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Entrepreneurial Finance and Risk Management of SMES in Rivers State, Nigeria

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ABSTRACT: *This study investigates the relationship between entrepreneurial finance and risk management among Small and Medium-sized Enterprises (SMEs) in Rivers State, Nigeria. Despite the vital role SMEs play in economic development, many face financial constraints and lack structured risk management practices, exposing them to operational and financial vulnerabilities. The study operationalized entrepreneurial finance using two dimensions—access to capital and financial planning—while risk management was assessed through operational risk control and financial risk mitigation. A cross sectional survey design was employed, with data collected from 156 SME owners and managers across diverse sectors in Rivers State. Data was analysed using Spearman's correlation coefficient technique. Analysis revealed strong and significant positive relationships between the financial dimensions and risk management indicators. Specifically, both access to capital and financial planning were significantly correlated with improved operational and financial risk controls. These findings suggest that improved access to finance and proactive financial planning are critical for building SMEs resilience. The study recommends policy support for SMEs financing, enhanced financial literacy programs, and the integration of risk-based financial strategies to ensure sustainable growth and stability.*

Keywords: Entrepreneurial Finance, Risk Management, Access to Capital, Financial Planning

INTRODUCTION

Effective risk management is critical for the survival of SMEs in Nigeria, where resource constraints and market volatility expose businesses to multiple vulnerabilities. Studies repeatedly suggest that enterprise risk management (ERM) improves SME survival rates by proactively detecting and mitigating threats (Ibiwoye et al., 2020). Risk management is critical for SMEs (Small and Medium-sized Enterprises), which frequently operate with little resources, leaving them subject to disruptions and uncertainty. Compared to large firms with strong financial buffers, SMEs are especially vulnerable to swings in market demand, inflation, regulatory changes, and supply chain disruption. Risk management enables SMEs to foresee these risks and devise contingency measures, assuring business continuity. According to McKinsey & Company (2023), SMEs that use structured risk management frameworks are better able to withstand economic shocks and retain operational stability.

Implementing risk management systems enables SMEs to detect possible dangers early, assess their impact, and allocate resources for mitigation. This systematic method encourages educated decision-making, allowing business owners and managers to avoid reactive crisis management and instead implement proactive measures. ISO (2023) underlines that using internationally recognized risk management principles, such as ISO 31000, enables SMEs to incorporate risk awareness into their daily procedures and strategic planning. This integration not only improves resilience, but it also boosts stakeholder confidence, including that of investors, customers, and lenders.

Risk management also promotes financial stability. Identifying financial risks, such as cash flow shortfalls, currency fluctuations, or credit defaults, allows SMEs to create internal controls, build reserves, and obtain suitable insurance or hedging options. According to Deloitte (2024), SMEs that actively manage financial risks are better able to sustain liquidity and meet obligations during downturns. Furthermore, risk management fosters growth by encouraging SMEs to diversify markets, use digital tools, and engage with partners who have similar risk objectives. Furthermore, risk management improves strategic competitiveness. In today's dynamic and unpredictable business world, risk management is more than just preventing losses; it is also about allowing agility and creativity. SMEs that recognize and manage risks successfully can take measured risks in new product creation, market expansion, and technological advancement. As mentioned by PwC Nigeria (2023), incorporating risk thinking into strategy planning allows SMEs to respond more quickly to industry trends and emerging difficulties, making them more adaptable and future ready.

Entrepreneurial finance is crucial to defining the growth trajectory and resilience of small and medium-sized firms (SMEs), especially in emerging markets such as Nigeria. In Rivers State, a region heavily influenced by the oil industry, SMEs commonly confront capital constraints, underdeveloped financial markets, and changes in credit availability and revenue sources (Egwe & Odom, 2025). Successful entrepreneurial financing, which includes equity investments, microlending, government guarantees, and fintech-based platforms, enables SMEs to overcome these challenges and achieve scalable growth (Lijoka, 2022). With adequate money and well-organized financial strategies, SMEs may invest in innovation, human resources, and operational expansion, allowing them to compete effectively and sustainably.

The unstable economic environment, which includes regular fluctuations in oil income, infrastructure deficiencies, and regulatory uncertainty, highlights the importance of risk management. Small and medium-sized firms (SMEs) that experience operational disruptions, fluctuating cash flows, and sharp fluctuations in market demand require robust risk prediction, assessment, and mitigation systems (Ogbuabor, 2023). SMEs can transform risk governance from a reactive compliance activity to a proactive strategic capability by applying structured frameworks such as ISO 31000-based enterprise risk management or internal financial controls (Chukwudi, 2024). Creating an awareness and readiness culture can help SMEs withstand external shocks and maintain continuity in the face of unpredictability.

Furthermore, empirical data show that entrepreneurial finance and risk management are inextricably intertwined. Budgeting, forecasting, and cash-flow modelling are examples of financial planning techniques that not only aid in proper capital allocation but also improve risk awareness by identifying flaws in adverse scenarios (Ajuka et al., 2024). When SMEs incorporate risk management into their financial plan, they can balance growth objectives with operational stability and investor confidence. Similarly, a strong risk management culture builds investor trust, expanding access to alternative funding choices like equity, venture finance, and government grants (Ibrahim, 2023).

Entrepreneurial finance and proactive risk management are critical for SME sustainability in Rivers State, as capital availability alone is insufficient if not backed by sound financial planning, and risk reduction is ineffective without resource buffers and strategic vision. For SMEs operating in volatile, infrastructure-challenged, and oil-dependent contexts, these two pillars—strategic financing and embedded risk governance—lay the groundwork for resilience, growth, and long-term competitiveness in Nigeria's dynamic economic climate. Despite numerous studies on entrepreneurial finance (Ajuka et al., 2024; Ibrahim, 2023; Ogbuabor, 2023); Egwe & Odom, 2025. and risk management (ISO, 2023; Deloitte, 2024; Ibiwoye et al., 2020) globally and nationally, there remains a notable dearth of empirical evidence specifically addressing the influence of entrepreneurial finance on the risk management practices of SMEs in Rivers State, Nigeria. This research gap is significant, given the region's economic volatility and the critical role of SMEs in employment and local development. The absence of context-specific data limits the ability of policymakers, financial institutions, and SME operators to design targeted financial strategies that enhance risk resilience. Hence, this study is motivated by the need to empirically examine the relationship between entrepreneurial finance and risk management among SMEs in Rivers State, with a view to contributing practical and theoretical insights to the discourse.

Statement of the Problem

Small and Medium-sized Enterprises (SMEs) are critical to the Nigerian economy, contributing considerably to job creation, innovation, and economic growth. However, these businesses frequently operate in turbulent and uncertain situations, particularly in areas such as Rivers State, where economic and infrastructure issues are common. One of the most important concerns facing SMEs in this region is inefficient risk management. Many SMEs lack systematic risk identification, assessment, and mitigation procedures, leaving them susceptible to operational interruptions, financial losses, and market failures (PwC Nigeria, 2023; ISO, 2023). Despite the increased recognition of risk as a crucial business function, SMEs in Rivers State frequently use informal procedures or reactive approaches that impede sustainability and scalability.

When risk management is not handled properly, SMEs face serious implications that threaten their survival. First, financial insecurity becomes more widespread, with difficulties such as insufficient liquidity, loan defaults, and bad debt management hindering expansion. These financial weaknesses expose SMEs to insolvency risk, particularly during economic downturns or crises (Deloitte, 2024). Second, poor risk management has an impact on operational continuity—supply chain disruptions, cybersecurity breaches, and equipment failures frequently go unreported, resulting in revenue loss and customer attrition (OECD, 2024). In Rivers State, these issues are exacerbated by infrastructure shortfalls and regulatory ambiguity, raising SME risk.

Furthermore, inefficient risk management impedes strategic progress. Small and medium-sized enterprises (SMEs) that are unable to effectively manage risks may forego innovation, digital transformation, or market expansion for fear of loss or failure. This stagnation keeps them in low productivity cycles, lowering their competitiveness and ability to generate long-term value (World Bank, 2023). The lack of organized risk protocols also undermines investor confidence, limiting access to external capital or collaborations that could help them expand their operations. In high-risk situations such as Rivers State, these constraints exacerbate economic fragility and lower SMEs' overall contribution to regional growth.

Although various governmental and private sector initiatives, such as Bank of Industry (BOI) interventions, SME development programs, and entrepreneurship trainings, have been implemented to improve SME resilience, these efforts have not addressed the root cause of poor risk management, particularly in terms of financial empowerment (SMEDAN, 2023). Despite these measures, most SMEs continue to suffer with insufficient capital and a lack of strategic financial tools to adequately manage risks. This persistence of failure shows that the underlying cause may be a gap between financial structure and risk management.

This study aims to fill that vacuum by investigating how entrepreneurial finance, specifically access to capital, financial planning, and funding diversification, might affect and improve risk management practices among SMEs in Rivers State. By concentrating on this relationship, the study hopes to provide practical insights that will allow SMEs to integrate financial decision-making with proactive risk management, thereby increasing resilience, growth, and long-term sustainability in the face of regional problems.

Aim and Objectives of the Study

The aim of this study is to examine the relationship between entrepreneurial finance and risk management SMEs in Rivers State, Nigeria. The specific objectives are to;

i. Examine the relationship between access to capital and operational risk control of the SMEs in Rivers State.
ii. Determine the relationship between access to capital and financial risk mitigation of the SMEs in Rivers State.
iii. Examine the relationship between financial planning and operational risk control of the SMEs in Rivers State.
iv. Determine the relationship between financial planning and financial risk mitigation of the SMEs in Rivers State.

Research Questions

The following research questions were given in the study;

i. What is the relationship between access to capital and operational risk control of the SMEs in Rivers State?
ii. How does access to capital relate with financial risk mitigation of the SMEs in Rivers State?
iii. How does financial planning relate with operational risk control of the SMEs in Rivers State?
iv. What is the relationship between financial planning and financial risk mitigation of the SMEs in Rivers State?

Research Hypotheses

The following research hypotheses were stated and tested in this study;

Ho_1: There is no significant relationship between access to capital and operational risk control of the SMEs in Rivers State
Ho_2: There is no significant relationship between access to capital and financial risk mitigation of the SMEs in Rivers State
Ho_3: There is no significant relationship between financial planning and operational risk control of the SMEs in Rivers State
Ho_4: There is no significant relationship between financial planning and financial risk mitigation of the SMEs in Rivers State.

LITERATURE REVIEW

This work is based on contingency theory. The contingency theory of management was created by Fred Fiedler in the 1960s. This theory holds that there is no single ideal approach to manage an organization; rather, the best course of action is determined by internal and external factors (Fiedler, 1964). Contingency Theory is especially relevant for SMEs in Rivers State, Nigeria, since market instability, regulatory changes, and infrastructure limits constantly disrupt business operations. Small and medium-sized enterprises (SMEs) must tailor their risk management strategies to the individual challenges and opportunities they face. For example, a company in the oil and gas industry may emphasize operational risk controls due to high vulnerability to equipment failures and regulatory scrutiny, whereas a retail SME may prioritize financial risk reduction due to cash flow volatility. SMEs increase their resilience and competitiveness by tailoring risk responses to specific contextual conditions (Donaldson, 2001). This hypothesis backs up the premise that flexible, context-driven risk management—rather than rigid, one-size-fits-all approaches—is critical for SME viability in dynamic environments like Rivers State.

Conceptual Framework

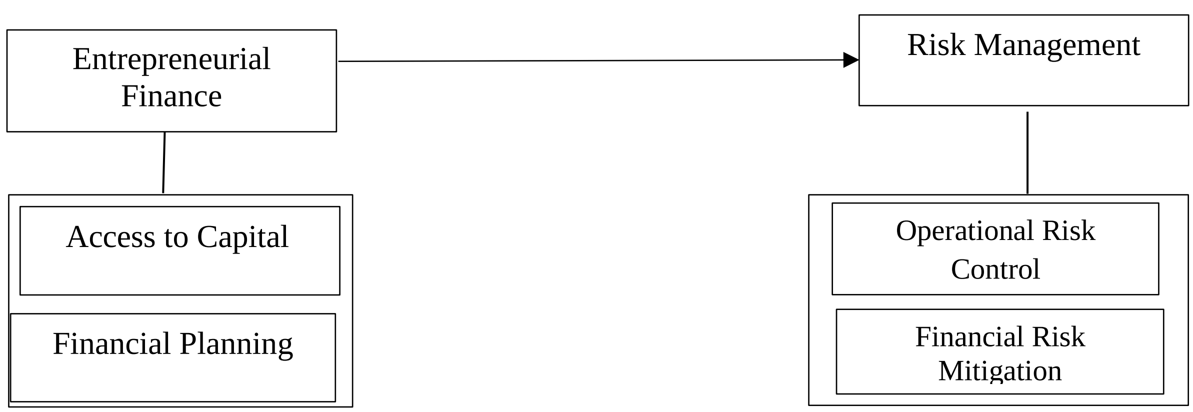

Figure 1: A conceptual framework showing the relationship between Entrepreneurial finance and Risk management
Source: Adapted from Georgewill (2024), Egwe and Odom (2025), and Chapelle (2023

Entrepreneurial Finance

Entrepreneurial finance is the strategic acquisition and administration of capital, such as equity, debt, crowdfunding, and institutional investment, during a company's growth stages (Egwe & Odom, 2025; Georgewill, 2024; OECD, 2024). It is crucial in determining how, when, and from whom capital is raised, influencing corporate valuation, sustainability, and innovation (Wikipedia, 2023; Igwe et al., 2024). Diverse funding choices, such as venture capital and government-backed loans, are critical for SMEs in developing countries, particularly in areas with inadequate institutional support or stringent lending terms (OECD, 2024; Liu, 2023). Beyond capital acquisition, entrepreneurial finance is a strategic tool for increasing resilience and competitiveness, especially in uncertain markets such as Nigeria's oil-dependent economy (Kacer, 2025; OECD, 2024). SMEs with organized financial planning and varied funding sources perform better in terms of cash flow management, cost control, and innovation (Egwe & Odom, 2025; Georgewill, 2024). Furthermore, financial literacy and strong budgeting skills enable entrepreneurs to present realistic financial plans and negotiate favourable funding terms (Egwe & Odom, 2025; Wikipedia, 2023).

Access to Capital

Access to capital refers to SMEs' capacity to receive financial resources (such as loans, equity investments, or grants) required for inception, operations, and growth. It has a significant impact on company growth, innovation, and survival (Kraemer-Eis et al., 2023; OECD, 2023). Although bank credit remains the primary source of financing for SMEs, there are still structural gaps that exist when collateral and credit history are insufficient (Kraemer-Eis et al., 2023; House of Commons Treasury Select Committee, 2024). Access to money is essential for acquiring productive assets, maintaining operations during lean periods, and funding innovation (Kraemer-Eis et al., 2023; OECD, 2023). When SMEs lack cash, businesses may miss out on market possibilities, struggle to hire skilled workers, or fail to invest in new technology, lowering competitiveness (Taylor, 2025). Furthermore, capital shortage might limit supply chain participation, innovation dissemination, and the capacity to adapt to economic shocks (Bipartisan Policy Centre, 2024). Improving access to credit and fintech leads to increased job creation, productivity, and regional development (OECD, 2023; Kraemer-Eis et al., 2023).

Financial Planning

Financial planning encompasses budgeting, forecasting, scenario analysis, and aligning financial strategies with strategic corporate goals (Aoun, 2023; de Araújo Lima et al., 2020). This proactive approach enables SMEs to foresee cash shortages, reallocate resources more efficiently, and sustain liquidity under pressure. Research indicates that organized financial planning leads to improved operational performance and stability, especially amid economic volatility (de Araújo Lima et al., 2020). Firms that practice thorough financial planning are better able to foresee market swings, negotiate with investors and lenders, and continue operations during downturns (Aoun, 2023). According to de Araújo Lima et al. (2020), SMEs who used comprehensive financial planning throughout the pandemic had fewer closures and more agile pivots. Mensi et al. (2023) also emphasize that planning promotes opportunity recognition, allowing businesses to enter new markets or invest in innovation proactively. Thus, financial planning serves as both a defensive and strategic tool for SME resilience and growth.

Risk Management

Risk management entails recognizing, evaluating, and managing threats to performance or continuity, such as financial volatility, operational failure, or market disruptions (Ogbuabor, 2023). Using structured methodologies like ERM and ISO 31000 can help SMEs embed risk awareness in decision-making and daily operations (Al-Dosari & Fetais, 2023). Weak risk frameworks make SMEs vulnerable to inflation, interest rate shocks, and supply chain disruptions (Chukwudi, 2024; Okorie, 2023). Beyond defence, risk management fosters innovation, digital transformation, and long-term resilience by freeing up resources and boosting confidence (Amadi & Laoye, 2023; Nwachukwu, 2024). Early-warning systems and cyber-risk assessments assist businesses in pivoting during crises, while a risk-aware culture promotes business continuity (Ibrahim, 2023). Thus, risk management is not only reactive, but also strategic in enabling SME sustainability and competitiveness.

Operational Risk Control

Operational risk control refers to the procedures, internal inspections, and systems in place to prevent losses caused by errors, fraud, system failures, or supply chain interruptions (Ismail et al., 2023). Such control efforts limit operational unpredictability, resulting in consistent product quality and service delivery. According to Hudáková et al. (2023), enterprises in Central Europe that have excellent operational controls encounter fewer disruptions and do better financially. Without proper controls, SMEs are prone to internal failure points such as data breaches, process breakdowns, or employee misconduct, which can result in significant disruptions or regulatory penalties (Ismail et al., 2023; Chapelle, 2023). Although resource-constrained SMEs may find controls cumbersome, Chapelle (2023) warns that ignoring them risks catastrophic failure. Systematic operational control is critical for maintaining operational continuity, creating customer trust, and ensuring long-term survival.

Financial Risk Mitigation

Financial risk mitigation refers to the techniques employed to safeguard SMEs from swings in interest rates, loan defaults, currency volatility, and unanticipated expenses. Insurance, hedging, diversified portfolios, and structured loan agreements are among the techniques used (Aoun, 2023; Mensi et al., 2023). Research suggests that enterprises that use these approaches have greater cash flows, sustained investment throughout downturns, and higher solvency (Aoun, 2023; de Araújo Lima et al., 2020). SMEs can stabilize operations and finance demands by managing their financial exposure (Mensi et al., 2023). Firms that hedged on foreign exchange or interest rates saw lower margin swings during the epidemic (de Araújo Lima et al., 2020). Insurance and credit risk plans provide further protection against systemic and idiosyncratic dangers, allowing businesses to focus on growth rather than crisis management (Aoun, 2023; Mensi et al., 2023). As a result, financial risk mitigation is an important driver of resilience and long-term performance.

Empirical Review

Nwekeala (2023) conducted research to determine the association between venture capital financing and the growth of small and medium-sized enterprises (SMEs) in Rivers State. The study examined how equity and debt finance affect market share expansion and overall firm performance. A random sample of 310 SMEs was drawn from a population of 2,596 registered businesses in Port Harcourt. Using a correlational research design and the Spearman Rank Order Correlation approach, the study discovered that access to venture capital has a significant impact on SMEs' growth. The findings underscored the importance of diversifying finance sources for increasing operational capacity and maintaining firm performance in a challenging economic climate such as Nigeria.

Egwe and Odom (2025) investigated how entrepreneurial budgeting techniques affect the financial performance of small and medium-sized enterprises in Rivers State. The study looked at how budgeting preparation, execution, and review methods impact profitability, cost control, and sales volume. A simple random sampling strategy was used to choose 322 individuals from a population of 1,658 SMEs. Data were gathered using structured questionnaires and evaluated using multiple regression analysis. According to the survey, SMEs that implement sophisticated budgeting systems perform much better financially. These findings underscored structured financial planning's strategic importance in entrepreneurial finance, as well as its role in boosting SME sustainability.

Bob Manuel (2024) investigated the correlation between corporate entrepreneurship, specifically innovativeness and competitive aggression, and SME performance in Rivers State. A census of 50 SMEs was undertaken, with responses from 100 top managers (two each organization). The study employed a cross-sectional survey approach and tested the hypotheses using Spearman's Rank Correlation. The findings revealed a robust, statistically significant link between entrepreneurial orientation and company performance. The study indicated that entrepreneurial finance, when combined with innovative techniques, can generate a competitive edge and improve organizational performance.

Oshi, Akaibe, and Ezeudenna (2020) examined the impact of accounting information systems (AIS) on the entrepreneurial success of SMEs in Rivers State. The study included 250 SMEs from five distinct industries, with 152 selected using the Krejcie and Morgan sampling formula. A total of 140 valid replies were examined using Pearson correlation and regression methods. The study discovered a positive and strong correlation between AIS adoption and key entrepreneurial success factors including profitability and business growth. This emphasizes the value of risk control tools and financial management systems in improving SMEs' operational resilience and strategic performance.

METHODOLOGY

The cross-sectional survey was used in this study. The accessible populations comprise of CEO of 156 SMEs within Rivers State. The study was a censor study. The primary data was obtained using a well-structured questionnaire. The independent variable**,** entrepreneurial finance, was operationalized using two dimensions: access to capital and financial planning. Each of these constructs was measured using a set of five items. Five items were used in measuring access to capital (e.g. My business can easily obtain loans from financial institutions*).* Likewise, five items were used in measuring financial planning (e.g. My business prepares formal financial plans and budgets*).* On the other hand, the criterion variable, Risk management, was measured using operational risk control and financial risk mitigation. Five items were used to measure operational risk control (e.g We have contingency plans in place for supply chain disruptions.*).* Five items were also used to measure financial risk mitigation (e.g. We maintain adequate insurance coverage for our assets and liabilities*).* Face and content validity were used to determine the validity of the instrument used in this investigation. The reliability was determined using Cronbach's Alpha. The Cronbach's Alpha reliability level of 0.7 was used in the investigation. Values above 7.0 are considered composite reliable. Spearman's rank correlation analyses were used for the analysis.

RESULTS AND DISCUSSION

156 questionnaires were distributed, but only 142(91%) copies were returned, and this constitute the valid questionnaire. The hypotheses test is undertaken at a 95.5% confidence interval and the decision rule is stated below.
Where P < 0.05 = Reject the null hypotheses; Where P > 0.05 = Accept the null hypotheses

Table 1: Correlations between Access to capital and Dimensions of Risk management

			Access to capital	Operational risk control	Financial risk mitigation
Spearm	Access to capital	Correlation Coefficient	1.000	.762**	.740**
		Sig. (2-tailed)	.	.000	.000

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		N	142	142	142
	Operational risk control	Correlation Coefficient	.762*	1.000	.715*
		Sig. (2-tailed)	.000	.	.000
		N	142	142	142
	Financial risk mitigation	Correlation Coefficient	.740**	.715**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	142	142	142

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

Source: SPSS Output, 2025.

Access to capital and Operational risk control: As shown in Table 1, the Spearman's rho value is 0.762 ($p = 0.000$), which is less than the significance threshold of 0.05. The coefficient of determination (r^2) is 0.581, indicating that approximately 59.1 % of the variation in operational risk control can be explained by access to capital. Based on these results, the null hypothesis (Ho_1) is rejected, and the alternative hypothesis (Ha_1) is accepted. This indicates a significant and positive relationship between access to capital and operational risk control.

Access to capital and Financial risk mitigation: Table 1 reveals a Spearman's rho value of 0.740 ($p = 0.000$), which is also below the alpha level of 0.05. The r^2 value of 0.548 suggests that 54.8% of the variance in financial risk mitigation is attributable to access to capital. Consequently, the null hypothesis (Ho_2) is rejected in favour of the alternative hypothesis. This confirms **a** strong and positive relationship between access to capital and financial risk mitigation.

Table 2: Correlations between Financial planning and The Dimension of Risk management

			Financial planning	Operational risk control	Financial risk mitigation
Spearman's rho	Financial planning	Correlation Coefficient	1.000	.755**	.776**
		Sig. (2-tailed)	.	.000	.000
		N	142	142	142
	Operational risk control	Correlation Coefficient	.755**	1.000	.735**
		Sig. (2-tailed)	.000	.	.000
		N	142	142	142
	Financial risk mitigation	Correlation Coefficient	.776**	.735**	1.000
		Sig. (2-tailed)	.000	.000	.
		N	142	142	142

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

Source: SPSS Output, 2025.

Financial planning and Operational risk control: According to Column Five of Table 2, the Spearman's rho value is 0.755 ($p = 0.000$), which is below the significance level of 0.05. The coefficient of determination (r^2) is 0.570, indicating that 57% of the variation in operational risk control is explained by financial planning. Given this result, the null hypothesis (Ho_3) is rejected, and the alternative hypothesis (Ha_3) is accepted. This demonstrates a strong and significant positive relationship between financial planning and operational risk control.

Financial planning and Financial risk mitigation: As shown in Column Six of Table 2, the Spearman's rho value is 0.776 ($p = 0.000$), which is less than the 0.05 significance level. The r^2 value is 0.602 indicating that financial planning accounts for 60.2% of the variation in financial risk mitigation. Based on this evidence, the null hypothesis (Ho_4) is rejected in favour of the alternative hypothesis. This suggests that there is a highly significant and positive relationship between financial planning and financial risk mitigation.

DISCUSSION OF FINDINGS

The study's findings give strong empirical support for the concept that entrepreneurial finance, specifically access to capital and financial planning, has a major impact on the risk management practices of SMEs in Rivers State, Nigeria. The correlation analysis indicated statistically significant and positive correlations between the independent variables (access to capital and financial planning) and the dependent variable characteristics (operational risk control and financial risk mitigation). These findings are consistent with previous research that has underlined the importance of financial resources and planning in guaranteeing SMEs' resilience and sustainability (Ofori & Mensah, 2023; Nwachukwu & Ugwu, 2024).

According to Table 1, access to capital has a substantial positive connection with operational risk control ($r = 0.762$) and financial risk reduction ($r = 0.740$), with p-values of 0.000 in both cases. This suggests that SMEs with more access to capital are better able to manage operational disruptions and reduce exposure to financial hazards. The coefficients of determination ($r^2 = 0.581$ and 0.548, respectively) indicate that access to capital accounts for more than half of the variation in both risk management aspects. This verifies Iloh and Mba's (2023) argument that cash availability allows SMEs to invest in protective infrastructure, technology, and contingency planning procedures.

Table 2 shows that financial planning has a positive and substantial correlation with both operational risk control ($r = 0.755$) and financial risk reduction ($r = 0.776$). Financial planning is responsible for around 57% and 60% of the variation in operational and financial risk control, according to the coefficients of determination ($r^2 = 0.570$ and 0.602). These findings confirm Eze and Ajayi's (2024) assertion that structured financial planning enables SMEs to foresee uncertainty, allocate resources efficiently, and respond proactively to rising hazards.
Overall, the study found that entrepreneurial finance is an important enabler of successful risk management in SMEs. The strong positive connections underscore the need for focused interventions such as increased financial access, financial planning capacity building, and government assistance programs. By improving these aspects, Rivers State's SMEs can become more resilient and better positioned to endure economic shocks and competitive obstacles.

CONCLUSION

This study looked at how entrepreneurial finance, specifically access to capital and financial planning, influenced the risk management practices of SMEs in Rivers State, Nigeria. The data clearly show that access to capital and effective financial planning improve operational risk control and financial risk mitigation in SMEs. Firms that obtain appropriate money and adopt organized financial strategies are better positioned to foresee, manage, and respond to internal and external threats that may jeopardize their viability.

The favourable associations identified by the correlation study confirm that entrepreneurial finance is not only a growth driver, but also an important mechanism for protecting SMEs from uncertainty and volatility. Prioritizing financial readiness is critical in today's dynamic business climate, when SMEs confront a variety of issues ranging from market volatility to regulatory changes. To ensure the long-term viability of SMEs in Rivers State, stakeholders, including policymakers, financial institutions, and business owners, must invest in improving access to finance and financial literacy. These initiatives will boost SMEs' resilience, encourage innovation, and make a significant contribution to economic growth.

RECOMMENDATIONS

1. Government agencies and financial institutions should increase access to low-interest loans and tailored financing schemes for SMEs. In addition, credit requirements should be reviewed to accommodate businesses with limited collateral but strong operational structures. This will enable SMEs to invest in operational risk control measures such as inventory systems, equipment maintenance, and contingency planning.
2. Policymakers should expand funding programs that allow SMEs to build financial buffers, manage debt, and implement financial safeguards such as insurance and credit risk assessment tools. Microfinance institutions and development banks should also provide financial advisory services to help SMEs apply capital in ways that reduce financial vulnerability.
3. SME owners should be trained in budgeting, forecasting, and risk-based financial decision-making. Business development organizations, such as SMEDAN and chambers of commerce, should regularly conduct workshops on how structured financial planning can enhance operational risk control, including resource allocation and internal process optimization.
4. SMEs should be encouraged to adopt formal financial management practices, such as regular financial audits, cash flow monitoring, and cost-benefit analysis. Training programs should emphasize how proactive financial planning supports debt management, investment diversification, and protection against inflation or currency fluctuations.

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