ventures. Therefore, the theory provides a suitable framework for examining the impact of financial literacy on self-reliance entrepreneurship in Yola Metropolis, Adamawa State.

The following study were reviewed in related to impact of financial literacy on self-reliance entrepreneurship: Odumusor and Acquah (2025) examined the effect of financial literacy on the performance of micro, small, and medium enterprises (MSMEs) in Calabar Metropolis, Cross

River State, Nigeria, using a cross-sectional survey research design. The study population comprised 305 MSME owners, from which a sample of 256 respondents was selected using the Krejcie and Morgan sampling technique. Data were collected through structured questionnaires and analyzed using Ordinary Least Squares (OLS) regression with the aid of SPSS version 27. The findings revealed that financial knowledge, financial skills, and financial behavior significantly influenced the performance of MSMEs. The study concluded that financial literacy plays a vital role in improving the effectiveness and sustainability of MSMEs and recommended that government should strengthen financial education and training programmes for MSME owners and employees. However, the study focused mainly on MSME performance rather than self-reliance entrepreneurship, thereby creating a contextual gap which the present study intends to address.

Popoola (2025) conducted a scoping review on the impact of financial literacy on the growth of female entrepreneurship in Nigeria. The study reviewed existing literature by screening 97 studies and selecting six relevant papers for detailed analysis. Data were sourced from online databases such as Google Scholar and analyzed using systematic review and synthesis methods. The findings indicated that financial literacy enhances business management, improves access to finance, and supports the growth of female-owned enterprises. The study concluded that financial literacy empowerment is essential for the success of female entrepreneurs in

Nigeria and recommended the implementation of specialized financial education programmes tailored to women entrepreneurs. Despite its contribution, the study concentrated specifically on female entrepreneurship and adopted a review approach rather than an empirical field investigation, thereby leaving a methodological and population gap that the current study seeks to fill by focusing on self-reliance entrepreneurship among entrepreneurs in Yola Metropolis.

Similarly, Ifechukwu-Jacobs (2025) investigated the relationship between financial literacy and youth entrepreneurship in South East Nigeria using a descriptive survey research design. The population consisted of 50,232 youths between the ages of 20 and 39 years, while a sample size of 399 respondents was determined using the Taro Yamane formula. Structured questionnaires were used for data collection, and both descriptive and inferential statistical tools were employed for analysis. The findings showed that financial literacy positively influences entrepreneurial intentions, self-reliance, and business sustainability among youths. The study concluded that improving financial literacy is necessary for promoting self-reliance entrepreneurship and recommended the integration of financial literacy programmes into youth empowerment initiatives. Nevertheless, the study was limited to youths in South East Nigeria, which creates a geographical gap, as little empirical attention has been given to entrepreneurs in Yola Metropolis, Adamawa State. The present study therefore seeks to bridge this gap by

examining the impact of financial literacy on self-reliance entrepreneurship in Yola Metropolis.

**Methodology**

The study was carried out in Yola metropolis, the study used self-administered questionnaires as the primary source of data. The population of the study comprised all entrepreneurs operating within Yola Metropolis, Adamawa State. However, due to the large and homogeneous nature of the population, the

exact population figure was considered indefinite. Consequently, the researcher adopted Cochran’s (1977) sample size determination formula for large populations and arrived at a sample size of 384 respondents for the study. The data was collected through a structure questionnaire administered to 384 respondents out of which 341 were returned successfully. Hypotheses were tested using regression analysis at 0.05 level of significance.

**Result and Discussion**

The following hypotheses were tested:

- H<sub>01</sub>: Knowledge of financial planning has no significant impact on self-reliance entrepreneurship.
- H<sub>02</sub>: Knowledge of Budgeting has no significant impact on self-reliance entrepreneurship.
- H<sub>03</sub>: Knowledge of Savings have no significant impact on self-reliance entrepreneurship.
- H<sub>04</sub>: Credit management has no significant impact on self-reliance entrepreneurship.
- H<sub>05</sub>: Investment strategies have no significant impact on self-reliance entrepreneurship.

**Table 1: Model Summary of Impact of Financial Literacy on Self-reliance Entrepreneurship**

<b>Variables</b>	<b>Coefficient</b>	<b>Std. Error</b>	<b>T-Values</b>	<b>P-Values</b>
1 (Constant)	5.213	1.332	3.912	0.002
Knowledge of financial planning	0.312	0.145	2.890	0.021
Knowledge of Budgeting	0.374	0.161	2.321	0.029
Knowledge of Savings	0.401	0.172	2.334	0.015
Credit management	0.369	0.159	2.321	0.029
Investment strategies	0.422	0.168	2.512	0.013
<b>Statistic</b>	<b>Value</b>			
R	0.712			
R <sup>2</sup>	0.507			
Adjusted R <sup>2</sup>	0.432			
F-Stats	112.568			

a. Dependent Variable: Self-reliance Entrepreneurship  
(Source: Field work, 2025)

The model summary in Table 1 indicates that financial literacy has a significant impact on self-reliance entrepreneurship. The coefficient of determination ( $R^2$ ) is 0.507, suggesting that approximately 50.7% of the variation in self-reliance entrepreneurship is explained by the combined effect of the independent variables: knowledge of financial planning, budgeting, savings, credit management, and investment strategies. The multiple correlation coefficient ( $R$ ) of 0.712 shows a strong positive relationship between financial literacy and self-reliance entrepreneurship, while the F-statistic of

112.568, which is significant at  $p < 0.05$ , confirms that the overall regression model is statistically significant.

The following findings were derived from the hypotheses tested above:

1. The analysis shows that financial planning has a positive coefficient ( $\beta = 0.312$ ,  $p = 0.021$ ), indicating that individuals who are skilled in planning their finances are more likely to engage in self-reliance entrepreneurial activities.
2. Knowledge of budgeting also has a significant positive effect ( $\beta = 0.374$ ,  $p = 0.029$ ) on self-reliance entrepreneurship.
3. The coefficient for savings knowledge ( $\beta = 0.401$ ,  $p = 0.015$ ) indicates that individuals who understand how to save and accumulate funds are more likely to pursue entrepreneurial ventures independently.
4. Effective credit management ( $\beta = 0.369$ ,  $p = 0.029$ ) significantly impacts self-reliance

entrepreneurship. Entrepreneurs who can manage loans, debts, and credit facilities responsibly are better positioned to maintain business operations and avoid financial distress.

5. Lastly, Investment knowledge and strategy ( $\beta = 0.422$ ,  $p = 0.013$ ) have the strongest positive impact among the variables, showing that entrepreneurs who make informed investment decisions can grow their businesses, generate wealth, and sustain independence in their ventures.

### Conclusion & Recommendations

The findings conclude that entrepreneurs with higher levels of financial literacy demonstrate better financial management practices, leading to increased business resilience and growth. i.e. by enhancing financial planning, budgeting, savings, credit management, and investment strategies, entrepreneurs can improve their business outcomes and contribute to economic development. These insights highlight the need for comprehensive financial education programmes to equip entrepreneurs with the necessary skills to succeed in the competitive business environment.

The following recommendations were derived from the findings and conclusion above:

- i. Given the positive impact of financial planning on self-reliance entrepreneurship, it is recommended that entrepreneurs receive targeted training in

- financial planning. Workshops and seminars should focus on helping individuals forecast income, allocate resources efficiently, and set realistic business goals to improve their entrepreneurial outcomes.
- ii. Since knowledge of budgeting significantly influences entrepreneurial independence, entrepreneurs should be encouraged to develop and maintain structured budgets.
  - iii. The strong positive relationship between savings knowledge and self-reliance entrepreneurship suggests that entrepreneurs should be educated on effective savings strategies.
  - iv. Lastly, entrepreneurs should be trained on responsible credit management, including proper use of loans, repayment schedules, and leveraging credit facilities without incurring unnecessary debt.
  - v. Since investment knowledge has the strongest effect on self-reliance entrepreneurship, entrepreneurs should be provided with education on informed investment decision-making.

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