

# The Influence of Initial Accounting Practices on Startup Longevity: A Quantitative and Qualitative Analysis of Financial Discipline and Decision-Making in New Enterprises

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## Abstract

Startups fail because of many reasons, however, when we consider how young companies manage finances, we can see that there is a clear pattern. We have analyzed financial documents of 150 startups and talked to 20 founders and finance managers regarding their daily accounting practices in this study. The outcome was straight forward, the startups which remained were those that maintained financial habits straight and steady. They kept records, counted numbers at a frequent rate, and were conscious of the cash flow. Those founders who pursued this strategy claimed that the habits assisted them in identifying minor issues before they escalated. Another common observation was that being familiar with their numbers helped them to conduct discussions with investors in a more straightforward manner since they were capable of articulating the decision. Such results indicate that financial discipline at the early stages has a larger contribution to the stability of a startup than commonly appreciated. Basic accounting practices provide new ventures with a stronger foundation in the face of uncertainty as they grow instead of being a minor task.

**Keywords:** Surviving Startups, Financial Discipline, Accounting Practices, Cash Flow Management, Mixed-Methods Research, Entrepreneurial Finance, Risk Management.

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## INTRODUCTION

The very fact of launching a new business is risky, and the statistics prove this almost fifty percent of all new companies are closed within their first five years. The (U.S. Bureau of Labor Statistics, 2023). This trend is indicative of the so-called liability of newness as explained by Stinchcombe (1965). The young companies do not have the routine, stability, and habits that old companies depend on, and this is their weakness that is in most cases the most evident through their financial management.

Studies have revealed over the years that new ventures have a higher survival chance when they are disciplined at an early age. The better performance is associated with structured planning and simple accounting systems (Delmar & Shane, 2003; Burke *et al.*, 2010). This in practice, means the use of simple routines, including proper record keeping, regular checking of cash flow, and realistic budgeting. These activities are not mere administrative activities, but they offer clarity that founders require to make grounded decisions as well as to utilize limited resources well (Davila *et al.*, 2009).

Nevertheless, the practices are delayed or not taken into consideration by many entrepreneurs. According to Cassar

(2009), this has been caused by overconfidence, pressure of the day-to-day operations and a lack of financial knowledge. The outcomes are not new: inability to attract investment (Robb & Robinson, 2014), poor spending, and the inability to identify financial trouble early enough to respond to it are all well-documented in the literature on business failure (Headd, 2003; Watson & Everett, 1996).

The literature that has been produced so far is largely concerned with what successful firms appear to be (Cooper *et al.*, 1994), yet not as much information is available on how routine financial practices influence the possibility of a firm to survive. A literature review of the discipline indicates that mixed-methods studies are required that would relate managerial practices to long-term consequences (Crook *et al.*, 2010). This paper fulfills that requirement by integrating both quantitative information with the experience of founders to test the hypothesis on whether early financial discipline influences the survival and growth prospects of a startup.

### Research Objectives

Measure the connection between early accounting methods and start-up survival.

Evaluate how financial discipline can be applied in strategic decision-making of new businesses.

Formulate evidence-based suggestions on how to adopt efficient financial management systems at the initial stages of a start-up.

### Research Questions

How the practices of early-stage accounting (e.g. formal bookkeeping, budgeting, cash-flow monitoring) affect the probability of surviving to year five?

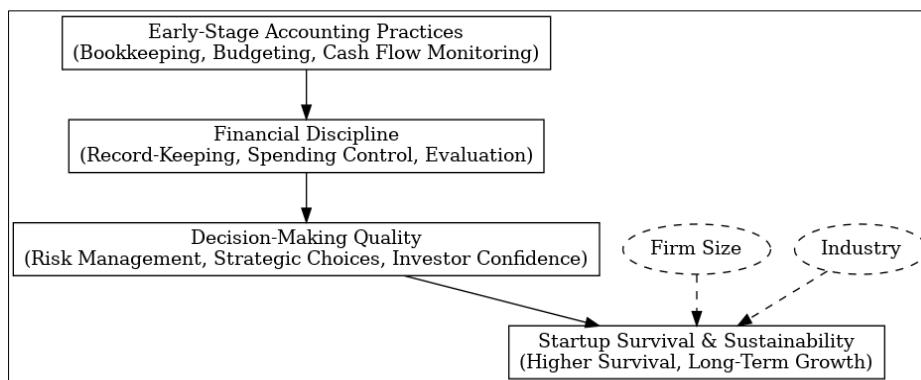
How does financial discipline influence strategic decision-making with regard to resource allocation, risk management and expansion in new businesses?

What are the main obstacles to adopting formal financial systems in startups and how do you find the most effective in addressing them?

## LITERATURE REVIEW

### Survival Rates and Challenges of Startups

The failure rate of new ventures is a long-term problem in the research of entrepreneurship. The latest statistics provided by the U.S Bureau of Labor Statistics (2023) indicate that approximately half of startups fail in the first five years- a trend already established in the early systematic studies. The factors that determine survival are numerous, and they comprise market conditions, competition, and skills of the entrepreneur. Nevertheless, there is one aspect that is common throughout the literature, namely, the level of care with which a venture spends its money. According to recent studies, strict financial management habits tend to divide businesses that remain and those that do not (Estrin *et al.*, 2022).



**Figure 1: Theoretical model of connecting accounting practices at the early stages with startup survival**

Figure 1. Financial discipline is a result of simple accounting like proper bookkeeping, budgeting, and frequent cash-flow management. This practice helps in making better decisions, which subsequently increase the survival and growth of a startup. Survival may also depend on factors like the size of the firm and the industry sector.

### The Importance of Financial Health of a Startup

Managing money is not a back-office task, but rather the core of any new business; this is the determining factor of whether a firm will survive and prosper. It provides the founder with a means of planning ahead, visualizing what is really going on, and ensuring spending is under control. Studies reveal that new business ventures that embrace formal planning have a high probability of success (Delmar & Shane, 2003). Proper planning helps in spending the limited funds wisely and creates confidence with the investors- a good pitch does not suffice. A transparent financial image is also needed when raising funds because investors will examine the capital structure and the general health of a startup (Robb and Robinson, 2014). Practically, startups that manage and keep an eye on their finances will expand, and those that do not pay enough attention to their financial statuses often run out of cash, squander resources, and lose opportunities.

### Developing a Solid Foundation

A good financial control is initiated by simple habits that founders start using immediately. With all the transactions recorded and constant updating of the books, founders are able to view precisely the performance of the business. Studies of young companies have indicated that young companies that adopt structured accounting systems at an early stage develop a better base that they can use to grow long term (Davila *et al.*,

2009). Visibility matters. It allows founders to make daily decisions with assurance and allows investors to grasp the business and perceive order, consistency, and definite figures. It is also important to plan in advance with budgets and cash-flow projections. These tools make a startup ready to meet the future, spend according to achievable goals, and create a business that will not collapse under shocks. Unless founders consider these practices during the initial years, their businesses will be much more prone to serious financial problems and collapse.

### The role of Financial Discipline in Making Smarter Decisions

Financial discipline is not just a way to avoid problems but it also dictates decision-making. Operating on a budget and monitoring the figures provides entrepreneurs with a clear standard of measurement of every decision they make. They are able to adapt to new information without losing control with this reference. Followers of such routines will be better placed to know when to recruit, which products to concentrate on and how to grow rapidly. The use of financial information to make strategic decisions is one of the main reasons why stronger venture and weaker ones differ (Sandberg & Hofer, 1987). In the long run, these practices develop a wider culture of financial awareness in the company. Often those who maintain a tight grip are more ready and less exposed to change. Studies have found that founders that make elaborate statements and projections get a realistic, workable picture of their future (Cassar, 2009), and thus they will be able to navigate the firm through uncertainty rather than responding to it.

## Summary of Key Findings from Previous Studies

**Table 1: Overview of major studies on early-stage financial management and their relations to the survival of startups. Both studies depict how certain accounting or financial practices aid the survival and development of a firm, highlighting the role of financial discipline in new companies.**

| Study                                   | Focus Area                        | Key Findings   | Relevance to Startup Survival   |
|---|-----------------------------------|--|---|
| <b>Brinckmann <i>et al.</i>, (2010)</b> | Business planning and competence  | Business planning positively influences new venture performance.                       | Underlines the role of financial management at the initial stage as one of the determinants of success. |
| <b>Carmona &amp; Ezzamel (2012)</b>     | Small business accounting.        | Formal accounting practices enhance transparency and control in the organization.      | The requirement of formalized bookkeeping since the beginning to deal with complexity.                  |
| <b>(Baptista <i>et al.</i>, 2014)</b>   | Financial literacy in start-ups.  | Financial literacy of the founders is key to successful management and existence.      | Shows that accounting knowledge is essential for making survival-oriented decisions.                    |
| <b>Berger &amp; Udell (1998)</b>        | Financing and risk in small firms | Financial discipline and transparency reduce risk and improve access to capital.       | The importance of cash flow management and reporting to secure funding to survive is highlighted.       |
| <b>Song <i>et al.</i>, (2008)</b>       | Success factors in new ventures   | Formal planning and resource management processes aid strategic alignment and success. | Connects the accounting practices directly to the long-term sustainability and growth.                  |

Based on the summary of the information presented in Table 1, previous studies have been consistent and indicate that proper financial practices enhance probability of survival of a startup. Financial discipline and planning have been shown to improve performance and open accounting builds investor confidence which is required by young firms. In general, the literature suggests that management accounting systems form part of the fundamental infrastructure of new ventures, which facilitate decision-making and direct founders to invest in growth (Lavia Lopez & Hiebl, 2023; Davila *et al.*, 2020). This study supports the notion that the accounting techniques that are developed early can make or break a company.

### Gaps in Literature

Although financial management has been heavily researched, there is a paucity of research that incorporates both quantitative and qualitative research on survival data and insight on how founders manage finances. Although we realize that financial practices are important, we continue to be unaware of the impact of early accounting routines on financial performance, decision making and resilience in young businesses. The solution to this gap is a way that would capture numerical patterns and actual experiences of entrepreneurs.

### Research Methodology

This paper will take a mixed-method design to explore the role of early accounting practices in the survival of startups. Quantitative data is only sufficient to know which firms survive but seldom why. The study aims to achieve an empirical insight into the reasons why certain startups succeed and others do not by integrating survey findings with the stories of founders (Creswell & Plano Clark, 2018).

The study was done in accordance with the set standards of ethical conduct. Informed consent was provided and there was a clear explanations of the purpose of the study

and the rights of the participants. The personal information was eliminated, and data were stored in encrypted databases. It was also made clear to the participants that they would be free to withdraw without any penalty (Israel & Hay, 2006).

In the quantitative part, 150 Nigerian technology, retail, agriculture, and services startups received a mailed survey. Only companies that are younger than five years were considered to concentrate on early-stage businesses. Founders and finance managers evaluated their accounting practices using a standardized five-point scale (Babbie, 2016).

Three areas have been measured:  
 The quality of financial records kept.  
 The use and adherence to formal budgets.  
 The degree to which cash flow was observed.

The results of these responses created an Accounting Discipline Score which categorized startups as high, moderate, or low discipline. The definition of survival was the mere fact that the business is still alive after three years.

To further enlarge the findings, 20 founders and finance managers of the survey sample were interviewed at length. All interviews lasted 45-60 minutes and were aimed at practical experience of financial management, challenges, and successful strategies. The data gathered in the interview were theatrically examined to reveal the trends of how financial practices influenced decision-making and survival in the difficult periods (Braun & Clarke, 2006).

Taking survey findings and interview data together, it is possible to conclude that financial discipline is important to the survival of startups- and how and why it affects the day-to-day practice.

**Table 2: Data Collection Overview**

| Data Collection Method      | Purpose  | Description  | Sample Size                        |
|-----------------------------|--|--|------------------------------------|
| <b>Survey Questionnaire</b> | Quantitative measurement of accounting practices and survival. | The questionnaires included structured questions using a 5-point Likert scale, which covered bookkeeping, budgeting, cash flow, and reporting. | 150 startups (120 valid responses) |

| Data Collection Method     | Purpose  | Description   | Sample Size          |
|----------------------------|--|---|----------------------|
| Semi-Structured Interviews | Qualitative investigation of financial discipline and decision-making. | Open-ended questions that query the decision making process, problems, adaptive strategies. | 20 founders/managers |
| Secondary Data Analysis    | Verification of startup survival status.                               | Collection of startup survival status from business registries and databases.               | 150 startups         |

Table 2. Show survival rates based on accounting practice level. The three categories of startups were categorized according to discipline to show the relationship between

financial habits and survival. The findings are clear and indicate varying survival rates in the groups.

**Table 3: Compares the high, moderate, and low accounting practice adoption rates in terms of startup survival rates**

| Accounting Practice Level  | Number of Startups | Survival Rate (%) | Notes  |
|--|--------------------|-------------------|--|
| High discipline formal bookkeeping, has a set budget and prepares regular financial reports. | 40                 | 78%               | Startups that had strict accounting were most likely to survive. |
| Moderate Discipline  | 48                 | 55%               | Partial implementation of accounting practices                   |
| Low Discipline (minimal or no formal accounting)   | 32                 | 32%               | Poor financial discipline correlated with lower survival         |

The statistics show that there is a distinct correlation between financial discipline and survival. Startups that were organized with regular budgets and issued formal reports were more likely to survive (78% as in Table 3). Conversely, less disciplined firms had survival rates of 55 and 32.

These figures make up a simple narrative it is not only nice to have, but likely essential to get your finances in order early as a young company, since it will make the difference between life and death. It has been demonstrated that good financial discipline provides real advantage to startups. It assists them in more efficiently utilizing limited resources,

identifying issues early enough before they get worse, and developing the strength to withstand the ups and downs of establishing a business.

#### Highlights of Interview Findings

We interviewed twelve early-stage company founders and finance leaders, to understand how they operate money on a daily basis. The discussions were 45-60 minutes long, and we went through them to select the most frequent challenges and strategies that are effective.

#### Emerging Themes and Insights

**Table 4: These interviews point to the human aspect of managing money in a young business beyond spreadsheets and reports. In the entire discussion, there were four distinct themes that appeared and they portrayed how entrepreneurs create and sustain financial discipline in practice.**

| Theme                               | Summary of Findings  | Sample Quote / Insight  |
|-------------------------------------|--|---|
| 1. Financial Discipline as Learning | Founders acquired financial behaviors with time, commonly following some problems with cash flow or fines. | "We did not take budgeting seriously until we received a tax fine."                             |
| 2. Barriers to Accounting Adoption  | Formal accounting practices were slowed down by cost, lack of training and software familiarity.           | The usage of spreadsheets by many was influenced by the price factor and the lack of knowledge. |
| 3. Intuitive Decision-Making        | Decisions used to be made quite often without data, using their intuition.                                 | "I had to trust my gut on pricing there were no numbers to check."                              |
| 4. Role of External Advisors        | Better planning and control were achieved through access to financial mentors or part-time accountants.    | Startups that had an advisor had distinct budgeting and better reporting.                       |

Table 4. Indicated that the majority of founders emerge with financial discipline only after something goes amiss, typically a cash crunch or a monetary penalty. Most of them use basic spreadsheets in the beginning phases since paid accounting software seems too costly or too complicated. The discussions also revealed that when the pressure builds up, founders who base their decisions on intuition rather than financial data put their businesses in serious danger, just like previous studies on decision-making among entrepreneurs (Sadler-Smith & Shefy, 2004). Meanwhile, the availability of external funding was noticeably different. Those startups that engaged financial advisors claimed to have better planning, a better understanding of their numbers, and a stronger control over their cash flow, as per the current perceptions of the importance of expert input.

Combined, these lessons prove what previous studies have decried financial discipline is no luxury to young businesses looking to survive. More to the point, they show what the process is like in action, the daily limitation, the high learning costs, and the significance of timely external advice in how founders learn and enhance their financial behavior.

#### Quantitative Analysis

The quantitative findings of the Nigerian start-ups indicate the impact of financial practices on survival within the first five years. The question centered on the effects of disciplined budgeting, periodic bookkeeping, and use of accounting tools can be measured in terms of remaining in business.

### Survey Design and Data Collection

A structured questionnaire with a five-point Likert scale was used to collect information. The survey was conducted on 150 startup founders and finance managers who engage in financial decision-making directly. The respondents represented technology, retail, agriculture, and services. Out of the 150 questionnaires sent out, 126 were returned (an 84 percent response rate). Upon completeness screening, 120 were left to be analyzed.

**Table 5: Age Distribution of Startups sampled**

| Startup Age      | Frequency  | Percentage (%) |
|------------------|------------|----------------|
| Less than 1 year | 18         | 15.0%          |
| 1–3 years        | 54         | 45.0%          |
| 3–5 years        | 48         | 40.0%          |
| <b>Total</b>     | <b>120</b> | <b>100%</b>    |

As shown in the table 5. The sample consisted mostly of young firms: 60 per cent. Were under three years old, and 40 per cent. Had been in operation between three and five years, which is in line with the high-risk nature of the early-stage

### Descriptive Statistics

Descriptive findings indicate that 60 percent of the startups are less than three years old with 40 percent having been in operation between three to five years. Regarding tools, 70 percent were using simple accounting software, and the other 30 percent were using spreadsheet or manual record-keeping.

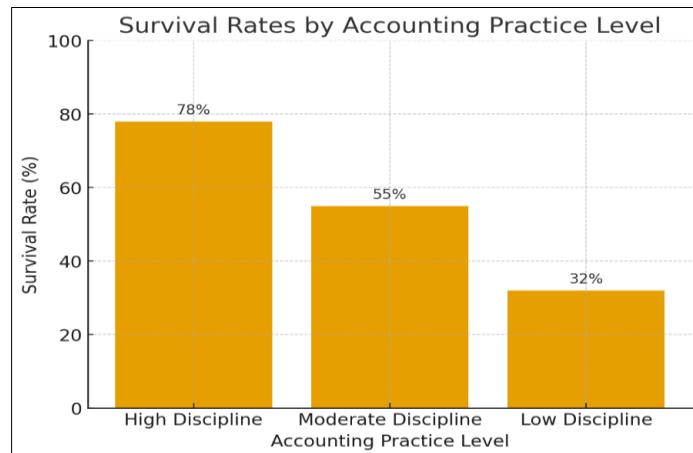
firms that the study was conducted on. Startups were categorized based on the degree of accounting expertise, which is a composite metric of the strength of records, compliance with budgets, and the use of software.

**Table 6: Survival Rates by Level of Accounting Discipline**

| Accounting Practice Level | Number of Startups | Survival Rate (%) |
|---------------------------|--------------------|-------------------|
| High Discipline           | 50                 | 78%               |
| Moderate Discipline       | 60                 | 55%               |
| Low Discipline            | 40                 | 32%               |

As shown in the table 6. The study discovered that there is a strong association between financial discipline and the survival of startups. The survival rate of high discipline ventures was 78% as compared to 55 and 32 percent of

moderate and low discipline ventures respectively. The consistent trend indicates that effective financial management is an indicator that a startup will survive.



**Figure 2: Accounting practice level Survival Rates**

As shown in the Figure 2. The difference between the survival rates and the financial discipline is high. The survival rate of Startups that had good financial practices was 78 per cent compared to their moderately (55 per cent) and poorly disciplined (32 per cent) counterparts. This gradient highlights

the essence of strict financial practices in survival in the long run.

### Correlation Analysis

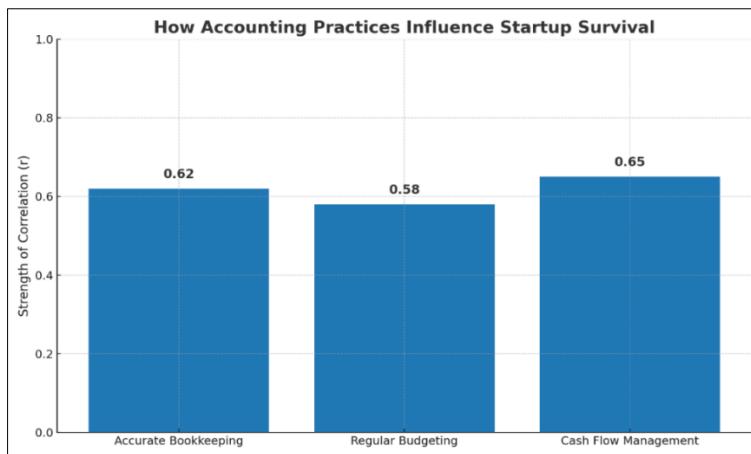
The correlations between important accounting practices and startup survival were measured using Pearson correlation coefficients.

**Table 7: Connection between Accounting Practices and Startup Viability**

| Accounting Practice          | Correlation (r) | Significance (p-value) |
|------------------------------|-----------------|------------------------|
| The Accuracy of Bookkeeping  | 0.62            | < 0.001                |
| The frequency of budgeting   | 0.58            | < 0.001                |
| Controlling the Flow of Cash | 0.65            | < 0.001                |

As shown in the table 7. The three practices, which included correct bookkeeping, frequent budgeting, and active cash-flow management, were found to be strongly and positively correlated with survival ( $p < 0.001$ ). The relationship

between cash-flow management and other variables was the strongest ( $r = 0.65$ ), which highlights the primary role of cash-flow management in maintaining a stable business.



**Figure 3: Correlation between Accounting Practices and Startup Survival**

As illustrated in Figure 3. The three accounting practices exhibit positive significant relationships with survival of a startup: bookkeeping accuracy ( $r = 0.62$ ), budgeting frequency ( $r = 0.58$ ), and cash flow management ( $r = 0.65$ ) all with  $p < 0.001$ .

#### Regression Analysis

The Correlations between Important Accounting Practices and Startup Survival Were Measured Using Pearson Correlation Coefficients.

**Table 8: Logistic Regression Outcomes Forecasting Startup Viability**

| Predictor                          | Coefficient (B) | Odds Ratio (Exp(B)) | p-value |
|------------------------------------|-----------------|---------------------|---------|
| The Accuracy of Bookkeeping        | 1.45            | 4.26                | < 0.001 |
| The frequency of budgeting         | 1.12            | 3.07                | 0.002   |
| Controlling the Flow of Cash       | 1.68            | 5.37                | < 0.001 |
| Control of the Firm's Size         | 0.34            | 1.40                | 0.045   |
| The Control of the Industry Sector | 0.27            | 1.31                | 0.068   |

As shown in Table 8. Logistic regression predicts startup success effectively. The model explains 58% of the variance in survival (Nagelkerke R<sup>2</sup> = 0.58) which is a good fit. Strong, positive relationships were also observed between

financial resilience and accounting accuracy ( $\text{Exp}(B) = 4.26$ ,  $p = 0.002$ ) and frequency of budgeting ( $\text{Exp}(B) = 3.07$ ,  $p = 0.002$ ).



**Figure 4: Accounting Practice Variables Odds Ratios and Control Variables**

Figure 4. The findings indicate our odds ratios in our logistic regression, where cash flow management ( $\text{Exp}(B) = 5.37$ ), accounting accuracy ( $\text{Exp}(B) = 4.26$ ), and budgeting frequency ( $\text{Exp}(B) = 3.07$ ) had the strongest predictive power, compared to firm size ( $\text{Exp}(B) = 1.40$ ) and industry ( $\text{Exp}(B) = 1.31$ ).

#### DISCUSSION

The analysis of survey data of 150 firms and the interview material of 20 founders and finance managers indicate that the daily accounting practices have a strong influence on the survival of young ventures. The comparison of the numbers and the interview accounts invariably uphold the concept of financial

discipline as a fundamental motivator of long-term startup performance and survival.

### Methodological Integration

The combination of both quantitative and qualitative evidence provides a more comprehensive picture of the relationship between accounting practices and survival. Mixed-methods research claims that statistics and narrative accounts can create a more comprehensive picture than either of them (Creswell and Plano Clark, 2018). This is particularly relevant in the field of entrepreneurship where trends in the data have to be understood using the lived experience of the founders (Gregoire & Corbett, 2011).

The findings of the survey in this study indicated that cash-flow management was the best predictor of survival ( $Exp(B) = 5.37$ ). Founders discussed the stress of nearly running out of cash, and how the presence of reliable figures caused it to be easier to make a decision about whether to take on new employees, invest money in expansion, or reduce expenditures. The two points of evidence combined demonstrate that the statistical relationships depict actual experience of risk, control, and strategic decision-making.

### Generalization of Quantitative and Qualitative Results

According to the quantitative analysis, there is a strong statistically significant relationship between rigorous accounting and higher survival rates. Highly financially disciplined startups were found to have 78% survival compared to weakly disciplined startups that had a survival rate of 32% only. The regression findings also reveal that proper record-keeping, frequent budgeting, and close cash-flow monitoring all raise chances of survival even after adjusting the size of the firm and industry.

These patterns can be explained with the help of the qualitative findings. According to founders, timely financial data allowed them to respond to small issues before they became critical threats- by renegotiating terms, changing hiring plans or deferring non-essential spending. Budgeting was termed as a realistic means of making trade-offs and clarifying priorities as opposed to a paper exercise. Better financial discipline also enhanced confidence and flexibility, providing founders with a better foundation to use when responding to uncertainty. Meanwhile, financial incompetence and constrained funds were again and again cited as a hindrance to formal systems. This is consistent with Grewal *et al.*, (2020) who note that financial literacy is a survival ingredient and a founder capacity to decipher and act on financial data has a direct impact on building resilience in a venture.

### Theoretical Contribution

There are two key contributions that this paper makes to the existing theory. First, it builds upon the Resource-Based View (Barney, 1991) by positing disciplined financial management as a capability that is valuable, hard to imitate, and established over time, and which can be the foundation of a sustainable competitive advantage of early-stage ventures. Second, it provides powerful backing to effectuation thinking (Sarasvathy, 2001), demonstrating the fact that financial discipline is not a barrier to entrepreneurial flexibility. Rather, organized financial activities provide entrepreneurs with the visibility and the confidence to adapt, recombine resources and act upon new opportunities.

### Theory and Practice Implications

To theory, the results enhance the entrepreneurial finance literature by demonstrating that accounting systems are not just a documentation of what has happened in the past. They can be used as control mechanisms, as well as strategic planning tools. It agrees with previous studies that have found a correlation between financial planning and enhanced performance (Brinckmann *et al.*, 2010) and confirms the significance of

financial transparency in risk management (Berger & Udell, 1998). This study shows that these concepts are true in the very beginning of the existence of a venture.

To practice, the results provide a clear message: investing in a new venture is advantageous to establish some basic accounting structures at the very beginning. Reducing obstacles to the use of simple accounting tools, offering financial training to specific groups, and making founders available to seasoned financial advisors are some of what may assist most startups to rise out of the limitations that were found in the data. These insights can be used by policymakers, incubators and support organizations to develop programs that not only concentrate on funding but also on financial management skills and tools that are closely linked to survival.

### Future Research Limitations and Future Research Directions

Despite the strength of the evidence, a number of limitations must be mentioned. All the samples are mainly service and technology startups based in Nigeria, and therefore, the results cannot always be generalized to other industries or national settings. The model should be tested in other settings, either a manufacturing setting or in more developed economies in future studies. Moreover, the cross-sectional design only captures relationships at one point in time and is not able to determine causality completely. Over time, longitudinal research would be more appropriate, as it would indicate how development of accounting systems progressively influences chances of survival.

Based on the existing findings, there are two directions of future research that seem to be especially promising. To begin with, it is necessary to consider how new financial technologies and real-time data tools are increasing the availability of structured accounting and how they impact the decision-making of founders. Second, since the connection between discipline and survival has become more apparent, the focus should be on the most productive means of developing this discipline, including the use of controlled studies, which can test various types of training, mentoring, or advisory support, as part of incubator and accelerator programs.

### CONCLUSION

In general, the study reveals that the financial practices developed at the very outset of an enterprise are important in determining its survival and subsequent growth. When survey information is added to founder accounts it becomes clear that disciplined accounting, maintaining proper records, operating within a realistic budget and proactively managing cash flow does not just increase survival odds. It provides the founders with the clarity and confidence they require to make decisions about their next actions in the face of uncertainty.

The results re-position accounting as a strategic asset as opposed to an administrative liability. Good financial practice assists founders to distribute limited resources, foresee problems, and solve them before they get out of control. Meanwhile, the analysis also identifies actual barriers, such as a lack of financial literacy and a lack of money to invest in formal systems, but also demonstrates that proper tools and professional assistance can address these issues.

Essentially, in practice, an early investment in basic accounting systems and simple financial education will directly enhance the likelihood of a new venture to remain in business, so the future of financial technology and real-time information changes in the management of young firms is crucial to informing both research and practice in entrepreneurial finance.

### For Startup Founders

Set up proper systems early. Install a formal accounting tool on day one (such as QuickBooks or Xero, or any other similar

system that suits your situation). Even a barebones digital solution will provide you with much more insight into income, costs and cash flow, which is particularly valuable when every account matters.

Treat finance as a regular habit. Set aside block time every month and compare your budget with your actual expenditure, and maintain business and personal money totally apart, this regular habit is one of the most effective safeguards against the shocks and surprises of the first years.

### For Incubators, Accelerators, and Educators

Focus on practical finance skills. Take it a step further by including lessons on cash flow predictions, simple financial statement analysis and application of accounting programs to concept to business that thrive. Sealing this skills gap will help the founders to make it easier to bring ideas to life as businesses that survive.

Connect founders with professionals. Establish free or low cost sessions with accountants or other finance specialists when possible. This will assist founders to get beyond the level of knowing what to do, and into taking concrete steps to establish sound financial practices.

### To Policymakers and Grant-Making Bodies

Reward good financial discipline. Consider programmed providing tax relief, matched funding or other incentives to young businesses which use recognized accounting systems and do regular financial check-ups to reduce risk, make startups more appealing to investors and lenders, and generally improve the overall entrepreneurial ecosystem.

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