

# **FINANCIAL RISK MANAGEMENT STRATEGIES FOR STARTUPS IN NEPAL**

A Dissertation submitted to the Office of the Dean, Faculty of Management in partial  
fulfilment of the requirements for the Master's Degree

by

Raman Maharjan

Campus Roll No.: 685/077

Exam Roll No.: 35938/21

TU Reg. No.: 7-2-170-27-2016

Shanker Dev Campus

Specialization: Finance

Kathmandu

May, 2025

## **Certification of Authorship**

I hereby corroborate that I have researched and submitted the final draft of dissertation entitled “Financial Risk Management Strategies for Startups in Nepal”. The work of this dissertation has not been submitted previously for the purpose of conferral of any degrees nor has it been proposed and presented as part of requirements for any other academic purposes.

The assistance and cooperation that I have received during this research work has been acknowledged. In addition, I declare that all information sources and literature used are cited in the reference section of the dissertation

.....

Raman Maharjan

Date:.....

## Report of Research Committee

Mr. Raman Maharjan has defended research proposal entitled “Financial Risk Management Strategies for Startups in Nepal” successfully. The research committee has registered the dissertation for further progress. It is recommended to carry out the work as per and submit the thesis for evaluation.

.....  
Dr. Pitri Raj Adhikari  
Dissertation Supervisor

<b>Dissertation Proposal Defended Date:</b> .....
--

<b>Dissertation Submitted Date:</b> .....
--

.....  
Asso. Prof. Dr. Sajeeb Kumar Shrestha  
Chairperson, Research Committee

<b>Dissertation Viva-voce Date:</b> .....
--

## Approval Sheet

We have examined the dissertation entitled “Financial Risk Management Strategies for Startups in Nepal” presented by Raman Maharjan a candidate for the degree of Master of Business Studies (MBS). We hereby certify that the dissertation is acceptable for the award of degree.

.....

Dr. Pitri Raj Adhikari

Dissertation Supervisor

.....

Internal Examiner

.....

External Examiner

.....

Asso. Prof. Dr. Sajeeb Kumar Shrestha

Chairperson, Research Committee

.....

Asso. Prof. Dr. Kapil Khanal

Campus Chief

## **Acknowledgements**

The dissertation has been prepared and submitted in partial fulfillment of the requirements for the Master of Business Studies (MBS) degree offered by Tribhuvan University. At this stage, I wish to thank all those who completed my dissertation with their guidance and support as it was very important for me to achieve success. In a dissertation an inherent element as far as reporting a research analysis and finding is concerned, hence in this part of the dissertation I acknowledge with gratitude and respect, both in personal and in professional context, that which made this study and research viable.

I wish to especially acknowledge the appreciation to all those who have directly or indirectly assisted me towards the attainment of set goals such as my research supervisors and examiners. Under my particular owes gratitude to Dr. Pitri Raj Adhikari my supervisor; Asso. Prof. Dr. Sajeeb Kumar Shrestha, Head of the Research Department; Asso. Prof. Dr. Kapil Khanal; Campus Chief for their kindness, support and understanding as well as the encouraging environment during preparation of this dissertation and in the course of conducting the research.

It brings me great joy to note that this study can be shared with a larger spectator due to the combined work of numerous specialists. I appreciate everyone who helped to bring this dissertation to completion. I would especially like to thank my family and friends who have always been and continue to be such a big motivator and support for my work.

Raman Maharjan

May, 2025

## Table of Contents

<i>Certification of Authorship</i> .....	ii
<i>Report of Research Committee</i> .....	iii
<i>Approval Sheet</i> .....	iv
<i>Acknowledgements</i> .....	v
<i>Table of Contents</i> .....	vi
<i>List of Tables</i> .....	viii
<i>List of Figure</i> .....	ix
<i>Abbreviations</i> .....	x
<i>Abstract</i> .....	xi
<b>CHAPTER I: INTRODUCTION</b> .....	1
1.1 Background of the study .....	1
1.2 Problem statement.....	3
1.3 Objectives of the study.....	5
1.4 Rationale of the study .....	5
1.5 Limitations of the study .....	6
<b>CHAPTER II: LITERATURE REVIEW</b> .....	7
2.1 Theoretical Review .....	7
2.2 Empirical Review.....	12
2.3 Research gap .....	29
<b>CHAPTER III: RESEARCH METHODOLOGY</b> .....	30
3.1 Research design .....	30
3.2 Population and sample, and sampling design .....	30
3.3 Nature and sources of data, and data collection procedures .....	30
3.4 Method of analysis.....	31
3.5 Research framework and definition of variables .....	32
<b>CHAPTER IV: RESULTS AND DISCUSSION</b> .....	36
4.1 Results.....	36
4.2 Discussion.....	57
<b>CHAPTER V: SUMMARY AND CONCLUSION</b> .....	61
5.1 Summary .....	61
5.2 Conclusion .....	63
5.3 Implications.....	63

References.....

Appendices.....

## **List of Tables**

Table 1 Summary of Review.....	22
Table 2 Demographic Profile of Respondents .....	37
Table 3 Industry of StartUp.....	38
Table 4 Sources of Startup Funding.....	39
Table 5 Number of Employees .....	40
Table 6 Business Location .....	40
Table 7 Descriptive Analysis of Risk Attitude.....	41
Table 8 Descriptive Analysis of Entrepreneurial Attitude .....	43
Table 9 Descriptive Analysis of Financial Control Techniques.....	44
Table 10 Descriptive Analysis of Capital Structure.....	46
Table 11 Descriptive Analysis of Risk Financing Approaches .....	47
Table 12 Descriptive Analysis of Risk Management Strategies .....	49
Table 13 Summary of Descriptive Analysis.....	50
Table 14 Relationship Analysis.....	52
Table 15 Model Summary.....	54
Table 16 Analysis of Variance (ANOVA) .....	54
Table 17 Regression Coefficients .....	55

## List of Figure

Figure 1 Research Framework .....	32
-----------------------------------	----

## **Abbreviations**

CS:	Capital Structure
EA	Entrepreneurial Attitude
FCT	Financial Control Techniques
FRM:	Financial Risk Management Strategies
RFA	Risk Financing Approaches
RP	Risk Perception
SD:	Standard Deviation
SPSS:	Statistical Package for Social Science
TU:	Tribhuvan University

## Abstract

Startups in Nepal face financial risks because of the unstable economy in Nepal, limited access to capital and changing regulatory framework. This study examines how Nepalese startups manage financial risk. It examines how risk perception, entrepreneurial attitude, financial control techniques, capital structure and risk financing approaches help for risk management strategies. Data from 200 startups has been collected through the structured questionnaire using mixed method research design descriptive and causal. The study uses SPSS software to analyze the data and descriptive statistics, correlation analysis and multiple regression analysis were carried out. The findings showed that capital structure and risk perception show the highest probability relating to effective financial risk management. A strong practice of risk management is positively affected by a balanced combination of debt and equity and high levels of risk awareness. Other variables like risk financing approaches and financial control techniques were insignificant. So, they impact risk perception indirectly or in certain context. The findings suggests that the startups need to strengthen the structured financial planning processes and the usage of advanced financial tools for improved risk understanding. The research shows helping startups with financial access infrastructure. Most of the startup in country is based in urban areas. What it means is that policy makers, investors and startup support institutions should create an ecosystem consisting of training, money and policies for being a long vender. This research shows the foreign literature about the financial risk management of the startup. Further, it will enable the startup to become resilient financially. The findings also lay the foundation for future studies on the macroeconomic and regulatory aspects of startup sustainability.

**Keywords:** Startups, financial risk management, risk perception, capital structure, financial control techniques, entrepreneurial attitude, risk financing approaches

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the study

For startups, financial risk management is very important because startups operate in uncertain environments. Perceptions of risk influence how entrepreneurs make financial decisions. Risk perception is shaped by entrepreneurial attitude being risk-taking, innovative and proactive among other things. It has been found that entrepreneurial attitude is related to taking risks and thus can improve financial performance of startups (Hapsari et al. 2024). Perceptions of risk that entrepreneurs see as opportunities rather than threats increase innovation that helps the firm grow and survive (Putnins & Sauka, 2019) Entrepreneurs who see risks as opportunities rather than threats are more likely to innovate.

The entrepreneurial attitude also shapes the way startups perceive risk and how they control money. Effective financial control techniques include budgeting, forecasting and variance analysis. Startups that take strict financial control measures will be better able to weather uncertainty and make sound decisions about resource allocation (HC, 2022). And thirdly, financial literacy in combination with an entrepreneurial mindset can help with managing risks better. Entrepreneurs with better financial literacy can evaluate investment opportunities and make sound financial decisions with less risk of adverse financial outcomes (Tekin & Asar, 2021).

Another important factor for startups is capital structure. Whether a startup takes on equity, debt or both can affect its risk profile. Startups typically have trouble getting traditional financing because they are still young and have not established credit histories. Consequently, they might turn to alternative funding sources such as angel investors, venture capital, crowdfunding (Bruton et al., 2015). The capital structure decision is driven by startup risk appetite and perceived risks of different financings. Startups with a balanced capital structure are better able to absorb financial risks and survive long term (Colombo, 2023).

Startups also need risk financing approaches. This is done through insurance, hedging and contingency funds. Start-ups may pass some of the risk through insurance policies or use financial instruments to hedge against market movements (Konou, 2023). In addition to that, a contingency fund helps startups prepare for unexpected financial

bumps. Such risk financing strategies are often chosen based on the entrepreneur's risk appetite and the overall risk management program of the organization (Hussain, 2024).

All these factors together make effective financial risk management essential for startups. They should include risk identification, assessment and mitigation processes tailored to the startup environment. A proactive form of risk management would be to periodically review and update risk management practices in response to changing market and internal conditions (Saghalian et al., 2022). In addition, creating a culture of risk awareness in the organization may help employees identify risks and contribute to risk management (Jasin, 2023).

Such a multifaceted interaction between risk perception and entrepreneurial attitude as well as financial control techniques, capital structure and risk financing approaches make financial risk management in startups very complex indeed. Entrepreneurs must manage these interconnected variables to create robust financial plans that support their business goals. Fostering an entrepreneurial spirit of risk-taking alongside sound financial management can also help startups succeed in a competitive environment (Valencia-Arias & Restrepo, 2019). Overall, good financial risk management positions the startup for growth and innovation.

Financial risk management requires an in-depth knowledge of various startup drivers. Having a good risk perception, a positive entrepreneurial attitude, good financial control, good capital structure and good risk financing can help startups navigate these financial waters. Such components must be integrated into a general risk management approach to develop long-term success and resilience in the dynamic world of entrepreneurship.

In Nepal especially, financial risk management is very important given the challenges that startups face in the evolving entrepreneurial ecosystem. Startups struggle to get stable financing because of limited access to formal financial institutions, bureaucratic processes and lack of venture capital funding. Such a study is necessary because startups drive economic growth, innovation and job creation but financial risks prevent them from succeeding. Understanding how risk perception, entrepreneurial attitudes, financial control, capital structure and risk financing interact will help startups become more financially resilient. Financial literacy is combined with strategic risk management to make better decisions in uncertain environments. Also, exploring

Nepal's startup ecosystem will give localized information for designing policies, training and financial instruments for emerging businesses. Therefore, this study tries to analyze the financial risk strategies for startups in Nepal which include risk perception, entrepreneurial attitude, financial control techniques, capital structure and risk financing approaches effect.

## **1.2 Problem statement**

Startups operate in highly uncertain environments and financial risk management is therefore critical to their survival and growth. Startups typically have no stable revenue streams, limited access to traditional financing and are more exposed to market movements than established businesses. In the first five years of a startup, almost half fail due to mismanagement and cash flow problems, the Small Business Administration said in 2023 (SBA, 2023). Research shows that startups with poor financial control techniques such as budgeting, forecasting and risk assessment are more likely to be in financial distress (Graham & Harvey, 2021). In developing economies where access to financial resources is even more constrained, failure risk is greater because of structural financial inefficiencies (Kerr & Nanda, 2020).

A big challenge for startups is finding sustainable financing while minimizing risks. The lack of credit history and collateral makes traditional financial institutions reluctant to lend to startups (Bruton et al., 2015). That pushes startups into alternative funding vehicles like venture capital, angel investors, crowdfunding or bootstrapping which all involve some risk (Colombo, 2023). The problem is made worse by poor financial literacy of entrepreneurs who fail to take risk or budget appropriately. And economic volatility, inflation and global financial crises make financial decision-making even more complicated, leaving startups open to outside shocks (Saghaian et al. 2022).

Startups need robust financial management to hedge these risks. Financial literacy training, adaptive risk management models and innovative financing can all mitigate risks. Fintech solutions such as AI-driven financial forecasting and automated budgeting can help improve decision making and reduce financial uncertainties (Hapsari et al., 2024). Also, raising money from different sources and combining risk financing strategies like hedging, contingency funds and insurance may help startups weather financial shocks better (Konou, 2023). And governments should also design financial assistance programs for startups - especially in emerging economies.

Studies of financial risk management of startups and other ventures yield some critical results. Pochitaev and Filippova (2016) stressed financial risk management together with business strategies to optimize risk-return and long-term growth with a focus on financial risks and company performance. Kaszuba-Perz and Czyzewska (2020) pointed out, startups take risks differently and sometimes not with a structured strategy, and the entrepreneurial attitude is very important in their risk management. Financial control techniques are not always related to business strategies but are essential for startup success (Cescon & Grasseti, 2021).

Dykha et al. (2023) reviewed risk management stages of startup projects and pointed out qualitative as well as quantitative risk assessment methods are needed. Song & Zhou (2023) reviewed risk management frameworks, strategies and found that startups need proactive and adaptive practices to deal with uncertainties financial risks. And Bajpai (2024) asserted fintech solutions help financial institutions improve risk management frameworks. For startup success, venture capital, bootstrapping, crowdfunding and financial planning are also necessary (Ermawati, 2024). All these findings show that risk management strategies, entrepreneurial attitudes and structured financial control and strategic frameworks are necessary to manage risks in different business contexts.

In light of these challenges this study examines how startups can best manage financial risks. Specifically, it will examine risk perception, entrepreneurial attitudes, financial control techniques, capital structure decisions, risk financing approaches. It will also look at how financial literacy influences risk management and how policies can foster financial resilience in startups. Insights from global startup ecosystems will be fed into actionable recommendations for entrepreneurs, investors and policymakers. Mainly, the following research questions are raised:

- i. What is the present status of financial risk management strategies on startups in Nepal?
- ii. In what way does risk perception, entrepreneurial attitude, financial control techniques, capital structure and risk financing approaches relate with financial risk management strategies for startups in Nepal?
- iii. How risk perception, entrepreneurial attitude, financial control techniques, capital structure and risk financing approaches effect financial risk management strategies for startups in Nepal?

### **1.3 Objectives of the study**

The primary objective of the study is to examine the financial risk strategies for startups in Nepal. However, the specific objectives of the study are as follows:

- i. To assess the present status of financial risk management strategies on startups in Nepal.
- ii. To examine the relationship between risk perception, entrepreneurial attitude, financial control techniques, capital structure, risk financing approaches and financial risk management strategies for startups in Nepal.
- iii. To analyze the effect of risk perception, entrepreneurial attitude, financial control techniques, capital structure and risk financing approaches effect financial risk management strategies for startups in Nepal.

### **1.4 Rationale of the study**

This study is important because it deals with financial risk management in startups a key to business sustainability and success. Insufficient financial planning, cash flow mismanagement and poor risk assessment make startups very likely to fail. By examining how financial literacy, risk perception and financial control techniques relate, this study can help entrepreneurs become more financially stable. These findings will help startups reduce risk and optimize resource allocation to improve their survival rates and long-term growth.

This study also contributes to the academic understanding of how different financial risk management strategies affect startup performance. Through the integration of world evidence and analysis of different entrepreneurial ecosystems it broadens theoretical knowledge of financial risk-taking and decision making. It will also provide a framework for current business challenges that connects financial theories to real-world startup practices. This is especially useful for scholars and educators who want to give aspiring entrepreneurs some practical financial management training.

For policymakers and financial institutions this study is an important window onto the financial difficulties startups face in obtaining sustainable funding. Analyzing which financial instruments work best venture capital, microfinance and other forms of funding - can inform policies supporting startup ecosystems. Governments and regulators can take these insights and create more inclusive financial programs, financial literacy programs and risk mitigation policies for startups.

It also has implications for investors and venture capitalists wanting to understand startup risk profiles. Knowing what factors contribute to financial resilience can help investors make better decisions about startup funding. It also aims to show how fintech solutions and AI-driven financial modeling can help startup finance management. Results could inform investment decisions and help design better finance tools for startups.

This study is very important for a resilient startup ecosystem. It will offer evidence-based recommendations to entrepreneurs, investors, policymakers and academics to build financially strong startups that can weather uncertainty and survive long term.

### **1.5 Limitations of the study**

The study has several limitations that must be acknowledged. The main limitations of the study are as follows:

- i. The study is limited to a sample of 200 startups, which may not fully represent the entire startup ecosystem in Nepal.
- ii. A descriptive and causal research design is used, which may not capture deeper qualitative insights into entrepreneurial decision-making.
- iii. The study is conducted only in Kathmandu Valley, excluding startups from other regions that may face different financial risks and challenges.
- iv. Descriptive analysis is primarily used, providing an overview of financial risk management practices but lacking in-depth qualitative exploration.
- v. Correlation analysis is applied to examine relationships between variables, but it does not establish direct causal links between financial risk management strategies and startup sustainability.
- vi. Regression analysis is used to predict financial risk management outcomes, but it may not account for unobservable variables or external economic factors affecting startups.
- vii. The study focuses on specific financial risk management theories, potentially overlooking alternative models that could provide additional insights into startup risk mitigation strategies.

## **CHAPTER II**

### **LITERATURE REVIEW**

This chapter describes the existing research on financial risks management methods for startups focusing on financial control methods, capital structure, risk financing approaches & external financial risks. This chapter synthesizes global and Nepali studies on crucial challenges startups face managing financial uncertainties including access to capital, regulatory constraints and financial literacy. Through different financial risk management models and empiric findings it presents best practices which have contributed to startup sustainability throughout economic contexts. The literature review also highlights gaps in existing research, especially in Nepal where startup financing and risk managing are understudied. Analyzing earlier studies demonstrates this chapter can serve as the basis for further research on financial risk management tailored to Nepal's entrepreneurship ecosystem.

#### **2.1 Theoretical Review**

This theoretical review examines the basic theories which support financial risk management methods of startups as a conceptual base. It reviews key theories including cash flow management theory by Warren Buffett; hedging theory by John Maynard Keynes, insurance theory by Benjamin Franklin, robust internal control theory by Herbert A. Simon and diversification theory by Harry Markowitz. All these theories give information into various aspects of finance risk management ranging from financial risk and liquidity management hedging to risk transfer by insurance and internal financial controls. Through review of these theories this particular part demonstrates how financial decision-making impacts startup sustainability and resilience. It also reviews the significance of these theories to the Nepalese start up ecosystem in light of the local entrepreneurial challenges. This theoretical review provides an overall framework for analyzing financial risks management methods aimed at identifying ideal strategies for startups working in uncertain environments.

#### **Cash flow management theory**

According to cash flow management theory, a startup needs to keep inflow and outflow of cash constant to meet its short-term financial obligations and avoid liquidity problems (Buffett, 1999). A disciplined investor like Buffett says companies need cash flow more than profits to stay in business. Liquidity management is often a survival

issue for startups due to irregular cash inflows (Graham & Harvey, 2021). Empirical data show that startups with good cash flow management have lower failure rates than startups that place revenue growth before liquidity planning.

Cash flow management helps startups pay for operations, pay back debts and invest in growth. Research shows 82% of startup fail because they lack cash flow management rather than profitability. Having a financial cushion backs up studies that startups with enough cash on hand are better able to weather downturns and market swings (Colombo 2023). Additionally, cash flow forecasting tools such as AI-based financial modeling have been shown to improve cash management effectiveness (Hapsari et al., 2024).

Growth versus liquidity is probably the biggest challenge for startup cash flow management. Many start-ups invest in expansion without generating sustainable cash flows, which causes financial distress (Putnins & Sauka, 2019). Buffett says companies should be conservative and generate enough cash before they make large expenditures (Buffett, 1999). According to research, startups that focus on slowing down growth while maintaining liquidity fare better in volatile markets (Tekin & Asar, 2021).

Cash flow management requires financial discipline as well as avoiding wasteful expenditures. Buffet advises businesses to cut costs and use resources more efficiently to avoid cash shortages (Buffett, 1999). Empirical studies show that startups with strict expense management frameworks are more likely to become financially sustainable (Saghaian et al., 2022). Automated cash flow tracking and periodic financial reviews may keep startups in check (Jasin 2023).

Cash flow management theory offers startups a way to prioritise liquidity over short-term profit maximization. Positive cash flows, forecasting and financial discipline can help startups survive and grow (Valencia-Arias & Restrepo, 2019).

### **Hedging theory**

Keynes (1936) asserted that using financial instruments and positions in related securities to hedge market risks such as currency exchange rates, interest rates and commodity prices (Keynes, 1936). Keynes suggested that businesses even startups should hedge against financial risk. More empirical evidence shows that well-executed hedging strategies lead to lower volatility in cash flows and financial performance - which in turn makes the firm more sustainable (Graham & Harvey, 2021).

Hedging helps startups hedge risks such as foreign exchange volatility, supply chain disruptions and fluctuating interest rates. Research shows that startups that use currency hedging when trading on global markets are better protected against exchange rate risk (Colombo 2023). Hedging positions in foreign transactions kept revenues stable at technology startups than at non - hedged startups (Tekin & Asar, 2021).

Keynes' theory also requires commodity price hedging for startups that are dependent on raw materials or energy. Companies that lock in prices with futures contracts or derivatives are able to hedge against unexpected cost hikes (Putnins & Sauka, 2019). Empirical data show that startups in manufacturing and energy that use hedging techniques fare better than those that do not, because costs are less predictable.

However, hedging has its challenges especially for startups with little financial background and resources. Getting into derivative markets or using complex financial instruments requires expertise that many startups lack (Hapsari et al., 2024). In addition, poorly executed hedging strategies may result in financial losses rather than risk mitigation (Jasin, 2023). Studies show that startups looking to hedge financial risks should consult financial advisors or automate risk management. Hedging theory stressed the need for financial risk mitigation through Hedging. Currency, interest rate and commodity price hedging can help startups avoid losses and be more resilient to market changes (Konou, 2023).

### **Internal controls theory**

Internal controls theory introduced by Herbert A. Simon in 1977 emphasized the importance of structured financial policies, audits, and compliance measures to mitigate operational and financial risks. Simon argued that businesses must establish well-defined internal control mechanisms to ensure financial accuracy and prevent fraud. For startups, implementing strong internal controls is essential in maintaining financial integrity and avoiding costly regulatory penalties (Graham & Harvey, 2021). Research shows that startups with well-developed financial governance frameworks are more likely to achieve sustainable growth compared to those with weak financial controls (Bruton et al., 2015). Establishing transparent internal financial policies allows startups to build investor confidence and reduce the risk of financial mismanagement.

One of the key principles of Simon's theory is structured financial reporting, which ensures that all financial transactions are transparent and properly documented.

Empirical studies indicate that startups with clear financial policies and internal audit mechanisms experience fewer financial irregularities and are better positioned to secure funding from investors (Putnins & Sauka, 2019). Regular financial reporting helps entrepreneurs track cash flow, monitor expenses, and identify potential financial risks early (Saghaian et al., 2022). Implementing robust financial reporting structures allows startups to maintain credibility with investors and lenders, increasing their chances of obtaining external financing.

Audits and compliance reviews are also crucial for managing financial risk in startups. Conducting periodic internal and external audits ensures that businesses adhere to financial regulations and industry best practices. Research suggests that companies with regular audit practices are less likely to experience fraud or financial misstatements (Hapsari et al., 2024). Additionally, regulatory compliance plays a vital role in risk management, as startups must comply with tax laws, labor regulations, and financial disclosure requirements (Jasin, 2023). Startups that integrate compliance measures into their financial management practices are better equipped to avoid costly penalties and legal disputes.

Another essential component of Simon's theory is the adoption of automated accounting systems and financial monitoring tools. Startups that leverage technology-driven financial systems, such as AI-powered accounting software and blockchain-based transaction tracking, can significantly reduce the risk of financial discrepancies (Tekin & Asar, 2021). Research shows that businesses implementing automated financial controls experience fewer accounting errors and are more efficient in managing financial transactions (Valencia-Arias & Restrepo, 2019). Implementing real-time financial monitoring enables startups to detect anomalies quickly and take corrective action before small issues escalate into major financial crises.

Simon's internal controls theory offers a complete framework for startups to establish financial governance mechanisms that enhance transparency, compliance, and financial security. By implementing structured financial reporting, conducting audits, and leveraging automated accounting tools, startups can significantly reduce operational and financial risks. Entrepreneurs who integrate strong internal controls into their financial management strategies are better positioned to build sustainable businesses and attract long-term investments (Konou, 2023).

### **Diversification theory**

Diversification theory, developed by Harry Markowitz in 1952, emphasized that businesses should spread their investments and revenue sources across multiple assets, markets, or products to reduce financial risk (Markowitz, 1952). The core idea is that startups should not rely on a single source of income or a single product but instead create a diversified portfolio that minimizes the impact of adverse market conditions. Empirical evidence supports this approach, showing that firms with diversified revenue streams are more resilient during economic downturns (Graham & Harvey, 2021).

For startups, diversification can be achieved by expanding product lines, entering different geographical markets, or adopting multiple sales channels (Bruton et al., 2015). Studies indicate that technology startups with multiple revenue streams such as subscription models, advertising, and direct sales are more financially stable than those relying solely on a single income source (Colombo, 2023). Additionally, geographic diversification helps startups hedge against local economic downturns by accessing international markets (Tekin & Asar, 2021).

Markowitz's theory also applies to investment and funding strategies. Startups that diversify their funding sources using a mix of venture capital, bank loans, and crowdfunding reduce their dependency on any single financial provider, lowering the risk of sudden capital shortages (Putnins & Sauka, 2019). Research suggests that startups with diversified capital structures are less likely to face financial distress compared to those dependent on one primary source of funding (Saghaian et al., 2022).

Moreover, industry diversification can enhance startup sustainability. Some successful startups pivot their business models to enter complementary industries, reducing the impact of market saturation in a single sector (Hapsari et al., 2024). A fintech startup might expand into cybersecurity services, leveraging its existing expertise to generate additional revenue while mitigating risks from financial market instability (Jasin, 2023).

Diversification theory delivers a risk management strategy for startups. By confirming varied revenue sources, funding options, and market presence, startups can enhance their financial resilience and increase their chances of long-term success (Valencia-Arias & Restrepo, 2019). Entrepreneurs who strategically apply diversification

principles can better withstand economic uncertainties and maintain stable financial growth.

## **2.2 Empirical Review**

Belás et al. (2015) examined the significance of financial risk management in small and medium-sized enterprises (SMEs) and its impact on their growth potential. The study, conducted in the Czech Republic in 2015, explores the influence of factors such as gender and education level of entrepreneurs on financial risk management approaches. The findings reveal that three-quarters of SMEs recognize financial risk but struggle to manage it effectively. The importance of financial risk increased during the crisis, complicating SMEs' access to external funding. Notably, few entrepreneurs maintain financial reserves. The study found no significant differences in financial risk management approaches based on gender or education level. The results provide a valuable platform for supporting and developing SMEs.

Pochitaev and Filippova (2016) examined the development and implementation of financial strategies to ensure dynamic growth and assess the impact of financial risks on long-term goals. The study focused on integrating business development and financial strategies, managing internal financial capacities, and addressing significant risks. Using a sample of 184 observations from 23 companies in the Russian chemical and petrochemical sectors over 8 years, the authors applied correlation and regression analyses to identify the relationship between financial risk indicators and company performance. Major findings indicated that the integration of financial risk management and overall business strategies can optimize the risk-return ratio and support long-term value growth. The study concluded that effective risk management involves identifying significant risks, selecting appropriate assessment methods, and implementing measures to mitigate those risks. This comprehensive approach enhances financial stability and resilience against uncertainties, providing critical insights for companies aiming to improve their financial strategies and management practices. The study's implications highlight the importance of a robust risk management framework to prevent bankruptcy and foster sustainable growth.

Todeschini et al. (2017) examined how startups relate to risk management concepts and practices to identify suitable tools for their context. Data were collected through face-to-face interviews and an online survey to analyze how startups perceive and manage

risks. The study used descriptive analysis and Pearson correlation to identify patterns in risk analysis processes. Findings revealed that startup's view risk differently, with a lack of familiarity and empiricism in risk analysis being independent of operational time and capital invested. However, startups with a consolidated strategy have better-structured risk management processes. The sample size was a limitation, suggesting the need for future research to expand the understanding of the startup environment. Practical implications include using the adapted risk management method suggested in the study to better structure risk management processes.

Pakula et al. (2018) delved into risk management and financing among startups, emphasizing the unique challenges these entities face due to their specific business activities and short history in the global economy. The study aims to fill a gap in existing literature by exploring the use of risk management tools and financing methods in startups. Using questionnaires and in-depth interviews analyzed through the multi-criterion Analytic Hierarchy Process, the study focused on 25 startups at the Podkarpacki Science and Technology Park in Poland. Results reveal that startups primarily accept risk as self-insured retentions without significant efforts to minimize it and identify insurance as the most effective risk financing instrument. The findings highlight the need for targeted research and practical measures to manage risks in startup activities and contribute to ongoing scientific discussions on innovative enterprises.

Räty (2019) investigated risk management in venture capital companies, focusing on their strategies and processes at the company level. Using qualitative research methods, the study involves semi-structured interviews with partners and employees from venture capital firms. The findings reveal that venture capital companies manage risks without formalized risk management strategies, relying instead on standardized frameworks for evaluating the risks and return potential of individual investments. Key risks identified include reputational risks, inadequate screening and due diligence processes, and premature exit transactions. Effective risk management methods highlighted are portfolio diversification, thorough screening and due diligence, active monitoring of portfolio companies, and careful financial contracting. The study concludes that while company-level risk management is not seen as a significant differentiator in raising capital or sourcing new investments, the use of standardized

risk management frameworks and methods is crucial for mitigating risks in venture capital investments.

Akomea-Frimpong et al. (2020) presented a systematic review of financial risk management in public-private partnership (PPP) projects from 1995 to 2019. The study highlights those financial risks, such as high-interest charges, increased construction costs, and market risks, are among the top factors affecting the success of PPP projects. Methods used to assess these risks include Monte Carlo Simulation (MCS) and Net Present Value (NPV), while risk control measures like minimum revenue guarantees and real option pricing are employed. The research reveals a scarcity of studies on financial risk management in PPP projects within developing economies. Practical implications suggest that project managers can use these findings to enhance the financial success of PPP projects. The study also guides researchers to further investigate financial risk management in PPP projects. The paper provides valuable insights into managing financial risks, making it a unique contribution to the existing literature on PPP projects.

Kaszuba-Perz and Czyżewska (2020) analyzed the importance of risk management in young innovative enterprises, focusing on startups in the Podkarpackie Province. The study investigates how small and medium-sized enterprises, operating for no longer than 5 years, manage risks, particularly those implementing innovative solutions. It explores entrepreneurs' perceptions of risks in their environments and within their entities and examines the risk identification and mitigation procedures used. The study highlights the significant influence of the business owner's entrepreneurial attitude on risk management strategies. It reviews methodologies such as Customer Development, Design Thinking, and Lean Startup for managing risks in startups based on new technologies. The authors also discuss the role of business accelerators and investors in the risk management of startups. The article provides valuable insights into the methods and strategies that young innovative enterprises can use to navigate risks effectively.

Kothari (2020) examined the the growth, entrepreneurial traits, vision and futuristic approach of SMEs. India has a healthy environment and acts as a game-changer, a longlasting impact on the economy and standards of living of any nation. Startups have grown in no time both in numbers and contribution wise in a job and revenues. This paper tries to conceptualize the phenomenon, i.e., "startup," and "Entrepreneurship"

recognizes the challenges they might face. For the fashionable enterprise, assets in business activities are to support the operation of their overall funding and is that the foundation of sustainable management and financial risk. During this paper, the financial risks of business activities of new enterprises is being studied, the strategies to uplift the risk failure of startups offerings of government for encouraging innovative ideas of the young generation.

Nigam et al. (2020) explored the challenges of financing investments in knowledge-intensive sectors, focusing on healthcare startups with new business models. By analyzing data from 204 Indian healthcare technology startups funded between 2014 and 2017, the study employs signaling theory to identify factors influencing access to external financing. The findings reveal that venture capitalists prioritize relational capital (e.g., startup age, website traffic, investor syndicates) in their funding decisions, whereas human and structural capital have less impact. The study also notes that certain business models deter investment due to their associated uncertainties and extended profitability timelines. The authors highlight the importance of effectively managing intellectual capital to secure venture capital, providing valuable insights for startups in navigating financial challenges.

Cescon and Grassetti (2021) explored the relationship between financial control (FC) techniques and business strategies (BSs) in the context of start-up companies in Italy. Given the limited existing literature on this topic, the authors collected quantitative data via surveys and qualitative data through interviews with expert entrepreneurs. The study reveals that the use of different FC techniques is not dependent on BSs. Additionally, it highlights that reputation risk varies significantly between companies employing differentiation strategies versus those using focus strategies. The interviews further underscore the importance and benefits of specific FC techniques for start-ups. Overall, the article contributes new insights to the ongoing debate regarding the role of FC techniques in shaping business strategies, particularly within start-up firms.

Dvorsky et al. (2021) assessed how entrepreneurs' attitudes toward business risks impact the future outlook of small and medium-sized enterprises (SMEs). The study involved 454 SMEs from the Czech Republic, who completed an online questionnaire. Using structural equation modeling and factor analysis, the researchers identified causal relationships between the variables examined. The findings indicate that entrepreneurs'

positive attitudes toward business failure enhance SME prospects. Financial risk perception, seen in the context of everyday business operations and positive financial performance indicators, significantly influences future business success. Operational risks are tied to efficient resource use, reduced customer complaints, and supplier independence. Market risk, indicated by adequate sales volume, also positively impacts future business. The research provides insights for national and regional development plans to support and develop SMEs, as well as for policy authors seeking to foster SME growth.

Bieliyalov (2022) emphasizes the significance of the startup movement in transitioning from innovation to a startup ecosystem. The article aims to modernize the process of promoting innovative products in the market, considering the trends in the modern economy's innovative development. The study employs situational and design approaches, simulation and structural-functional modeling, and BPMN notation to determine market demand and plan the promotion process. The research resulted in a scheme to assess economic efficiency, enhancing the clarity and completeness of the promotion process management while reducing costs. Using Hideez Technology Ltd as a case study, the article examines the risk management system for innovative products, highlighting the economic benefits achieved, including reaching USD 20,000. The study concludes by defining the sequence of actions for making management decisions during the implementation of innovative product promotion strategies.

Motashko and Martyniuk (2022) summarized various approaches to financial risk management in strategic enterprises, focusing on the concepts of "financial risk" and "risk management." They identify financial risks as typically viewed as the probability of financial losses, with the main goal of risk management being to minimize, limit, or neutralize these risks. The study highlights those strategic enterprises face potentially more dangerous risks than ordinary commercial enterprises, necessitating attention from state regulators. Key drivers of financial risk include economic sector dynamism, inflation, market changes, consumer demand, and new monetary instruments. The authors propose combining qualitative and quantitative analyses for modern financial risk management and suggest improving financial risk management in Ukraine through clear goal-setting, risk prevention strategies, diversified risk assessments, and the development of financial risk insurance.

McConnell (2022) examined the high failure rate of start-ups and the importance of strategic risk management in increasing the odds of success for entrepreneurs. The paper emphasizes the significance of understanding and mitigating 'strategic risks,' which involve knowing how and with whom the firm will compete, setting goals, and outlining policies to achieve those goals. Using Michael Porter's definition of strategy, the paper identifies critical strategic risks and discusses common strategy models to describe these risks, particularly focusing on strategic positioning risk. To illustrate how strategic risks can be managed, the paper references three case studies of start-ups in the financial sector: one successful, one failed, and one in between. The study does not claim that formalized risk management guarantees success or failure but highlights the importance of key decisions in addressing strategic risks. The purpose of the paper is to provide a guide for entrepreneurs, helping them navigate potential pitfalls and increase their chances of success by understanding and managing strategic risks effectively.

Peng and Walid (2022) investigated the challenges faced by sustainable entrepreneurs in Algeria, focusing on the impact of perceived risks and barriers on sustainable entrepreneurship in SMEs. Using a quantitative methodology, the study gathers data from 230 entrepreneurs and employs structural equation modeling and growth path analysis to examine the relationships between perceived risks, barriers, and business performance. The findings reveal that government support significantly mediates these relationships, suggesting that enhancing government support can improve the environment for sustainable entrepreneurship. The study provides valuable insights for governments and private capital providers to foster sustainable business practices.

Anh (2023) explored risk management in the financial sector, focusing on the behavioral decision-making processes of managers and investors in corporations. The study examines how risk management activities, such as identifying issues, analyzing, and modifying ambiguities in credit creation and investment decisions, impact profitability and the successful growth of firms. Using a descriptive research method and secondary data from company websites and annual statements, the study analyzes the relationship between behavioral risk management strategies and project success. Key findings highlight the importance of risk management in credit on commercial banks to prevent losses and ensure profitability. The study emphasizes the significance of implementing risk-averse practices and effective risk management strategies to

achieve project success. Statistical evidence suggests an association between profit and credit loss expense, underscoring the critical role of risk management in financial organizations.

Dykha et al. (2023) examined the intricacies of risk management in startup projects, emphasizing the high level of uncertainty and risk inherent in these ventures. The study defines startup project risks as both objective and subjective, influenced by the team's actions, interactions, decision-making abilities, problem-solving skills, and uncontrollable external factors. It highlights the differences in risk management between startup projects and traditional businesses. The main stages of risk management are identified as risk identification, risk assessment, and planning and decision-making. The importance of using qualitative and quantitative risk assessment methods is stressed, alongside the creation of a risk register. The paper underscores the expedience of using decision trees for effective risk management. The study also outlines the main aspects influencing future risk management trends in startup projects, such as the entrepreneurial attitude of business owners and the methodologies employed, including customer development, design thinking and lean startup. The role of business accelerators and investors in risk management is also discussed, providing a comprehensive view of the strategies required to navigate the risks associated with startup projects successfully.

Song (2023) explored financial risk management using the COSO-ERM framework at ABC Biotech Company. The paper highlights the integration of risk management with corporate governance, strategy, and performance. Key aspects of the COSO-ERM framework, such as Governance and Culture, Strategy and Objective Setting, Performance, and Information Communication and Reporting, are examined. The study details how ABC Biotech implements COSO-ERM, focusing on risk management strategies, corporate strategy alignment, and improvements in risk identification and assessment. It emphasizes that financial risk management is a dynamic, cyclical process aligned with strategic corporate growth, showcasing the framework's effectiveness in managing financial risks at ABC Biotech Company. This comprehensive approach ensures that the company can navigate uncertainties and achieve long-term success.

Zhou (2023) assessed into the critical discipline of financial risk management within today's dynamic and interconnected financial landscape. The article examines the

challenges arising from rapid technological advancements, globalization, cybersecurity threats, regulatory changes, and economic uncertainty. It discusses effective risk management strategies, including integrated approaches, advanced analytics, stress testing, fostering a risk-aware culture, and effective communication. Moreover, Zhou emphasizes the importance of continuous research and innovation, highlighting future trends such as emerging technologies, regulatory reforms, and adaptation to economic and market changes. The conclusion underscores the necessity for proactive and adaptive risk management practices to successfully navigate the complexities of the financial risk environment.

Bajpai (2024) investigated the role of financial technology-based startups in supporting financial institutions, particularly in performance management and risk mitigation. The study emphasizes the importance of operational efficiency and how technology advancements have enabled traditional financial institutions to automate tasks, reduce errors, and lower costs. Using a primary quantitative methodology, data were collected through a 13-question questionnaire from 55 respondents. Statistical analysis revealed strong correlations (Pearson Correlation  $> 0.8$ ) among the variables, validating the initial hypotheses. The findings indicate that fintech solutions enhance the effectiveness and resilience of risk management frameworks despite facing various challenges. The study concludes that the adoption of fintech by financial institutions fosters a dynamic risk management landscape that can adapt to evolving opportunities and challenges in the financial sector. The use of quantitative data collection and analysis supports projecting real-time information, contributing to the study's validity.

Ermawati (2024) investigated crucial entrepreneurial finance strategies for startup success, focusing on venture capital (VC) dynamics, bootstrapping, crowdfunding mechanisms, and financial planning. The study utilizes a literature review of scholarly articles to synthesize key findings. It reveals that VC funding, though competitive, provides capital and expertise, while bootstrapping offers autonomy and resourcefulness. Crowdfunding serves as an alternative financing method but demands effective marketing and community engagement. Effective financial planning supports sustainable growth through prudent resource management. The discussion emphasizes the importance of understanding these financing options and their implications for entrepreneurs, investors, and policymakers. The study concludes that adopting

appropriate financing strategies enhances startup success and contributes to vibrant entrepreneurial ecosystems, ultimately promoting economic growth and innovation.

Erwin et al. (2024) explored financial risk management strategies for startups in the digital age, focusing on identifying, mitigating, and managing financial risks. The study highlights three main strategies: developing realistic budgets and financial projections to monitor expenses and funding needs, investing in cybersecurity and insurance to protect against digital threats and financial losses, and diversifying revenue to increase resilience to market fluctuations. The research, based on a literature review, emphasizes these strategies as crucial for enhancing a startup's ability to manage risks and achieve sustainable growth in a dynamic digital environment.

Idris (2024) investigated the impact of strategic financial management practices on the growth and stability of entrepreneurial ventures, particularly startups. Using a qualitative research methodology, the study synthesizes insights from a comprehensive literature review and case studies to identify effective financial management strategies. Data were collected through detailed interviews with financial managers and startup founders, along with an analysis of financial documents and performance metrics. The findings reveal that effective capital structuring, innovative funding mechanisms like crowdfunding, adept cash flow management, and precise financial forecasting are crucial for startup stability and growth. Balancing debt and equity reduces financial risk and enhances attractiveness to investors. Crowdfunding facilitates market validation and community engagement, contributing to financial and operational stability. Effective cash flow management ensures liquidity and operational continuity, while advanced financial forecasting supports strategic adaptability. The study concludes that tailored strategic financial management significantly contributes to the sustainability and growth of startups, offering both theoretical expansions and practical insights for startup management and policy-making.

Mishra (2024) emphasized the critical role of entrepreneurship education in driving economic growth and innovation by equipping individuals with essential skills and knowledge. The study highlights the importance of addressing educational needs in underserved regions to enhance entrepreneurial outcomes and broader economic development. It underscores the significant influence of government policies and regulations on business operations, competitiveness, and growth, advocating for

continuous adaptation of policies to create a supportive business environment. The dynamic relationship between government actions and business success is explored, emphasizing the need for well-coordinated economic policies and effective policy frameworks to support entrepreneurial activities and foster economic growth.

Odonkor et al. (2024) reviewed the importance of sustainable growth in small businesses for economic stability and development, outlining comprehensive financial strategies to achieve this. Key strategies include effective financial planning and budgeting, ensuring liquidity, and maintaining emergency funds. The study emphasizes accessing diverse funding sources, such as traditional bank loans, venture capital, government grants, crowdfunding, and peer-to-peer lending, tailored to business growth stages. Cost management through lean techniques and regular audits, along with technological investments in fintech, enhances operational efficiency and transparency. The authors highlight the significance of risk management by identifying financial risks, using insurance products, and diversifying revenue streams. Additionally, fostering relationships with financial advisors and mentors is recommended for navigating complex financial landscapes. The study concludes that these strategies collectively build a resilient financial foundation, drive innovation, and ensure long-term success for small enterprises.

Nguyen (2024) analyzed the impact of financial flexibility strategies on the risk management effectiveness of Vietnamese listed firms, focusing on data from 635 firms between 2010 and 2021. The study uses fixed effect and system GMM methods to analyze the relationship under a high risk-high return approach, with robustness tests applied to ensure reliability. The findings reveal that financial flexibility strategies negatively affect risk management effectiveness by reducing both firm risk and performance. Additionally, the research shows a disparity in risk management effectiveness between low- and high-risk firms, with low-risk firms demonstrating more effective risk management. The study concludes that while financial flexibility strategies are not conducive to risk management effectiveness, firms can mitigate these impacts by controlling their performance and risk. The results have significant implications for firms in emerging markets seeking to balance flexibility with effective risk management.

Sumartan and Suriadi (2024) highlighted the crucial role of Micro, Small, and Medium Enterprises (MSMEs) in job creation and innovation, while addressing their financial management challenges. The study employs a qualitative approach to explore strategic financial management practices, including financial planning, cash flow management, and investment diversification. Key findings emphasize the importance of good financial planning, wise fund management, and investment diversification in enhancing MSME competitiveness and sustainability. Practical recommendations are provided to assist MSMEs in achieving their financial goals.

Wamala (2024) addressed the dynamic business environment created by globalization and the need for robust financial strategies to ensure long-term viability for organizations. The paper discusses effective funding and financial planning approaches critical for enhancing financial performance and mitigating risks in an evolving economic landscape. It highlights the transformative impact of emerging financial technologies like blockchain, AI, and big data on financial management, noting the increased accuracy and efficiency they bring alongside new challenges such as cyber risks and legal concerns. Additionally, the study emphasizes the growing importance of incorporating Environmental, Social, and Governance (ESG) factors into financial planning for sustainability. It also focuses on the unique financial challenges faced by Small and Medium-Sized Enterprises (SMEs) and the necessity of tailored measures to improve their financial management. Based on a literature review from 2019 to 2024, the paper provides a framework for financial success through strategic financial planning, efficient financing strategies, FinTech innovations, and ESG considerations, aiming to help firms thrive in an ever-evolving economy.

**Table 1**

*Summary of Review*

SN	Author(s)	Variables	Methodologies	Major Findings
1	Belás et al. (2015)	Financial risk management, SME growth, gender, education level	Survey-based study in Czech Republic	75% of SMEs recognize financial risk but struggle to manage it effectively; financial risk increased during crises, limiting access to external funding; no

- significant differences in risk management based on gender or education level.
- 2 Pochitaev & Filippova (2016) Financial strategies, financial risks Correlation and regression analysis Integrating financial and business strategies enhances the risk-return balance, ensuring long-term value creation. Emphasized proactive identification and mitigation of financial risks for stability.
  - 3 Todeschini et al. (2017) Risk perception, operational strategies Descriptive analysis, Pearson correlation Startups often exhibit poor understanding and execution of risk management strategies. Operational time and capital invested do not significantly impact their risk analysis capabilities, highlighting the need for tailored risk training.
  - 4 Pakula et al. (2018) Risk financing, entrepreneurial challenges Multi-criterion Analytic Hierarchy Process (AHP), questionnaires, interviews Found that startups rely predominantly on self-insured risk retention and identify insurance as the most effective external risk financing tool. Suggested integrating risk reduction measures alongside financing tools for comprehensive risk management.

- |   |                                 |  |   |  |
|---|---------------------------------|--|---|--|
| 5 | Räty (2019)                     | Venture capital, portfolio management                                  | Semi-structured interviews, qualitative thematic analysis         | Venture capital firms mitigate risks using portfolio diversification, rigorous screening, and due diligence, but lack formalized risk management strategies. These approaches ensure returns while balancing inherent risks.                   |
| 6 | Akomea-Frimpong et al. (2020)   | Financial risks in PPP projects  | Monte Carlo Simulation (MCS), Net Present Value (NPV)             | Financial risks, such as high interest rates and fluctuating market demands, significantly impact PPP projects. Control measures like real option pricing and minimum revenue guarantees improve project resilience.                           |
| 7 | Kaszuba-Perz & Czyżewska (2020) | Innovation, entrepreneurial attitudes                                  | Customer Development, Design Thinking, Lean Startup frameworks    | Entrepreneurs' attitudes play a pivotal role in adopting effective risk management strategies. Highlighted the use of iterative, customer-centric methodologies for addressing innovative risks.   |
| 8 | Nigam et al. (2020)             | Financing challenges, intellectual capital, venture capital investment | Analysis of 204 Indian healthcare startups using signaling theory | Venture capitalists prioritize relational capital (e.g., startup age, website traffic, investor syndicates) over human and structural capital; certain business models deter investment due to uncertainties and long profitability timelines. |

- |    |                           |   |  |  |
|----|---------------------------|---|--|--|
| 9  | Cescon & Grassetti (2021) | Financial control, business strategies  | Surveys, expert interviews   | Financial control techniques benefit startups by improving monitoring and forecasting, although they are not consistently aligned with overall business strategies. Differentiation strategies pose higher reputation risks.               |
| 10 | Dvorsky et al. (2021)     | Entrepreneurial attitudes, financial risk perception, operational risk, market risk | Survey of 454 SMEs in the Czech Republic; Structural Equation Modeling (SEM) and factor analysis | Entrepreneurs' positive attitudes toward business failure enhance SME prospects; financial risk perception influences business success; operational risks are tied to resource efficiency, customer complaints, and supplier independence. |
| 11 | Bielialov (2022)          | Innovation, startup ecosystems  | Situational and design approaches, BPMN modeling, structural-functional analysis                 | Created a detailed scheme for promoting innovative products by reducing cost inefficiencies and enhancing clarity in the decision-making process. Successfully applied the model to Hideez Technology Ltd.                                 |
| 12 | McConnell (2022)          | Strategic risks, startup failures   | Case study analysis, Michael Porter's competitive strategy framework                             | Strategic risk management, especially in terms of market positioning, significantly influences startup outcomes. Mismanagement of competitive risks often results in startup failure.  |

- 13 Peng & Walid (2022) Sustainable entrepreneurship, perceived risks, government support, business performance Quantitative study of 230 Algerian entrepreneurs; Structural Equation Modeling (SEM) and growth path analysis Government support significantly mediates the relationship between perceived risks and business performance, improving the environment for sustainable entrepreneurship.
- 14 Dykha et al. (2023) Risk management, entrepreneurial dynamics Literature review, qualitative analysis, risk registers, decision trees Comprehensive approach identifies startup-specific risks as more volatile than those in traditional businesses. Proposed integrating quantitative tools like risk matrices with qualitative methods.
- 15 Song (2023) Financial risk management, COSO-ERM Case study (ABC Biotech), COSO-ERM framework analysis COSO-ERM provides a structured framework to integrate risk management with strategic goals. The dynamic process of risk identification and response helps align corporate growth with resilience.
- 16 Zhou (2023) Financial risks, emerging technologies Literature review, advanced analytics, stress testing Emphasized the importance of integrating advanced analytics and fostering a risk-aware culture. Discussed challenges from globalization, cyber threats, and regulatory changes in financial management.

17 Bajpai (2024)	Fintech innovation, risk mitigation	Quantitative questionnaires, Pearson correlation analysis	Fintech adoption improves operational efficiency and risk mitigation frameworks, enabling startups and financial institutions to adapt to market fluctuations. A Pearson correlation of $>0.8$ validated the findings.
18 Ermawati (2024)	Entrepreneurial finance, funding options	Literature review	Discussed how venture capital, crowdfunding, and bootstrapping empower startups, with a focus on strategic resource management for sustainability. Effective financial planning supports scalability and resilience.
19 Erwin et al. (2024)	Digital-age financial risk management	Literature review, thematic analysis	Advocated for comprehensive strategies, including budgeting, cybersecurity investments, and revenue diversification, to address risks in digital environments. Highlighted the increasing importance of technology-based risk measures.
20 Idris (2024)	Strategic financial management, funding	Case studies, interviews, performance analysis	Detailed strategies like balancing debt and equity, crowdfunding for community engagement, and innovative cash flow management ensure startup sustainability.

			Identified strategic forecasting as a key tool.	
21	Mishra (2024)	Entrepreneurship education, policy impact	Systematic literature review	Highlighted how entrepreneurship education and supportive government policies drive innovation and economic growth. Called for targeted education in underserved regions.
22	Odonkor et al. (2024)	Financial planning, sustainable growth	Literature review, cost-benefit analysis	Effective financial planning and diverse funding sources are critical for small business sustainability. Suggested integrating technology for transparency and using mentorship for navigating financial risks.
23	Nguyen (2024)	Financial flexibility, risk management	Fixed effect and system GMM	Financial flexibility negatively impacts risk management efficiency in high-risk firms. Firms with low-risk profiles demonstrate better resilience and adaptability.
24	Sumartan & Suriadi (2024)	Financial management practices, financial planning, cash flow management, investment diversification	Qualitative approach analyzing MSMEs' financial strategies	Good financial planning, fund management, and investment diversification enhance MSME competitiveness and sustainability; practical recommendations for achieving financial stability.

25 Wamala (2024)	Financial strategies, globalization	Literature review, strategic planning frameworks	Integration of ESG factors and adoption of FinTech enhance financial stability in a globalized market. Advocated for financial strategies to manage dynamic economic landscapes.
---------------------	---	--	--

---

### 2.3 Research gap

Though the importance of financial risk management is increasing not much study has been conducted on how Nepali startups manage their finances. Most of the studies have focused on developed countries that have the advantage of a well-developed financial ecosystem (Colombo, 2023; Saghaian et al., 2022). The startup ecosystem of Nepal is still in the development stage. The ecosystem suffers from limited access to formal financing, regulatory weakness and lack of risk management. A significant research gap is the role of financial literacy in startup risk management in Nepal since many entrepreneurs use informal financial practices making them vulnerable to financial shocks and instability (Tekin & Asar, 2021). Entrepreneurs with good financial literacy are likely to manage financial risks and take better investment decisions. However, no reasonable empirical evidence from Nepal supports this statement. Global evidence however proves it to be true. Networking indicates the level of connectedness between the entrepreneur and network contributes greatly to success of an entrepreneur (Higgins, 2012) the true network of an individual could not be predicted just by looking at the visible network (Bradford, 2013). Thus, a startup founder chooses their venture capitalists or any other stakeholder. Other funding types such as crowdfunding and angel investment are still undeveloped while their risk-reduction potential is not ascertained. Furthermore, there seems to be a lack of studies on how Nepali start-ups hedge their external financial risks such as inflation, exchanges rates, political risk, etc., without any formal hedging or insurance tools (Saghaian et al., 2022). It is necessary to bridge the research gaps in risk management frameworks to promote the sustainability and resilience of startups in Nepal.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

This chapter contains the methods used in this study to meet the objectives of the study. Mainly, this chapter is combination of research design, population and sample, and sampling design, nature and sources of data and data collection procedures, method of analysis and research framework and definition of variables.

#### **3.1 Research design**

This study utilized both descriptive and causal research designs. The descriptive research design is employed to understand the current state of financial risk management strategies in place by startups from different sectors. It captures how these startups understand and manage the financial risks that come with their activities. On the other hand, the causal research design is used to analyze the relationships among the key independent variables risk perception, entrepreneurial attitude, financial control measures, capital structure and risk financing methods and the financial risk management strategies. The causal research design allows for a thorough assessment of these variables and their impact on the effectiveness of the financial risk management strategies and possible cause-and-effect relationships.

#### **3.2 Population and sample, and sampling design**

This study targets all the startups in Nepal irrespective of their industry/sector. Nepal's emerging economy with a growing number of startups, it is important to gain information into their financial risk management practices. To adequately cover the different sectors and practices of financial risk management, a sample size of 200 startups is selected. The sample is drawn from entrepreneurs who are reasonable to reach out to and participate in the study. The study uses convenience sampling techniques. This method falls under non-probability sampling because it focuses on practical aspects such as the availability of the entrepreneurs and the financial managers of the startups. Due to limited time and resources convenience sampling is preferred by the researcher. It also ensured that the participating firms are relevant to the study and practice financial risk management.

#### **3.3 Nature and sources of data, and data collection procedures**

This study is based totally on the primary information obtained firsthand from startup entrepreneurs, financial managers and other relevant business executives. To gather

quantitative information regarding the financial risk management practices, the study employs pre-structured questionnaires following a Likert scale. The questionnaire captures adequate information on risk perception, entrepreneurial attitude, financial control techniques, capital structure, risk financing approaches and financial risk management strategies. The study ensures that responses given can be compared and assessed meaningfully.

### **3.4 Method of analysis**

Statistical tools are used to analyze the collected data to meet the objectives of the study. SPSS software is used to analyze the data and descriptive analysis, correlation analysis and regression analysis are conducted. The details of these tools are as:

#### **Descriptive analysis**

To assess the status of financial risk management strategies in relation to the Nepalese startups the descriptive analysis is conducted. To know how startups are able to mitigate financial risks it is necessary to compute mean and standard deviation. This is very important in studying the general picture because it shows the common trends, disparities, and peculiarities that characterize financial risk management practices across various industries which is helpful to conduct further statistical analysis like correlation analysis and regression analysis.

#### **Correlation analysis**

Correlation analysis is conducted to examine the possible interrelationships between risk perception, entrepreneurial attitude, financial control techniques, capital structure, risk financing approaches and financial risk management strategies. This study uses Pearson's correlation coefficient to measure the strength and the direction of the relationships of these variables. It is useful to see whether strong or weak relationships exist between independent and dependent variables. The results of correlation analysis will assist in supporting the causal analysis of financial risk management strategies and create further ground to calculate regression analysis.

#### **Regression analysis**

The multiple regression analysis is employed for analyzing the effects of risk perception, entrepreneurial attitude, financial control techniques, capital structure, risk financing approaches on financial risk management strategies. It utilizes multiple regression models to establish the impact of the used independent variables on the

financial risk management practices of the financial startups. The regression model utilized in this study is as follows:

$$FRM = \beta_0 + \beta_1 RP + \beta_2 EA + \beta_3 FCT + \beta_4 CS + \beta_5 RFA + e$$

$\beta_0$  = Constant

FRM = Financial Risk Management Strategies for StartUps

RP = Risk Perception

EA = Entrepreneurial Attitude

FCT = Financial Control Techniques

CS = Capital Structure

RFA = Risk Financing Approaches

$\beta_1 - \beta_5$  = Regression Coefficients for independent Variables Respectively

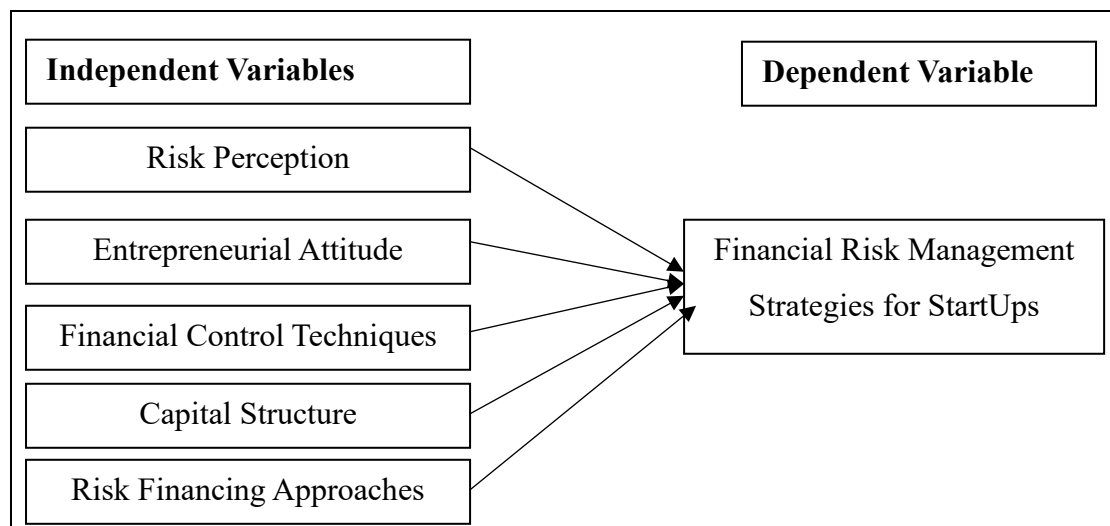
$e$  = Error Terms

### 3.5 Research framework and definition of variables

The framework for this study was constructed using relevant literature Todeschini et al. (2017), Dvorsky et al. (2021), Peng and Walid (2022) and Idris (2024). Financial risk management strategies is used as the dependent variable. Risk perception, entrepreneurial attitude, financial control techniques, capital structure, risk financing approaches are used as independent variables. The framework of the study is presented in Figure 1.

**Figure 1**

*Research Framework*



Source: Todeschini et al., (2017); Dvorsky et al. (2021); Peng and Walid (2022); Idris, (2024)

### **Financial risk management strategies for startups**

A startup's financial risk management strategy includes a number of techniques designed to identify, measure and mitigate risks that may threaten its financial health and growth. Startups lack considerable financial cushions and need to manage risks regarding cash flow, capital structure and external funding with precision (Pakula et al., 2018). Sound financial risk management strategies include revenue diversification, liquidity reserves, adequate insurance and hedging against market volatility (Song, 2023). Moreover, the COSO-ERM model and other frameworks offer systematic methods for incorporating financial risk management within overarching strategic goals to safeguard business continuity and resilience (Song, 2023). Building systematic proactive risk assessment and mitigation mechanisms improves financial sustainability while reducing vulnerability to operational and market uncertainties (Dykha et al., 2023).

### **Risk perception**

Risk perception discovers the subjective evaluation of possible destructive risks by business stakeholders and entrepreneurs relative to potential rewards in regard to finances and business operations. Risk perceptions influence investment decisions, growth strategies and the overall willingness to take risks within a business (Todeschini et al., 2017). Due to an optimism bias many entrepreneurs tend to overlook financial risks which incurs inadequate mitigation strategies for potential market downturns, recessions and financial crises (Dvorsky et al., 2021). Inhibitive risk appetite could stagnate entrepreneurial growth and hinder innovation as strategic investments with potential long-term payoffs are avoided (Peng & Walid, 2022). Prior experience with running a business, financial literacy, and macroeconomic aspects fundamentally alter how risks are perceived and managed across different sectors (Zhou, 2023). Due to its relevance to financial decision making, developing balanced risk perceptions through training and data-driven risk evaluation approaches aids in fostering sustainable entrepreneurship (Nigam et al., 2020).

### **Entrepreneurial attitude**

An entrepreneurial attitude describes an individual's perception, evaluation and overall approach regarding innovation as well as risk and business management. With favors to adapting change or encountering new challenges a positive entrepreneurial attitude fosters perseverance, flexibility and a readiness to try new things (Dvorsky et al., 2021).

Entrepreneurs who possess strong self-efficacy and a proactive approach to resolving characteristic problems are more inclined to adopt financial risk management strategies aimed at maintaining business viability (Kaszuba-Perz & Czyżewska, 2020). It has been proven that financial performance in businesses is directly correlated to ones optimism and growth focus (Räty, 2019). Moreover, encouraging constructively entrepreneurial attitudes is made easier by pro-entrepreneurship policies and supportive ecosystems which provide mentorship, strategic resources, and access to financial literacy (Mishra, 2024). A calculated yet bold approach to risk as an attitude fosters greater ability to withstand market disruptions and manage financial uncertainty for startups (Wamala, 2024).

### **Financial control techniques**

The implementation of financial control techniques aims to monitor, evaluate and control the financial activities of a business guaranteeing its stability and profitability. Other basic techniques include budgeting, variance analysis, financial forecasting and internal auditing (Cescon & Grassetti, 2021). Startups that effectively manage their finances are able to achieve greater control over financial transparency, fraud detection and sustainable resource allocation. (Bajpai, 2024). The use of automated accounting and financial dashboards enhances the precision of financial reporting and decision making (Erwin et al., 2024). Focus groups have noted that although control techniques aid in managing expenses and revenues they tend to be overlooked by early-stage startups owing to a lack of financial knowledge and resources, both of which are crucial in a startup setting (Dykha et al., 2023). Improving the control aspect of finances through teaching and technology assists startups in becoming more financially resilient and competitively positioned in the market (Odonkor et al., 2024).

### **Capital structure**

Capital structure how a business funds its operations and new projects by using a mixture of debt (loans, bonds) and equity (stock, owned capital). The optimal capital structure under consideration mixes financial leverage and operational flexibility to ensure firms have enough liquidity while reducing the possibility of financial distress (Nguyen, 2024). However, startups are often stuck in a “chicken and egg” scenario regarding capital structure because of limited external capital and costly debt financing (Idris, 2024). Although venture capitalists and angel investors issue equity financing, too much equity financing results in loss of control and ownership (Ermawati, 2024).

Heavy reliance on debt financing comes with higher financial risk under volatile markets with unpredictable interest rates (Akomea-Frimpong et al., 2020). Businesses with flexible capital structures that combine different sources of funding tend to have enhanced financial resilience and sustainability over time (Sumartan & Suriadi, 2024). Shocks in the economy highlight the importance of strategic financial planning due to the heightened economic uncertainties which make capital structure optimization increasingly essential in augmenting profitability while ensuring financial stability (Wamala, 2024).

### **Risk financing approaches**

The approaches to risk financing have specific self-explanatory strategies reserved for financial resource allocation for reducing the impact of possible risks. These strategies include self-insurance, traditional insurance, risk retention and hedging mechanisms (Pakula et al., 2018). Due to high costs of insurance, many startups utilize retained self-insurance, which financially endangers the firm (Dvorsky et al., 2021). Startups would manage uncertainties more effectively with the integration of external risk financing solutions, such as venture capital funding and government subsidized risk reduction strategies (Bielialov, 2022). New technologies like blockchain for risk management and AI for assessing risks are changing the dynamics of risk financing by creating transparent and efficient ways of risk identification and mitigation (Zhou, 2023). An inclusive risk financing strategy combining multiple approaches is essential for startups to achieve financial stability and long-term growth (Erwin et al., 2024).

## **CHAPTER IV**

### **RESULTS AND DISCUSSION**

This chapter presents an analysis and interpretation of the data collected to examine financial risk management strategies used by startups in Nepal. The chapter begins with an analysis of the demographic profile of the startup entrepreneurs and their firms. It presents a descriptive summary of each variable: risk perception, entrepreneurial attitude, financial control techniques, capital structure and risk financing approaches. Relationship analysis identifies patterns of association between the variables and regression analysis explores the extent to which the independent variables influence the dependent variable financial risk management strategies. The chapter concludes with a discussion of the results in light of the research objectives and relevant literature. This shows practical and theoretical implications for startup financial management in Nepal.

#### **4.1 Results**

From the demographic data the respondents represent a diverse range of industries and are supported by various funding sources. Descriptive analysis concluded into the respondents' attitudes toward financial risk, their entrepreneurial mindset, usage of financial control techniques, preferred risk financing approaches and the overall risk management strategies adopted. This diversity shows the dynamic nature of Nepal's emerging entrepreneurial ecosystem. These startups rely on various sources of funding, including self-financing, venture capital, angel investors, bank loans and government or NGO support. Such variation in funding avenues introduces complexity in financial decision-making and risk tolerance levels. This is important for understanding financial risk management behaviors in this context. Inferential analysis further analyzes the relationships between these variables and how they influence financial risk management practices for Nepalese startups.

#### **Demographic profile of respondents**

This part shows the background characteristics of the participants included in the study. It includes key demographic information age, gender education level. This demographic information helps to analyze the responses and knowledge on the entrepreneurs' perspectives on financial risk management. Table 2 presents the demographic profile of sample respondents under the study.

**Table 2***Demographic Profile of Respondents*

Category	Items	Frequency	Percent
Gender	Male	167	83.5
	Female	33	16.5
	Other	0	100
	Total	200	100.0
Age	Below 20 Years	7	3.5
	21-30 Years	79	39.5
	31-40 Years	81	40.5
	Above 40 Years	33	16.5
	Total	200	100.0
Education	Intermediate	13	6.5
	Bachelor Degree	97	48.5
	Masters and Above	90	45.0
	Total	200	100.0

Source: Survey (2025)

Table 2 shows the demographic profile of respondents on financial risk management strategies for startups in Nepal. For gender the majority of respondents 83.5% are male and 16.5% are female. There are no participants identifying as "Other."

For age group the largest group falls within the 31–40-year range which have 40.5% of the total. This is followed by aged 21–30 years at 39.5%. Individuals above 40 years represent 16.5% and the youngest group below 20 years have only 3.5%. This shows that most respondents belong to the prime working-age population who are involving in startups.

For education qualification the majority of respondents hold a bachelor's degree 48.5% or a master's degree and above 45%. This shows a highly educated participant respondents in the study. Only 6.5% of the respondents have completed education at the intermediate level. This composition shows the role of formal education in shaping financial risk management strategies among startups in Nepal

The finding shows a well-rounded perspective on the respondent demographic. This can be useful how financial risk management strategies are influenced by education and experience levels among startup founders and professionals in Nepal.

### Industry of startup

This section shows the distribution of respondents across various startup sectors. The knowledge on this helps to analyze the risk environment in which the startup operates as certain sectors may face higher levels of financial uncertainty due to regulatory shifts, capital intensity or market volatility. The diversity of industries also supports simplified the findings across different business types. Table 3 presents the industry of startups of sample respondents under the study.

**Table 3**

#### *Industry of StartUp*

Category	Items	Frequency	Percent
Industry of StartUp	Technology & IT	69	34.5
	Manufacturing	7	3.5
	Healthcare	11	5.5
	Retail & E-commerce	31	15.5
	Financial Services	49	24.5
	Others	33	16.5
	Total	200	100.0

Source: Survey (2025)

Table 3 shows the startup industries for sample participants in the study. The response revealed that the Technology & IT sector leads the landscape with 34.5% of the surveyed startups. Financial services follow as the second most common industry with 24.5% of startups. This shows the growing importance of fintech and financial innovations. Retail & E-commerce have a significant presence at 15.5%. This indicates a rising trend in online businesses and digital marketplaces. The "Others" category is 16.5% which shows diversity in emerging startup ventures beyond conventional sectors. Healthcare startups have 5.5% which shows regular innovation in medical and wellness services. Manufacturing startups are very low at just 3.5%. This data shows the strong inclination toward technology-driven and service-oriented businesses among startups in Nepal.

### Sources of startup funding

Startups rely on a range of funding sources to initiate and grow their businesses. This section details whether the startups were primarily funded through self-financing, family and friends, angel investors, venture capital, bank loans or other means. The

nature of funding is an important determinant of financial pressure and risk exposure. Equity-based funding may allow more flexibility compared to debt-financing. This can impose fixed financial obligations and increase vulnerability to financial shocks. Table 4 presents the source of startup fundings for the sample respondents in the study.

**Table 4**

*Sources of Startup Funding*

Category	Items	Frequency	Percent
Sources of Startup Funding	Self-funded	51	25.5
	Family & Friends	43	21.5
	Angel Investors	9	4.5
	Venture Capital	11	5.5
	Bank Loans	61	30.5
	Others	25	12.5
	Total	200	100.0

Source: Survey (2025)

Table 4 shows the startup funding in Nepal for startups. The response from respondents shows that bank loans are the most common method of financing accounting for 30.5% of startups. This shows entrepreneurs rely heavily on formal financial institutions to secure capital. Self-funding follows closely at 25.5% which shows that many founders prefer to bootstrap their businesses. This is possibly to retain full control and ownership. Support from family and friends are up 21.5% which shows the importance of personal networks in the early stages of entrepreneurship. Angel investors 4.5% and venture capital 5.5% play a relatively minor role which is because to the limited availability of such investment options in the Nepalese startup ecosystem. The "Others" category, have 12.5% of funding sources.

**Number of employees**

Startups differ widely in size. This section categorizes them by the number of employees from small teams of 1–5, mid-sized teams of 5–10 to larger startups with over 10 employees. The size of the team may influence both the financial capabilities and managerial capacity of the firm. This affects how financial risks are perceived, evaluated and managed. Table 5 shows the number of employees of the sample startups in the study.

**Table 5***Number of Employees*

Category	Items	Frequency	Percent
Number of employees	of 1-5 Employees	149	74.5
	5-10 Employees	47	23.5
	More than 10 Employees	4	2.00
	Total	200	100.0

Source: Survey (2025)

Table 5 shows the number of employees in Nepalese startups and revealed that the majority of startups operate with a small workforce because 74.5% of them have between 1 to 5 employees. This shows a prevalence of lean business models where founders and a limited team manage operations efficiently. A significant part 23.5%, employs between 5 to 10 workers. This shows a moderate scalability among some startups. Only 2% of the surveyed startups have more than 10 employees. This shows the challenges of expansion in the Nepalese startup ecosystem.

**Business location**

Business location plays an important role in access to infrastructure, financial institutions, skilled labor and markets. This section classifies startups as being based in urban, semi-urban or rural areas. Table 6 shows the business location of the startups which were sampled in this study.

**Table 6***Business Location*

Category	Items	Frequency	Percent
Business Location	Urban Area	161	80.5
	Semi-Urban Area	31	15.5
	Rural Area	8	4.0
	Total	200	100.0

Source: Survey (2025)

Table 6 depicts on business locations of startups in Nepal. The result indicates a strong preference for urban areas with 80.5% of businesses operating in cities. This shows the availability of infrastructure, market access and networking opportunities that urban environments offer. A smaller part i.e., 15.5% is located in semi-urban areas. This may

be benefiting from lower operational costs while still maintaining access to essential resources. Only 4% of startups are based in rural areas. This shows challenges limited connectivity, infrastructure and customer reach in these regions.

### **Descriptive analysis**

Descriptive statistics are used to summarize and interpret the central tendencies, dispersion and patterns within the data related to the main variables under study. This gives an initial understanding of how the respondents collectively behave or respond across different constructs such as risk attitude, control techniques and strategic approaches. The mean values and trends identified here set the foundation for further inferential analysis. The total 30 observations are analyzed in the descriptive statistics from five independent variables and one dependent variable. Each variable carries five statements and the statements are analyzed with the help of SPSS 25.0 software.

### **Descriptive analysis of risk attitude**

This section explores the startup entrepreneurs' perception of financial risk and their behavioral response toward it. Statements related to proactive risk evaluation, sensitivity to market and regulatory changes and willingness to assess threats before decision-making provide information into their psychological and strategic orientation. Table 7 analyzed the respondent's response on risk attitude through different statements.

**Table 7**

#### *Descriptive Analysis of Risk Attitude*

Statements	N	Min.	Max	Mean	S.D.
We regularly evaluate financial risks before making investment or expansion decisions.	200	1.00	200	5.00	3.32
Our management team perceives financial risks as a critical factor influencing our startup's sustainability.	200	1.00	200	5.00	3.66
We consider changes in market conditions and financial regulations when assessing business risks.	200	1.00	200	5.00	3.70
High levels of financial risk negatively affect our willingness to pursue new opportunities.	200	2.00	200	5.00	3.64
Our company adopts a proactive approach in identifying and mitigating financial risks.	200	1.00	200	5.00	3.48
Overall Risk Attitude	200	2.20	4.60	3.56	.41

Source: Survey (2025)

Table 7 shows the descriptive analysis of risk attitude among startups in Nepal. The response on financial risks before making investment or expansion decisions has a mean score of 3.32. This shows a moderate level of attention to risk assessment. While startups recognize the importance of financial risk evaluation the variability in responses shows differing approaches among businesses. This is influenced by industry type or experience level. The perception of financial risks as a critical factor in sustainability has a relatively higher mean of 3.66. This shows a strong awareness among startup management teams about the long-term implications of risk exposure. This indicate that financial stability is considered essential for business continuity. This prompts founders to adopt strategies that safeguard their operations.

Considering changes in market conditions and financial regulations in risk assessments has the highest mean score of 3.70. This signifies that startups are strongly aware of external factors affecting their financial health and actively integrate them into their risk evaluation process. The lower variability shows that this practice is fairly consistent among businesses. This shows the importance of adapting to dynamic market conditions. The influence of high financial risks on willingness to pursue new opportunities shows a mean of 3.64. This shows that startups are cautious when faced with significant financial uncertainty. While some businesses may take calculated risks others might restrain expansion efforts due to financial constraints or unpredictable market conditions.

A proactive approach in identifying and mitigating financial risks has a mean of 3.48. This shows a moderate level of preparedness among startups. While many businesses take active steps to address potential financial threats the variance indicate that risk mitigation strategies may not be uniformly implemented across all startups. The risk attitude variable shows a mean score of 3.56 with a standard deviation of 0.41. This shows a cautious yet strategic approach toward financial risk management. The low standard deviation indicate consistency in risk awareness among startups. This confirms the idea that financial prudence is a shared priority in the Nepalese entrepreneurial landscape.

### **Descriptive analysis of entrepreneurial attitude**

Entrepreneurial attitude includes the mindset of innovation, risk-taking and resilience in the face of uncertainty. This section analyzes the respondents' perspectives on

embracing risk as an opportunity. This shows calculated risk-taking among staff and learning from failure. These qualities are central to shaping the broader culture of risk management in startups. This is not affecting only financial decisions but also strategic direction. Table 8 shows the respondents response on entrepreneurial attitude with five different statements measured through Five-point Likert scale.

**Table 8**

*Descriptive Analysis of Entrepreneurial Attitude*

Statements	N	Min.	Max	Mean	S.D.
Our management team believes that financial risks should be seen as opportunities for growth rather than threats.	200	1.00	5.00	3.73	.69
We encourage employees to take calculated financial risks to achieve business innovation.	200	2.00	5.00	3.46	.65
Entrepreneurs in our organization actively seek new ways to manage financial uncertainty.	200	1.00	5.00	3.67	.67
Our company culture supports risk-taking as an essential component of entrepreneurship.	200	1.00	5.00	3.61	.74
Failure due to financial risks is considered a learning experience rather than a setback.	200	1.00	5.00	3.76	.74
Overall Entrepreneurial Attitude	200	2.20	4.80	3.64	.44

Source: Survey (2025)

Table 8 presents the descriptive analysis of entrepreneurial attitude among startups in Nepal. Viewing financial risks as opportunities rather than threats has a mean score of 3.73. This indicates a positive perception toward uncertainty. This shows that startup leaders are inclined to leverage financial risks for potential growth. This is done though the moderate variation in responses shows differing levels of confidence in risk-taking.

Encouraging employees to take calculated financial risks for business innovation has a mean score of 3.46. This shows a moderate willingness to empower teams with decision-making autonomy in financial matters. While some startups actively promote this mindset others may exercise caution in allowing employees to engage in high-stakes financial decisions. Seeking new ways to manage financial uncertainty is an important entrepreneurial characteristic has a mean score of 3.67. This shows that startups are proactive in exploring innovative financial strategies to sustain and grow their businesses though variability indicates differences in risk management approaches.

Supporting risk-taking as a core element of entrepreneurship is has a mean score of 3.61. This confirms the idea that startups recognize the necessity of calculated risks in business success. The high standard deviation of 0.74 shows that not all companies have fully embedded a risk-embracing culture. Considering financial failure as a learning experience rather than a setback holds the highest mean score of 3.76. This indicates that many startups adopt a resilient mindset viewing challenges as stepping stones for future success. This perspective is important for promoting innovation and long-term sustainability in dynamic business environments. The overall entrepreneurial attitude variable has a mean score of 3.64 with a standard deviation of 0.44. This shows a balanced approach toward financial risk-taking and innovation. The moderate consistency in responses indicates that startups generally embrace a growth-oriented mindset while maintaining caution in financial decision-making.

### **Descriptive analysis of financial control techniques**

Effective financial control is a basis of risk management. This section discusses how startups implement practices budgeting, financial audits, expense tracking and forecasting. It also considers the integration of financial analytics and whether financial discipline is aligned with long-term strategic goals. A strong financial control system can mitigate the impact of unforeseen expenses or revenue fluctuations. Table 9 presents the respondents response on different statements of financial control techniques.

**Table 9**

#### *Descriptive Analysis of Financial Control Techniques*

Statements	N	Min.	Max	Mean	S.D.
Our company implements strict financial control techniques to monitor expenses and revenues.	200	1.00	5.00	3.77	.66
We use financial forecasting and budgeting to manage cash flow effectively.	200	2.00	5.00	3.64	.67
Financial audits and reviews are conducted regularly to ensure financial discipline.	200	1.00	5.00	3.64	.70
We utilize advanced financial analytics tools for decision-making and performance evaluation.	200	1.00	5.00	3.66	.79
Our financial control techniques align with our overall business strategy to minimize financial risks.	200	1.00	5.00	3.62	.71
Overall Financial Control Techniques	200	2.00	4.60	3.66	.48

Source: Survey (2025)

Table 9 shows the descriptive analysis of financial control techniques among Nepalese startups. Implementing strict financial control techniques to monitor expenses and revenues has the highest mean score of 3.77. This shows that startups prioritize structured financial oversight. This indicates that most businesses recognize the importance of maintaining a well-regulated cash flow to ensure sustainability though some variations exist in the extent of enforcement. Financial forecasting and budgeting are widely used to manage cash flow has a mean score of 3.64. This shows that startups employ predictive financial models to plan for future expenses and income streams. This helps them navigate economic fluctuations effectively. Conducting regular financial audits and reviews also has a mean of 3.64 which confirms the idea that startups value financial discipline and transparency to avoid mismanagement.

Utilizing advanced financial analytics tools for decision-making holds a mean score of 3.66. This shows that many startups integrate modern technologies into their financial strategies. The high standard deviation of 0.79 indicates that the adoption of such tools varies among businesses. Some relying heavily on analytics while others still favor traditional financial management methods. Aligning financial control techniques with overall business strategy to minimize risks has a mean score of 3.62. This shows that startups acknowledge the interconnection between financial management and broader strategic goals. This confirms that financial decisions support long-term sustainability.

The overall financial control techniques variable shows a mean score of 3.66 with a standard deviation of 0.48. This shows a consistent importance on maintaining strong financial error. These findings shows that Nepalese startups recognize the significance of disciplined financial practices but their approaches may vary depending on factors such as business size, industry and access to financial expertise.

### **Descriptive analysis of capital structure**

Capital structure is a key financial decision that influences a startup's long-term stability and its ability to manage financial risks effectively. This section examines how startups balance debt and equity financing. This shows their approach to sustaining growth while maintaining financial flexibility. It explores whether startups prefer self-financing, external loans or a hybrid structure and how this choice aligns with their risk tolerance and operational needs. A well-structured capital mix enables startups to minimize cost of capital, improve creditworthiness and respond more efficiently to

financial uncertainties. Table 10 shows the respondents' views on various statements related to capital structure decisions.

**Table 10**

*Descriptive Analysis of Capital Structure*

Statements	N	Min.	Max	Mean	S.D.
Our company maintains an optimal mix of debt and equity to ensure financial stability.	200	1.00	5.00	3.58	.96
We prefer using retained earnings over external debt for business expansion.	200	1.00	5.00	3.32	1.17
The level of debt in our capital structure is carefully planned to avoid excessive financial risk.	200	1.00	5.00	3.76	.89
Our company periodically reviews and adjusts its capital structure based on market conditions.	200	1.00	5.00	3.66	.89
We assess the impact of our capital structure decisions on long-term business sustainability.	200	1.00	5.00	3.71	.91
Overall Capital Structure	200	2.00	5.00	3.67	.54

Source: Survey (2025)

Table 10 depicts the descriptive analysis of capital structure among Nepalese startups which shows their approach to financial stability and decision-making. Maintaining an optimal mix of debt and equity has a mean score of 3.58. This shows a balanced strategy where businesses aim to manage financial risks effectively without over-reliance on external funding. The high standard deviation of 0.96 indicates that startups differ in their approach to capital structure management. Preferring retained earnings over external debt for business expansion has a mean score of 3.32. This indicates a moderate inclination toward self-financing. The higher standard deviation of 1.17 indicates variability in strategies. Where some businesses prioritize reinvesting profits while others rely on external loans or investment for growth.

Carefully planning debt levels to avoid excessive financial risk holds a mean score of 3.76. This shows a strong awareness among startups about the potential challenges of over-leveraging. This indicates a cautious approach toward debt management confirming financial health while maintaining operational flexibility. Regularly reviewing and adjusting the capital structure based on market conditions has a mean score of 3.66. This shows that startups recognize the dynamic nature of financial

markets and proactively adapt their financing strategies. This imitates a forward-thinking approach to ensuring business sustainability amid economic fluctuations.

Assessing the long-term impact of capital structure decisions presents a mean score of 3.71. This shows a high level of strategic financial planning among startups. Businesses appear to prioritize financial sustainability. This confirms that their funding choices align with long-term growth objectives. The overall capital structure variable has a mean score of 3.67 with a standard deviation of 0.54. This shows a consistent importance on financial stability and risk management. These findings shows that Nepalese startups adopt a well-balanced approach to capital structuring, carefully seeing debt levels financing options and market adaptability to support long-term business success. Variations in individual responses indicate that different startups adapt their financial strategies to suit their specific needs and growth ambitions.

### **Descriptive analysis of risk financing approaches**

This part shows how startups plan for and respond to financial losses through funding diversification, insurance, hedging and reserves. The focus is on whether startups favor short-term or long-term financing. This area shows the financial preparedness of the startups to handle adverse conditions without risking business continuity. Table 11 shows the respondents responses on different statements of risk financing approaches.

**Table 11**

#### *Descriptive Analysis of Risk Financing Approaches*

Statements	N	Min.	Max	Mean	S.D.
Our startup relies on a combination of internal and external funding sources to manage financial risks.	200	.00	5.00	3.73	.78
We actively explore various risk financing options, such as insurance and hedging, to minimize financial uncertainties.	200	1.00	5.00	3.59	.82
Our company maintains a financial reserve to cover unexpected business losses.	200	1.00	5.00	3.59	.86
We prefer long-term financing strategies over short-term loans to ensure financial stability.	200	2.00	5.00	3.69	.76
Risk financing is a key component of our strategic financial planning process.	200	1.00	5.00	3.74	.79
Overall Risk Financing Approaches	200	2.00	4.60	3.62	.45

Source: Survey (2025)

Table 11 shows the descriptive analysis of risk financing approaches among Nepalese startups. Relying on a combination of internal and external funding sources has a mean score of 3.73. This indicates that startups actively diversify their financing methods to mitigate risks and maintain financial stability. The moderate variability suggests different levels of dependence on these funding options influenced by business size and industry type. Exploring risk financing options such as insurance and hedging has a mean score of 3.59. This shows a proactive approach toward safeguarding businesses against financial uncertainties. This established that while many startups incorporate risk mitigation tools, adoption rates may vary based on their financial awareness and available resources.

Maintaining a financial reserve for unexpected losses also has a mean score of 3.59. This shows a general awareness of the importance of emergency funds. The high standard deviation of 0.86 indicates that while some startups prioritize maintaining reserves, others may struggle to allocate surplus funds due to financial constraints. Preferring long-term financing strategies over short-term loans is evident in a mean score of 3.69. This shows that startups recognize the benefits of securing stable funding to reduce financial volatility. This suggested a strategic focus on sustainability rather than short-term liquidity management.

Integrating risk financing into strategic financial planning holds the highest mean score of 3.74. This indicate that startups consider financial risk management as an essential component of long-term business decisions. The consistency in responses indicates that this practice is widely adopted across different startup sectors. The overall risk financing approaches variable presents a mean score of 3.62 with a standard deviation of 0.45. This shows a balanced but cautious approach toward financial risk management. These findings indicates that Nepalese startups emphasize a mix of financial diversification, stability and proactive risk mitigation while adapting their financing strategies to suit their business needs. The variation in responses shows different financial capabilities and decision-making approaches across the startup ecosystem.

### **Descriptive analysis of risk management strategies**

This part examines the respondents' responses to structured strategies in place to manage financial risk. It looks into the existence of formal risk management plans,

frequency of reviews, use of tools scenario analysis and stress testing and integration of risk planning into the overall business model. This section helps in understanding the maturity of risk management practices among Nepalese startups. Table 12 shows the respondents response on risk management strategies they follow through different statements.

**Table 12**

*Descriptive Analysis of Risk Management Strategies*

Statements	N	Min.	Max	Mean	S.D.
Our startup has a well-defined financial risk management strategy to mitigate potential financial threats.	200	1.00	5.00	3.54	.80
We regularly assess and update our financial risk management practices based on market conditions.	200	1.00	5.00	3.58	.79
The use of risk assessment tools (e.g., stress testing, scenario analysis) is a common practice in our financial decision-making.	200	1.00	5.00	3.59	.76
Our financial risk management strategy helps in ensuring business sustainability during economic downturns.	200	1.00	5.00	3.66	.73
We integrate financial risk management into our overall business strategy to enhance long-term growth.	200	1.00	5.00	3.72	.69
Overall Risk Management Strategies	200	1.00	5.00	3.61	.693

Source: Survey (2025)

Table 12 presents the descriptive analysis of risk management strategies among Nepalese startups. Having a well-defined financial risk management strategy has a mean score of 3.54. This shows that startups recognize the importance of structured financial risk policies. Some variability in responses 0.80 suggests differing levels of implementation. Regularly assessing and updating financial risk management practices based on market conditions has a mean score of 3.58. This indicates a proactive approach to adapting strategies in response to economic fluctuations. The low standard deviation indicates that this practice is fairly consistent among startups.

Using risk assessment tools such as stress testing and scenario analysis holds a mean score of 3.59. This shows that startups acknowledge the value of financial forecasting in decision-making. Slight variation 0.76 indicates that not all businesses have fully

integrated advanced risk assessment techniques into their operations. Ensuring business sustainability during economic downturns through financial risk management presents a mean score of 3.66. This shows the importance on stability and preparedness. This suggests that startups actively factor in financial uncertainties when shaping their long-term survival strategies.

Integrating financial risk management into overall business strategy for long-term growth holds the highest mean score of 3.72. This shows that startups prioritize a holistic financial approach where risk management is directly linked to broader business objectives. The overall risk management strategies variable has a mean score of 3.61 with a standard deviation of 0.693. This indicates a balanced approach to financial risk mitigation. These response shows that Nepalese startups actively recognize financial risks as a critical component of sustainability and growth with varying degrees of complexity in their risk management practices.

### Summary of descriptive analysis

The descriptive analysis shows how Nepalese startups approach financial risk management through key variables use in this study i.e., risk perception, entrepreneurial attitude, financial control techniques, capital structure and risk financing approaches. The descriptive findings show mean, standard deviation, minimum, maximum to analyze the current scenario as per respondents' responses. Total 200 observations are analyzed and the result of each variable is presented in Table 13.

**Table 13**

*Summary of Descriptive Analysis*

Statements	N	Min.	Max	Mean	S.D.
Risk Attitude	200	2.20	4.60	3.56	.41
Entrepreneurial Attitude	200	2.20	4.80	3.64	.44
Financial Control Techniques	200	2.00	4.60	3.66	.48
Capital Structure	200	2.00	5.00	3.67	.54
Risk Financing Approaches	200	2.00	4.60	3.62	.45
Risk Management Strategies	200	1.00	5.00	3.61	.693

Source: Survey (2025) and SPSS Output

Table 13 the summary of the descriptive analysis shows a view of key variables on financial risk management strategies among Nepalese startups. The risk attitude

variable with a mean of 3.56 shows a moderate level of carefulness toward financial uncertainties. This shows that startups balance risk-taking with prudence in their financial decisions. Entrepreneurial attitude scores slightly higher mean i.e., 3.64. This indicates a strong feeling toward innovation and growth while managing financial risks. This suggests that startups are generally proactive in embracing calculated risks for business development.

Financial control techniques hold a mean of 3.66. This indicates that startups prioritize structured financial oversight. The adoption of budgeting, forecasting, and financial audits reinforces the focus on maintaining financial discipline. Capital structure shows the highest mean value of 3.67. This shows that startups carefully manage their financing mix between equity and debt. This suggests a well-balanced approach to financial stability and growth sustainability.

Risk financing approaches score a mean of 3.62 which shows that startups utilize diverse funding sources to mitigate financial uncertainties. The balance between self-financing, external funding and reserve management suggests an adaptive approach to financial risk mitigation. Risk management strategies, with a mean of 3.61. This shows a structured approach to financial sustainability. The integration of risk assessment tools and periodic strategy updates highlights the startups' commitment to maintaining financial resilience.

The findings shows that Nepalese startups adopt a balanced approach to risk management. This combines financial discipline, strategic financing and entrepreneurial mindset to navigate financial challenges effectively. The relatively consistent standard deviation values show that. With some variations in individual responses startups roughly align in their financial decision-making practices to ensure long-term success.

### **Relationship analysis**

Relationship analysis examines the degree of association between independent variables risk perception, entrepreneurial attitude, financial control techniques, capital structure and risk financing and the dependent variable financial risk management strategies. Through correlation analysis the study finds if the independent variables are associated with better implementation of risk management strategies. It helps to know the relationship of different factors on risk management system of startups in Nepal.

Table 14 shows the relationship between independent variables and dependent variable used in this study.

**Table 14**

*Relationship Analysis*

	FRM	RP	EA	FCT	CS	RFA
FRM	1	.344**	.134	.069	.388**	.254**
		.000	.059	.329	.000	.000
RP		1	.310**	.313**	.432**	.477**
			.000	.000	.000	.000
EA			1	.550**	.397**	.421**
				.000	.000	.000
FCT				1	.288**	.585**
					.000	.000
CS					1	.349**
						.000
RFA						1

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

\* . Correlation is significant at the 0.05 level (2-tailed).

Where,

FRM= Financial Risk Management Strategies for StartUps

RP= Risk Perception

EA= Entrepreneurial Attitude

FCT= Financial Control Techniques

CS= Capital Structure

RFA= Risk Financing Approaches

Table 14 presents the relationship analysis between independent and dependent variables of the study. Risk perception has a positive relationship with financial risk management strategies which has a correlation value of 0.344. This relationship is significant because the p-value for this variable is 0.000 which is lower than 0.05, i.e., the 5% level of significance. This means that as startups perceive financial risks more critically, they are more likely to adopt structured financial risk management strategies to mitigate potential uncertainties.

Entrepreneurial attitude has a positive relationship with financial risk management strategies with a correlation value of 0.134. This relationship is not statistically significant as the p-value is 0.059 which is higher than 0.05. This suggests that while

entrepreneurial mindset may contribute to risk management decisions the relationship is not strong enough.

Financial control techniques show a weak positive relationship with financial risk management strategies with a correlation value of 0.069. The p-value for this variable is 0.329 which is higher than 0.05. This shows that financial control techniques do not have a statistically significant relationship with financial risk management strategies among startups.

Capital structure has a strong positive relationship with financial risk management strategies with a correlation value of 0.388. This relationship is statistically significant because p-value is 0.000 which is lower than 0.05. This indicate that startups that carefully manage their capital structure balancing debt and equity are more likely to implement effective financial risk management strategies to ensure financial stability.

Risk financing approaches have a positive relationship with financial risk management strategies with a correlation value of 0.254. This relationship is significant because the p-value is 0.000 which is lower than 0.05. This suggests that startups utilizing diversified funding sources and proactive risk financing strategies tend to implement stronger financial risk management frameworks to minimize financial uncertainties.

The findings shows that risk perception, capital structure and risk financing approaches have a significant relationship with financial risk management strategies among Nepalese startups. Entrepreneurial attitude and financial control techniques do not show a significant relationship with financial risk management strategies in this study.

### **Regression analysis**

To assess the influence of multiple variables of dependent variable risk management strategies regression analysis is conducted. It analyzes how well risk perception, entrepreneurial attitude, financial controls, capital structure and risk financing predict the effective financial risk management strategies for startups. The analysis finds the statistically significant predictors. This helps quantify the strength and direction of each factor's impact. This allows for deeper information into which elements most critically influence risk strategy adoption in startups. Table 15, Table 16 and Table 17 shows the regression analysis results in form of model summary, analysis of variance and regression coefficients.

**Table 15***Model Summary*

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.459 <sup>a</sup>	.211	.190	.62370

a. Predictors: (Constant), RFA, CS, EA, RP, FCT

Table 15 shows the model summary which shows the overall explanatory power of the independent variables i.e., risk financing approaches, capital structure, entrepreneurial attitude, risk perception and financial control techniques on financial risk management strategies among Nepalese startups. The R-value of 0.459 shows a moderate positive relationship between the independent variables and the dependent variable. The R-square value of 0.211 shows that approximately 21.1% of the variance in financial risk management strategies can be explained by the selected predictors. This shows that while these factors contribute to financial risk management other external variables may also play a significant role.

**Table 16***Analysis of Variance (ANOVA)*

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	20.126	5	4.025	10.347	.000 <sup>b</sup>
	Residual	75.467	194	.389		
	Total	95.593	199			

a. Dependent Variable: FRM

b. Predictors: (Constant), RFA, CS, EA, RP, FCT

Table 16 shows the ANOVA analysis which analyze the statistical significance of the overall regression model to explain financial risk management strategies among Nepalese startups. The F-value of 10.347 shows that the model is statistically significant. This confirms that the independent variables collectively have a meaningful impact on financial risk management strategies. The significance value (p-value) is 0.000 which is lower than the 0.05 threshold. This indicates strong statistical significance. This result validates the regression model and shows that the predictors contribute significantly to financial risk management practices among startups.

**Table 17**  
*Regression Coefficients*

Model		Unstandardized		Standardized		Collinearity		
		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	1.118	.486	-	2.301	.022	-	-
	RP	.323	.128	.193	2.520	.013	.690	1.449
	EA	-.044	.125	-.028	-.352	.725	.630	1.588
	FCT	-.226	.125	-.157	-1.813	.071	.545	1.834
	CS	.391	.096	.305	4.083	.000	.731	1.368
	RFA	.246	.132	.160	1.860	.064	.553	1.808

a. Dependent Variable: FRM

Table 17 shows the regression coefficients of the study of the study variables where risk perception, entrepreneurial attitude, financial control techniques, capital structure and risk financing are independent variables and financial risk management strategies is dependent variable. Risk perception has a beta value of 0.323. This means that a one-unit increase in risk perception results in an increase of 0.323 units in financial risk management strategies for startups. The t-value for this variable is 2.520 and a p-value of 0.013. This shows a significant effect of risk perception on financial risk management strategies of startups because the p-value is lower than 0.05, i.e., the 5% level of significance. This means that when startups have a higher awareness of financial risks, they are more likely to adopt structured financial risk management strategies to mitigate uncertainties and enhance financial stability.

Entrepreneurial attitude has a beta value of -0.044. This shows a very weak negative effect on financial risk management strategies. The t-value for this variable is -0.352, with a p-value of 0.725. This value is much higher than 0.05. This shows that entrepreneurial attitude does not significantly influence financial risk management strategies. This means that while startups may focus on innovation and growth entrepreneurial mindset alone does not necessarily lead to better financial risk management practices.

Financial control techniques have a beta value of -0.226. This shows a weak negative effect on financial risk management strategies. The t-value for this variable is -1.813

with a p-value of 0.071. The p-value is higher than 0.05 this effect is not statistically significant. This suggests that while financial control mechanisms are important, they do not directly determine the strength of a startup's financial risk management strategies.

Capital structure has a beta value of 0.391. This indicates that a one-unit increase in capital structure leads to an increase of 0.391 units in financial risk management strategies. The t-value for this variable is 4.083 and a p-value of 0.000. This value is highly significant as it is lower than 0.05. This means that startups with well-structured financial frameworks, balancing debt and equity effectively are more likely to implement strong financial risk management strategies to confirm sustainability and reduce financial vulnerabilities.

Risk financing approaches have a beta value of 0.246 which means that a one-unit increase in risk financing approaches results in an increase of 0.246 units in financial risk management strategies. The t-value is 1.860 with a p-value of 0.064. This suggests a moderate positive effect the p-value is slightly above 0.05. This means that the effect of risk financing approaches on financial risk management strategies is not statistically significant at the 5% level. This shows that while diversified financial sources help in managing risks, they may not be the primary determinant of a startup's financial risk management strategies.

All independent variables have tolerance values above 0.1 and VIF variance inflation factor values below 10. This shows that multicollinearity is not a concern in the regression model. This indicates that the predictors do not strongly correlate with each other which confirms the reliability of the regression results.

The analysis reveals that capital structure and risk perception are the major predictors of financial risk management strategies among startups. This indicates that startups with a well-managed financing mix and a strong awareness of financial risks tend to implement more structured financial risk management strategies. Entrepreneurial attitude, financial control techniques and risk financing approaches do not show significant effect. This suggest that these factors may influence financial risk management strategies in different ways or through indirect mechanisms. Startups looking to improve their financial risk management strategies should focus on

optimizing their capital structure while maintaining a strong awareness of financial risks.

#### **4.2 Discussion**

The study explores the assessment of financial risk management strategies among startups in Nepal. This study shows their current practices, challenges and effectiveness in navigating financial uncertainties. The findings shows that startups generally adopt a structured approach to financial risk management integrating techniques like financial forecasting, budgeting, capital structuring and risk financing. Variations exist in the degree of implementation with some startups indicate advanced risk mitigation strategies while others rely on basic financial control mechanisms. The feeling toward urban-based startups further suggests that businesses in metropolitan areas may have better access to financial resources and expertise. This allows for more classy risk management practices.

The study examines the relationship between financial risk management strategies and key influencing factors. Risk perception emerges as an essential factor which shows that startups that actively recognize financial uncertainties tend to implement stronger financial risk management strategies. Capital structure plays a significant role showing the importance of a well-balanced mix of debt and equity in developing financial stability and resilience. Risk financing approaches also shows a significant relationship which shows the significance of diversified funding sources in reducing financial vulnerabilities. Entrepreneurial attitude and financial control techniques show weaker relationship with financial risk management strategies. This suggest that while these factors contribute to financial decision-making they may not directly drive risk management practices.

This study found that risk perception has a significant effect on financial risk management strategies. Startups that actively recognize and understand financial uncertainties are implement healthier FRM practices. This aligns with the cash flow management theory which shows that recognizing uncertainties and projecting future cash flows is critical for managing liquidity risks. This finding is consistent with Dvorsky et al. (2021) who also found that financial risk perception influences business success concluding that entrepreneurs who acknowledge risks tend to implement structured risk mitigation strategies. Also, this finding is consistent with Peng and Walid

(2022) who found that government support strengthens the relationship between perceived risks and business performance showing that businesses with high-risk awareness tend to perform better with appropriate external interventions. Also, this study is consistent with the findings of Akomea-Frimpong et al. (2020) who confirmed that financial risks fluctuating market demands directly impact business sustainability which confirms the importance of risk perception in financial strategy formulation. This finding contradicts with Todeschini et al. (2017) who found that startups often show poor understanding and execution of risk management strategies. Their research indicated that operational time and capital investment do not necessarily improve risk perception.

This study found that entrepreneurial attitude does not significantly affect financial risk management strategies. This challenges assumptions in internal controls theory which assumed that leadership and managerial behavior shape the tone of internal control systems. This finding aligns with Nigam et al. (2020) who found that venture capitalists prioritize relational capital over human and structural capital. This suggests that entrepreneurial attitude alone does not necessarily impact financial decision-making. Also, this finding is consistent with McConnell (2022) who concluded that strategic risk management in terms of market positioning is more influential in startup success than entrepreneurial risk-taking.

This finding contradicts with Kaszuba-Perz and Czyżewska (2020) who found that entrepreneurial attitudes play an important role in adopting effective risk management strategies. They argued that innovative methodologies like Lean Startup frameworks contribute positively to risk mitigation. Also, this study is contradicted with Dvorsky et al. (2021) who found that entrepreneurs with positive attitudes toward business failure enhance SME prospects. This confirms the role of entrepreneurial mindset in managing financial risks.

This study found that financial control techniques do not have a significant effect on financial risk management strategies. The finding that financial control techniques do not significantly affect financial risk management contradicts internal controls theory. The theory assumed that effective internal financial controls like audits, compliance checks, monitoring mechanisms are essential for risk reduction. This finding aligns with Cescon and Grassetto (2021) who found that while financial control techniques

improve monitoring and forecasting. They are not consistently aligned with overall business strategies which minimize their impact on broader risk management frameworks. Also, this finding is consistent with Sumartan and Suriadi (2024) who concluded that good financial planning enhances MSME competitiveness. This finding contradicts with Erwin et al. (2024) who supported for financial risk management strategies budgeting, cybersecurity investments and revenue diversification as essential elements for digital-age financial stability. Also, this study contradicting with Zhou (2023) who concluded the importance of integrating advanced analytics in financial control.

This study found that capital structure has a significant effect on financial risk management strategies. The finding that capital structure significantly influences financial risk management strategies supports the hedging theory. Hedging theory asserted that balancing debt and equity helps mitigate financial risk by reducing the cost of capital and confirming stability. This finding is consistent with Pochitaev and Filippova (2016) who concluded that integrating financial and business strategies improve the risk-return balance. This confirms long-term value creation. Also, this result is consistent with Idris (2024) who revealed the importance of balancing debt and equity to confirm startup sustainability and shows the important role of capital structuring in financial risk mitigation. But the finding of this study contradicts Rätty (2019) who found that venture capital firms rely more on portfolio diversification and difficult screening rather than formalized risk management strategies. This suggested that structured capital management may not be the primary determinant of risk management in venture-backed startups.

This study found that risk financing approaches have a moderate but statistically insignificant effect on financial risk management strategies. This finding partly aligns with the insurance theory which shows the use of insurance and other financing tools like contingency funds or credit lines to transfer or reduce financial risks. This finding aligns with Pakula et al. (2018) who found that startups predominantly rely on self-insured risk retention and identified insurance as the most effective external financing tool. They also suggested that integrating risk reduction measures alongside financing tools would result in more comprehensive risk management. This confirms the need for a structured approach to risk financing. Also, the finding of this study is consistent with Nguyen (2024) who found that financial flexibility negatively impacts risk management

efficiency in high-risk firms. This shows that financing alone is not a sufficient predictor of risk management effectiveness. However, this finding contradicts Bajpai (2024) who found that fintech adoption improves operational efficiency and risk mitigation frameworks enabling startups to better adapt to financial uncertainties.

This study aligns with research that concluded the significance of risk perception and capital structure in financial risk management strategies. Previous studies confirm that startups with greater risk awareness and well-balanced financing structures tend to implement stronger risk mitigation frameworks. However, the study challenges the role of entrepreneurial attitude, financial control techniques and risk financing approaches. This study findings shows that these factors do not have a significant direct effect on financial risk management strategies which show contrary findings in some previous research. The comparison shows that startups need a structured financial approach rather than relying solely on entrepreneurial risk-taking or external financing to effectively manage financial risks.

## **CHAPTER V**

### **SUMMARY AND CONCLUSION**

This chapter is an overview of the research findings and conclusions drawn from the study. It summarizes the key results that found from data analysis, discusses their implications in relation to the research objectives and shows the theoretical and practical contributions of the study. This shows conclusions based on the analysis and give some recommendations.

#### **5.1 Summary**

Startups in Nepal face numerous monetary risks owing to the changing business environment, unstable economic situations and very little structural aid. Entrepreneurs can find themselves working in an atmosphere of ever-changing funding resources, uncertain markets and an unclear regulatory environment. While many startups choose to bootstrap, rely on their personal networks or utilize the traditional banking system, there are others who go for venture capital to reduce uncertainties. But financial risk management is still a problem with many startups unable to keep the right amount of liquidity, debt, as well as other things that help to keep their business activities sustainable on the long term in a competitive environment. To confirm business sustainability of Nepalese startups, use of proactive risk assessment tools and strategic financial planning must be integrated into their operation owing to newest development and innovations in technology and finance.

Since entrepreneurship and finances are getting more complex every day with more unpredicted market chances understanding financial risk management strategies for startup in Nepal is increasingly becoming important. Startups are essential for economic development through innovation and job creation. However, they can only survive with effective financial planning and risk mitigation practices. This study examines key financial risk management strategies used by startups. It also examines how risk perception of entrepreneurs, capital structure, financial control shapes the risk mitigation strategies of startups. This study hopes to help startups get better at handling financial challenges with a strong understanding of financial resilience factors like resources, strategies and finance from different stakeholders.

This study uses both descriptive and causal research designs to examine the financial risk management strategies of startups in Nepal. A sample of 200 startups was selected

using convenience sampling. Primary data were collected through structured questionnaires based on a Likert scale. The study analyzes the influence of five key independent variables risk perception, entrepreneurial attitude, financial control techniques, capital structure and risk financing approaches on financial risk management strategies. The study uses descriptive statistics, Pearson correlation and multiple regression analysis with SPSS.

The study found that among Nepalese startups capital structure and risk perception are the most significant predictors of financial risk management strategies. Capital structure shows the strongest positive effect with a beta value of 0.391,  $t = 4.083$  and a p-value of 0.000. This shows the well-balanced financing debt-equity mix significantly improve risk management practices. Risk perception also shows a significant positive impact with a beta value of 0.323,  $t = 2.520$  and a p-value of 0.013. This means that greater awareness of financial risks leads to stronger adoption of risk management strategies. The regression model explains 21.1% of the variation in financial risk management strategies and the overall model is statistically significant with F value of 10.34 and p value of 0.000). While risk financing approaches  $\beta = 0.246$ ,  $p = 0.064$ , financial control techniques  $\beta = -0.226$ ,  $p = 0.071$  and entrepreneurial attitude  $\beta = -0.044$ ,  $p = 0.725$  showed weak or non-significant effects their roles may be indirect or context-dependent.

The finding of the study helps better understand the financial risk management strategies of Nepalese startups as well as the factors influencing their strategies. The entrepreneurs, investors and policymakers will find the work relevant to understand how structured financial planning, risk awareness and diversified funding sources confirms business sustainability. The study gives startups with practical recommendations for improving their financial frameworks after identifying that capital structure and risk perception are significant predictors. The findings also help the academic community as it attempts to fill up the gap relating to the analysis of financial risk in the entrepreneurial ecosystem in Nepal. It is hoped that the study can be useful for future studies and research to develop greater analysis of financial risk as well as external macroeconomic factors and regulatory support that can be applicable for the success of start-ups in Nepal.

## 5.2 Conclusion

This study revealed that financial risk management is essential for the sustainability and growth of startups in Nepal as its effectiveness greatly depends on the risk perception and capital structure. A start-up that has a reasonable mix of debt and equity and recognizes financial risks pays special attention to the implementation of risk mitigation measures. The research analyzed the application of financial control techniques, entrepreneurial attitude and risk financing approaches on financial risk management strategies. It found these approaches to be used in a limited manner. Startups based in cities have greater access to finance and expert skills. Also, they are more likely to follow structured practices like forecasting, budgeting, and capital planning. With regression tests, it is confirmed that risk perception and capital structure significantly affect both positively risk management. As for risk financing approaches, it showed moderate effects. This shows that even though alternative funding sources are used, they are still not fully integrated with core strategies. People who had a financial control plan were the ones who were able to succeed as compared to the ones who didn't. Based on the results, improving financial literacy, creating other financing options and managing capital structure should improve the financial risk management framework of startups in Nepal.

## 5.3 Implications

The implications show areas where startups, investors and policymakers can focus their efforts to improve financial risk management strategies and promote sustainable business growth in Nepal. Based on the findings, discussion and conclusion of the study, the following implications are made:

- i. Startups should prioritize risk perception as higher awareness of financial risks leads to stronger financial risk management strategies. Entrepreneurs must cultivate a proactive approach to identifying and mitigating financial uncertainties.
- ii. A well-balanced mix of debt and equity significantly impacts financial risk management. Startups should focus on structuring their capital efficiently to maintain financial stability and minimize vulnerabilities.
- iii. While diversified funding sources contribute to financial stability startups should integrate risk financing mechanisms such as insurance, hedging and financial reserves more effectively into their strategies.

- iv. The study suggests that entrepreneurial attitude does not have a significant direct impact on financial risk management strategies. Startups should complement their innovation-driven approach with structured financial planning and risk mitigation measures.
- v. Although financial control mechanisms are widely adopted, they do not show a strong direct influence on financial risk management strategies. Startups should enhance the effectiveness of financial audits, forecasting and analytics to optimize risk management.
- vi. The concentration of startups in urban areas shows that better access to financial resources, infrastructure and expertise enhances financial risk management. Policymakers and investors should promote the expansion of startups in semi-urban and rural areas through targeted support and funding.
- vii. While startups employ risk evaluation techniques the use of advanced financial analytics and risk assessment models needs to be further encouraged. Investment in financial modeling tools such as scenario analysis and stress testing can strengthen decision-making.
- viii. The findings indicate the importance of structured financial frameworks and risk awareness. Government agencies, financial institutions and startup accelerators should provide policy incentives, training programs and financial support to help startups implement better risk management strategies.
- ix. Further studies is the need to explore the impact of external macroeconomic factors on financial risk management strategies among startups. Future research could examine how inflation, interest rates, market volatility and government regulations influence the financial risk management practices of startups in Nepal.

## References

- Akomea-Frimpong, I., Jin, X., & Osei-Kyei, R. (2020). A holistic review of research studies on financial risk management in public–private partnership projects. *Engineering, Construction and Architectural Management*, 28(9), 2549–2569. <https://doi.org/10.1108/ecam-02-2020-0103>
- Anh, T. (2023). Analysing the behaviour of financial risk management and its impact on success of project. *International Journal of Research in Vocational Studies (IJRVOCAS)*, 3(1), 20–25. <https://doi.org/10.53893/ijrvocas.v3i4.184>
- Bajpai, A. (2024). The impact of fintech startups on financial institutions' performance and default risk. *International Journal of Advanced Research in Science, Communication and Technology (IJARSCT)*, 4(1), 423–430. <https://doi.org/10.48175/IJARSCT-18753>
- Belas, J., Bilan, Y., Demjan, V., & Sipko, J. (2015). Entrepreneurship in SME segment: Case study from the Czech Republic and Slovakia. *Amfiteatru Economic*, 17(38), 308–326. <https://www.researchgate.net/publication/282378769>
- Bielialov, T. (2022). Risk Management of Startups of Innovative Products. *Journal of Risk and Financial Management*, 15(5), 202. <https://doi.org/10.3390/jrfm15050202>
- Bruton, G. D., Khavul, S., Siegel, D., & Wright, M. (2015). New financial alternatives in seeding entrepreneurship: Microfinance, crowdfunding, and peer-to-peer innovations. *Entrepreneurship Theory and Practice*, 39(1), 9–26. <https://doi.org/10.1111/etap.12143>
- Buffett, W. (1999, November 22). Mr. Buffett on the stock market. *Fortune*. [https://money.cnn.com/magazines/fortune/fortune\\_archive/1999/11/22/269071/](https://money.cnn.com/magazines/fortune/fortune_archive/1999/11/22/269071/)
- Cescon, F., & Grassetti, L. (2021). Financial control and business strategy in start-up companies: An empirical analysis. *Management Control*, 2, 189–214. <https://doi.org/10.3280/maco2021-002-s1009>
- Colombo, M. G. (2023). Venture capital and high-tech start-ups. *Venture Capital*, 12(4), 261–266.

- Dvorský, J., Belás, J., Gavurová, B., & Brabenec, T. (2020). Business risk management in the context of small and medium-sized enterprises. *Economic Research-Ekonomska Istraživanja*, 34(1), 1690–1708. <https://doi.org/10.1080/1331677x.2020.1844588>
- Dykha, M., Dykha, V., Pylypyak, O., Poplavska, O., Tanasienko, N., & Tanasienko, V. (2023). Risk management of the startup projects. *Proceedings of IEEE KHPIWeek*, 1–6. <https://doi.org/10.1109/khpiweek61412.2023.10311582>
- Ermawati, Y. (2024). Entrepreneurial finance strategies for startup success. *Advances in Economics & Financial Studies*, 2(2). <https://doi.org/10.60079/aefs.v2i2.283>
- Erwin, R. M. (2024). Financial risk management strategies for startups in the digital era. *Journal of Digital Business and Financial Strategy*, 9(2), 101–118.
- Graham, J. R., & Harvey, C. R. (2021). The Theory and Practice of Corporate Finance: Evidence from the Field. *Journal of Financial Economics*, 60, 187–243. [http://dx.doi.org/10.1016/S0304-405X\(01\)00044-7](http://dx.doi.org/10.1016/S0304-405X(01)00044-7)
- Hapsari, P. I. G. W., Wiksuana, L., & Dewi, S. K. S. (2024). Entrepreneurial orientation and funding decisions on the financial performance of small and medium industries. *Indonesian Journal of Multidisciplinary Science*, 3(8). <https://doi.org/10.55324/ijoms.v3i8.884>
- Hussain, S. (2024). The role of entrepreneur's risk appetite in risk financing decisions of startups. *Journal of Small Business Strategy*, 35(1), 55–72.
- Idris, M. M. (2024). Strategic financial management in entrepreneurial ventures: A Comprehensive qualitative review of financial practices and their impact on startup growth and stability. *Atestasi: Jurnal Ilmiah Akuntansi*, 7(2), 742–761. <https://doi.org/10.57178/atestasi.v7i2.878>
- Jasin, M. (2023). Cultivating a risk-aware culture in startup organizations. *Organizational Dynamics*, 52(3), 100987.
- Kaszuba-Perz, A., & Czyżewska, M. (2020). Risk management in innovative startups and the role of investors and business accelerators. In K. Daszyńska-Żygadło, A. Bem, B. Ryszawska, E. Jáki, & T. Hajdíková (Eds.), *Finance and Sustainability* (pp. 115–124). Springer.

- Kerr, W. R., & Nanda, R. (2020). Financing innovation. *Annual Review of Financial Economics*, 7(1), 445–462.
- Keynes, J. M. (1936). *The general theory of employment, interest and money*. Macmillan.
- Konou, C. M. (2023). Entrepreneurial Risk and Digital Financial Inclusion: A Cross-Country Analysis. *Economic Papers: A Journal of Applied Economics and Policy*, 42(3), 267–281. <https://doi.org/10.1111/1759-3441.12399>
- Markowitz, H. (1952). Portfolio selection. *The Journal of Finance*, 7(1), 77–91. <https://doi.org/10.1111/j.1540-6261.1952.tb01525.x>
- McConnell, P. (2022). The strategic risks facing start-ups in the financial sector. *Journal of Risk Management in Financial Institutions*, 15(2), 114. <https://doi.org/10.69554/qwnf6657>
- Mishra, A. K. (2024). Exploring entrepreneurial success factors in Nepal. *New Perspective: Journal of Business and Economics*, 7(1), 1–20. <https://doi.org/10.3126/npjbe.v7i1.70019>
- MOTASHKO, T., & MARTYNIUK, V. (2022). Theoretical and methodological basis of financial risk management of a strategic enterprise. *Naukovij Visnik L'otnoi Akademii*, 6, 52–63. <https://doi.org/10.33251/2707-8620-2022-6-52-63>
- Nguyen, Q. K. (2024). How Does Financial Flexibility Strategy Impact on Risk Management Effectiveness? *SAGE Open*, 14(2). <https://doi.org/10.1177/21582440241240842>
- Nigam, N., Mbarek, S., & Boughanmi, A. (2020). Impact of intellectual capital on the financing of startups with new business models. *Journal of Knowledge Management*, 25(1), 227–250. <https://doi.org/10.1108/jkm-11-2019-0657>
- Odonkor, T. N., Urefe, O., Biney, E., & Obeng, S. (2024). Comprehensive financial strategies for achieving sustainable growth in small businesses. *Finance & Accounting Research Journal*, 6(8), 1349–1374. <https://doi.org/10.51594/farj.v6i8.1376>
- Peng, H., & Walid, L. (2022). The effects of entrepreneurs' perceived risks and perceived barriers on sustainable entrepreneurship in Algeria's SMEs: The

- Mediating Role of Government Support. *Sustainability*, 14(17), 11067. <https://doi.org/10.3390/su141711067>
- Pochitaev, A. Y., & Filippova, I. (2016). Analysis of financial risks as an important stage in the formation of financial strategy of the company. *ResearchGate*, 17(2), 1–8. <https://www.researchgate.net/publication/311803992>
- Pukala, R., Sira, E., & Vavrek, R. (2018). Risk management and financing among Start-ups. *Marketing and Management of Innovations*, 3, 153–161. <https://doi.org/10.21272/mmi.2018.3-13>
- Putnins, T. J., & Sauka, A. (2019). Why does entrepreneurial orientation affect company performance? *Strategic Entrepreneurship Journal*. <https://ssrn.com/abstract=3394367>
- Raty, K. (2019). Risk management in venture capital companies. *Master's Thesis, Faculty of Management and Business, Tampere University*.
- Saghaian, S., Mohammadi, H., & Mohammadi, M. (2022). Factors affecting success of entrepreneurship in agribusiness: Evidence from the city of Mashhad, Iran. In F. Almeida (Ed.), *Sustainability*, 14(13).
- SBA. (2023). Small business administration report on startup failures and financial mismanagement. *U.S. Small Business Administration*. <https://www.sba.gov>
- Simon, H. A. (1977). *The new science of management decision* (Rev. ed.). Prentice-Hall.
- Song, L. (2023). Strategic financial risk management: Implementing the COSO-ERM framework at ABC biotech company. *Frontiers in Business, Economics and Management*, 12(2), 11–15. <https://doi.org/10.54097/fbem.v12i2.14585>
- Sumartan, A., & Suriadi, M. (2024). Strategic management: Financial planning and fund management for MSMEs. *Jurnal Manajemen, Akuntansi dan Rumpun Ilmu Ekonomi (MAR – Ekonomi)*, 2(2). <https://jurnal.seaninstitute.or.id/index.php/marekonomi/article/view/1266>
- Tekin, B., & Asar, M. (2021). Role of entrepreneurial self-efficacy and risk-taking tendencies in the relationship between financial literacy and entrepreneurial intention. *Social Entrepreneurship Review*, 1, 7–33. <https://doi.org/10.15678/SER.2021.1.01>

- Todeschini, B. V., Boelter, A. S., Siqueira, J., & Cortimiglia, M. N. (2017). Risk management from the perspective of startups. *European Journal of Applied Business and Management*, 3(3). <https://nidisag.isag.pt/index.php/IJAM/article/view/263>
- Valencia-Arias, A., & Montoya Restrepo, L. A. (2019). Entrepreneurial intentions among engineering students: Applying a theory of planned behavior perspective. *Periodica Polytechnica Social and Management Sciences*, 28(1), 59–69. <https://doi.org/10.3311/PPso.12731>
- Wamala, S. M. (2024). Navigating financial success: Comprehensive strategies for optimal funding and strategic financial planning. *INOSR ARTS and HUMANITIES*, 10(2), 65–68. <https://doi.org/10.59298/INOSRAH/2024/102.6568>

## Appendices

Questionnaire on “**Financial Risk Management Strategies for Startups in Nepal**”

Dear Respondent,

My name is Raman Maharjan, and I am currently enrolled in the MBS program at Shanker Dev Campus. For my Dissertation, I am working on a survey titled Financial Risk Management Strategies for Startups in Nepal. I would like to humbly ask you to spare 10 to 15 minutes to answer the questions provided in the following sections. Your honest response will aid in collecting relevant information and will be greatly valued. Let me assure you that the data you provide will be kept in the strictest confidence and will only be used for academic purposes.

I thank you for your cooperation.

Best regards,

Raman Maharjan

Shanker Dev Campus, Tribhuvan University

### Demographic Questions

1. **Age:**

- Below 20 years
- 21-30 years
- 31-40
- Above 40 years

2. **Gender:**

- Male
- Female
- Other

3. **Education Level:**

- Intermediate
- Bachelor's degree
- Master's degree & above

**4. Industry of Your StartUp**

- Technology & IT
- Manufacturing
- Healthcare
- Retail & E-commerce
- Financial Services
- Others

**5. Sources of StartUp Funding:**

- Self-funded
- Family & Friends
- Angel Investors
- Venture Capital
- Bank Loans
- Others

**6. Number of Employees:**

- 1-5 Employees
- 5-10 Employees
- More than 10 Employees

**7. Business Location:**

- Urban Area
- Semi-Urban Area
- Rural Area

### **Financial Risk Management Strategies for Startups in Nepal**

Below are some of the possible factors on financial risk management that might influence the financial risk management strategies for startups. To what extent do you get agree with the below factors.

1 = Strongly Disagree 2 = Disagree 3 = Neutral 4 = Agree 5 = Strongly Agree

Statements		1	2	3	4	5
<b>A. Risk Perception</b>						
A1	We regularly evaluate financial risks before making investment or expansion decisions.					
A2	Our management team perceives financial risks as a critical factor influencing our startup's sustainability.					
A3	We consider changes in market conditions and financial regulations when assessing business risks.					
A4	High levels of financial risk negatively affect our willingness to pursue new opportunities.					
A5	Our company adopts a proactive approach in identifying and mitigating financial risks.					
<b>B. Entrepreneurial Attitude</b>						
B1	Our management team believes that financial risks should be seen as opportunities for growth rather than threats.					
B2	We encourage employees to take calculated financial risks to achieve business innovation.					
B3	Entrepreneurs in our organization actively seek new ways to manage financial uncertainty.					
B4	Our company culture supports risk-taking as an essential component of entrepreneurship.					
B5	Failure due to financial risks is considered a learning experience rather than a setback.					
<b>C. Financial Control Techniques</b>						
C1	Our company implements strict financial control techniques to monitor expenses and revenues.					
C2	We use financial forecasting and budgeting to manage cash flow effectively.					
C3	Financial audits and reviews are conducted regularly to ensure financial discipline.					

C4	We utilize advanced financial analytics tools for decision-making and performance evaluation.					
C5	Our financial control techniques align with our overall business strategy to minimize financial risks.					
<b>D. Capital Structure</b>						
D1	Our company maintains an optimal mix of debt and equity to ensure financial stability.					
D2	We prefer using retained earnings over external debt for business expansion.					
D3	The level of debt in our capital structure is carefully planned to avoid excessive financial risk.					
D4	Our company periodically reviews and adjusts its capital structure based on market conditions.					
D5	We assess the impact of our capital structure decisions on long-term business sustainability.					
<b>E. Risk Financing Approaches</b>						
E1	Our startup relies on a combination of internal and external funding sources to manage financial risks.					
E2	We actively explore various risk financing options, such as insurance and hedging, to minimize financial uncertainties.					
E3	Our company maintains a financial reserve to cover unexpected business losses.					
E4	We prefer long-term financing strategies over short-term loans to ensure financial stability.					
E5	Risk financing is a key component of our strategic financial planning process.					
<b>F. Financial Risk Management Strategies for Startups</b>						
F1	Our startup has a well-defined financial risk management strategy to mitigate potential financial threats.					
F2	We regularly assess and update our financial risk management practices based on market conditions.					

F3	The use of risk assessment tools (e.g., stress testing, scenario analysis) is a common practice in our financial decision-making.					
F4	Our financial risk management strategy helps in ensuring business sustainability during economic downturns.					
F5	We integrate financial risk management into our overall business strategy to enhance long-term growth.					

**Thank You!!**

PAPER NAME

**FINANCIAL RISK MANAGEMENT STRATEGIES FOR STARTUPS IN NEPAL**

AUTHOR

**Raman Maharjan**

WORD COUNT

**19566 Words**

CHARACTER COUNT

**122292 Characters**

PAGE COUNT

**67 Pages**

FILE SIZE

**121.2KB**

SUBMISSION DATE

**Jun 3, 2025 12:13 PM GMT+5:30**

REPORT DATE

**Jun 3, 2025 12:14 PM GMT+5:30****● 7% Overall Similarity**

The combined total of all matches, including overlapping sources, for each database.

- 6% Internet database
- 2% Publications database
- Crossref database
- Crossref Posted Content database
- 0% Submitted Works database

**● Excluded from Similarity Report**

- Bibliographic material
- Quoted material
- Small Matches (Less than 10 words)