

Financial Management Practices: An In-Depth Study Among The CEOs of Small and Medium Enterprises (SMEs)

Mohd Amy Azhar B. Hj. Mohd Harif*¹, Harizal B. Osman**²,
Chee Hee Hoe***³

Many of the small and medium-scaled enterprises (SMEs) in Malaysia are still plagued with management problems. These management problems include human resource management, marketing management, operations management, financial management, and strategic management. Given that financial management is one of the key aspects of the well being and survival of a business, it is important that this topic is explored in depth. This paper investigates the financial management components and techniques practiced by the small and medium enterprises in Malaysia. There was clear evidence of three important core financial management components were used by the SMEs namely financial planning and control, financial accounting, and working capital management. The study also found that three other financial management components namely, financial analysis, management accounting, and capital budgeting were used by a smaller percentage of the SMEs.

Field of Research: Small and Medium Enterprise, Financial Management

1. Introduction

Small and Medium-scaled Enterprises (SMEs) in Malaysia have been identified as an important contributor to the economy (Hashim, 2005). Their contributions can be assessed in terms of their numbers, economic output, employment opportunities provided, and assisting large companies (ibid). However, given today's rapid changes in the business environment and stiff competition, SMEs' Chief Executive Officers (CEOs) need to equip themselves with new knowledge and management practices in order to be able to manage their business entities successfully. The financial management practices and techniques of SMEs CEOs is the central theme of this paper.

*Mohd Amy Azhar Mohd Harif , College of Business, Universiti Utara Malaysia (UUM)

E-mail: amyazhar@uum.edu.my

**Harizal B. Osman, College of Business, Universiti Utara Malaysia (UUM)

Email: harizal@uum.edu.my

***Chee Hee Hoe, College of Business, Universiti Utara Malaysia (UUM)

E-mail: chhoe@uum.edu.my

This study was conducted to identify financial management techniques used by the SMEs in Malaysia. In addition, this study was also carried out an overview on the bases of growth of SMEs in Malaysia, government-supported funds, and gaps in the literature.

2.0 Review of the Literature

2.1 *The SMEs Sector in Malaysia*

Historically, the foundation for growth of small and medium-scaled enterprises in Malaysia was in the traditional sector – agriculture related and cottage industry activities (Hashim, 2002). But now SMEs exist in almost all sectors of the Malaysian economy. However, more recently, due to political and economic changes, SME business activities have expanded rapidly and become an important component in the manufacturing sector (Hashim, 2005). This is demonstrated by the output of the SMEs, worth RM4.3 billion or 20 percent of the Gross Domestic Product (GDP) in 1990. Their output is further projected to be worth RM120 billion or 50 percent of the GDP by the year 2020 (New Straits Times, 1994).

According to the Census of Establishments and Enterprises 2005, there are a total of 523,132 establishments in the manufacturing, agriculture and services sectors in Malaysia. They make up a total of 39,219 (7.3%) enterprises in the manufacturing sector, 451,515 (86.9%) in services, and 32,397 (5.8%) in the agricultural sector. More importantly, SMEs make up a significant proportion of these establishments.

The current status of the SMEs in Malaysia as can be seen in Table 1 below, indicates that overall SMEs account for 98.8% or 516,855 of all enterprises enumerated. In the services sector, SMEs make up 99.4% or 449,004 of all service enterprises whereas in manufacturing they account for 96.6% or 37,865 establishments. SMEs account for 92.6% or 29,985 out of the 32,397 enterprises engaged in agriculture related activities.

In the year 2000, SMEs contributed about 22.2 percent of the total economic output and accounted for 17.9 percent of the total employment opportunities in the manufacturing sector (Hashim and Wafa, 2002). Last but not least, large firms need SMEs as suppliers, providers of customer service, and retailers of big business products. For instance, more and more small firms in Malaysia are acting as specialist suppliers to large firms as evidenced by the Vendor Development Program established by the Government (Hashim and Wafa, 2002).

Harif, Osman & Hoe

Table 1: Current status of SMEs in Malaysia

	Establishments	SMEs	% of SMEs	% of structure
Total manufacturing	39,219	37,866	96.6	7.3
Services	119,980	118,662	98.9	23.0
Retail / Wholesale	312,245	311,234	99.7	60.2
Finance	19,291	19,108	99.1	3.7
Total services	451,516	449,004	99.4	86.9
Agriculture	32,397	29,985	92.6	5.8
Overall total	523,132	516,855	98.8	100

Source: Census of Establishments and Enterprises, 2005 (preliminary data), Department of Statistics

2.1.1 Government supported funds for SMEs

The SME importance is reflected in the fact that there are more than 18 ministries and more than 60 government agencies involved in assisting the development of the SME sector in Malaysia (Hashim, 2000). These assistances can be grouped into financial assistance, project development, advisory services, and technical assistance (Fong, 1990).

As for financial assistance, there are various financial packages for SMEs that can be tapped for projects and working capital financing. Among them are a revolving fund managed by SMIDEC and Bank Industri Malaysia, the Modernization and Automation Scheme for SMEs implemented by the Malaysian Industrial Development Finance Berhad, the Soft Loan Scheme for Quality Enhancement of SMEs implemented by Bank Pembangunan Malaysia Berhad, and a stimulus package announced in 2003 allocated to Bank Pertanian Malaysia and Bank Simpanan Nasional to carry out their micro-credit schemes. Furthermore, SME Special Unit at Bank Negara Malaysia was launched on May 20th 2003 to assist SMEs on information about the various sources of financing, facilitate loan-application process, and provide advisory services other financial requirements.

Under the Malaysia Development Plan (Five Year Plan), the government had allocated RM133.8 million and RM500 million in the Sixth Malaysia Plan and the Seventh Malaysia Plan, respectively for SME financing. In addition, the Small and Medium Industries Development Corporation (SMIDEC) was allocated RM221.4 million for SME development program under the Eighth Malaysia Plan (2001 – 2005).

Harif, Osman & Hoe

As can be seen, much government resources are channeled into programs for SMEs to further develop the sector. Therefore, it is of vital concern that these resources are managed efficiently and effectively for these resources to achieve its policy objective. Consequently, it is important that a study is done on the financial management techniques practiced by the SMEs to facilitate our understanding of the implications of the results for policy makers.

2.2 *Justification for the Study*

A study conducted by Bank Negara Malaysia in 2003 on the SMEs identified prudent financial management as one of the key success factors for SMEs (BERNAMA, 2006). Unfortunately, many SMEs in Malaysia tend to neglect the importance of financial management in their businesses (BERNAMA, 2006). A study by Fong (1990) found that most SMEs in Malaysia were managed by the owners themselves. Therefore, the quality of management depends on the education, experience, and training of the entrepreneurs themselves. However, since many of them did not have a formal education in business management, they usually operated their business as traditional family-type businesses. Fong (1990) concluded that for the sector to remain dynamic, SMEs must employ professional managers for the continued growth of the firm. A professional financial manager will be able to manage the firm's financial affair so as to maximize the value of the firm for its owners.

There exists a vast literature on financial management practices of firms in developed economies. Among these are financial management of small and medium-sized firms (for example Cooley, 1979; Filbeck, 2000; Khoury, 1999; Thomas and Evanson, 1987). Studies done in the U.K. and the U.S. have shown that weak financial management – particularly poor working capital management and inadequate long-term financing – is a primary cause of failure among small business (Atrill, 2001). Moreover, the findings of the studies by Broom and Lengenecker (1975), Haswell and Holmes (1989), Bates and Nucci (1989), and Watson and Everett (1996) have shown that business failures were more prevalent among small businesses than larger firms.

While in the developed economies, financial management studies have been extensively carried out, the same cannot be said of the developing economies. In Malaysia, studies on financial management practices of SMEs are very scarce. Among the studies which explore the weaknesses in management areas of SMEs is by Hashim (2000) and Hashim and Wafa (2002). In the study, 100 SMEs in the manufacturing sector in Malaysia were surveyed. The findings identified 193 weaknesses in the areas of management within the SMEs as shown in Table 2.

Table 2: Weaknesses of areas of management in SMEs

No	Management functional areas	Frequency	Percent
1.	Human resource management	69	35.8
2.	Marketing	43	22.3
3.	Operations / Production	37	19.2
4.	Finance	31	16.1
5.	Strategic management	11	5.6
6.	General management	2	1.0
	Total	193	100.0

Source: Hashim and Wafa (2002)

Table 2 shows that out of the total of 193 weaknesses, 16.1 percent are in the area of finance, which is in fourth position after human resource management (35.8 percent), marketing (22.3 percent), and operations/production (19.2 percent). Specific areas of weaknesses within financial management are shown in Table 3.

Table 3: Weaknesses in financial management

Finance	Frequency	Percent
Lack of working capital	29	93.6
Difficult to get credit for raw materials	1	3.2
Lack of support from financial institutions	1	3.2
Total	31	100.0

Source: Hashim and Wafa (2002)

Table 3 shows that lack of working capital is found to be the most common weakness in the area of financial management where it accounted for 93.6 percent of the total weaknesses in the area of financial management. However, the study did not elaborate more on the areas of weaknesses in financial management beyond working capital.

A subsequent critical review of the literature on financial management practices of SMEs in Malaysia reveals that more in-depth examination of financial management weaknesses is needed since financial management involves more components than working capital alone. A survey of the literature shows six components of financial management, namely, financial planning and control, financial accounting, financial analysis, financial accounting, capital budgeting, and working capital management. Therefore, this study aims to examine each of these components in detail to determine the components being practiced by the SMEs in Malaysia.

2.3 Gaps in the literature

A search of the literature on SMEs in Malaysia reveals a gap in the area of financial management practice among SMEs in Malaysia. One of the most comprehensive studies of SMEs was done by Fong (1990). The

focus of his study was to examine the profile, the existence of economic linkages between large and small firms, and the economic role of the SMIs to revitalize the economy. In general, the emphasis of the studies on SMEs in Malaysia have concentrated on observing and reporting the characteristics or profiles of the SMEs (Chee, 1986; Ling, 1990; Lisa, 1990), on the problems and constraints faced by the SMEs (Hashim, 1999; Chee, 1986), on the SME assistance program provided by the government (Chee, 1986; Hashim, 2000), and on the SME managerial practices (Hashim, 2005).

However, to the best of our knowledge, there has not been any study specifically on the topic of financial management of the SMEs. Therefore, this study, which intends to investigate the usage of financial management techniques among the SMEs in Malaysia, will enrich the empirical literature of financial management practices of SMEs.

2.3.1 Definition of small and medium-scaled enterprises

Since we are interested in knowing the financial management techniques practiced by the SMEs, naturally we begin with a discussion on the components of financial management practiced by the SMEs. At the outset, it is important for us to define what constitutes an SME and to compare the definition of SMEs adopted in Malaysia with those in other countries.

2.3.1.1 Definition of SMEs in other countries

The definitions of SMEs are provided by various countries and the International Bank for Reconstruction and Development (World Bank). Some examples of SME definitions by the Asia Pacific Economic Cooperation countries are shown in Table 4. As the table illustrates, there is significant variations in the definitions. The number of employees is the most common measure, though many definitions also use a monetary measure (such as capitalization, or sales). Even with the number of employees there is considerable diversity; in most economies an SME is defined as having less than 100 employees (and even fewer in specific industries such as services or retail), but in some larger economies this ceiling is raised to 300 or even 500 employees.

Therefore, what constitutes an SME seems to depend on the definition adopted. It is clear that different countries use different standards and different criteria to measure the size of firms. Therefore, it can be concluded that there has been no universally accepted definition of what a SME is (Hashim, 2005). However, we must realize that the distinction between micro, small, medium, or large is somewhat arbitrary. Therefore the real issue when we try to make comparisons across countries is that we are comparing equals with equals (APEC, 2000). Making comparisons thus requires comparable size classes.

Harif, Osman & Hoe

Unfortunately the size classes used differ across economies. Therefore, we must be cautious when comparing SMEs across countries.

Table 4: SME definitions in selected Asia Pacific Economic Cooperation (APEC) member countries

	A		B		C	
	Employees		Total assets (RM000,000)		Total annual sales (RM000,000)	
	Small	Medium	Small	Medium	Small	Medium
Australia	< 20	20 – 200				
Brunei	6 - 50	51 – 100				
Canada	50 - 100	51 – 500				
Chile	5 - 49	50 – 199			< 2.671	< 5.160
Indonesia	5 - 19	20 – 99	< 0.688	< 3.440	< 0.344	< 17.200
Korea	10 - 50	11 – 300				
Mexico	31 - 100	101 – 500				
Philippines	< 99	100 – 199				
Russian	10 - 99	100 – 500				
Singapore		< 200		< 34.017		
Thailand	< 50	50 – 200	< 2.305	< 11.524		
USA		< 500				< 17.200
Vietnam	< 30	31 – 200				
Average used in this study	< 50	<250	< 3.00	< 15.00	< 3.00	< 20.00

Sources: *Profile of SMEs and SME issues in APEC 1990 – 2000*
(www.apec.org/apec/publications/all_publications/small_medium_enterprise.html)

2.3.1.2 Definition of SMEs in Malaysia

Within Malaysia itself, there exist different definitions of SMEs by various government agencies and organizations in Malaysia show considerable differences as well as represented in Table 5.

Table 5: Definitions of SMEs in Malaysia

Criteria	APEC definition	CCDSI	BNM	MITI	SMIDEC (Prior To June 9, 2005)	Definition of SME for this study
No. of employee (full time)	< 50 (Small) < 250 (Medium)			<50 (Small), 51 – 150 (Medium)	<50 (small), 51 – 75 (Medium)	<50(Small) <150(Med)
Annual sales turnover	RM< 3 m (Small) RM< 20 m (Medium)			<RM10 million (Small), RM10m – RM2.5m (Medium)		RM<10m (Small) RM<25m (Medium)
Fixed asset	RM< 3 m (Small) RM<15m (Medium)	<RM250,000 (Enterprises)				
Shareholders' fund		<RM250,000 (Enterprises)	<RM500,000 (Small), Between RM500,000 and RM2.5 million (Medium)			
Paid-up capital					<RM500,000 (Small) RM501,000 – RM2.5m (Medium)	

Key to Table:

APEC = Asia Pacific Economic Cooperation

CCDSI = Coordinating Council for Development of Small-Scaled Industriesⁱ

BNM = Bank Negara Malaysiaⁱⁱ

MITI = Ministry of International Trade and Industry

SMIDEC = Small and Medium-sized Industry Development Corporation

For the purpose of this study and by reconciling the above definitions, this study proposed to design a new definition from SMEs to be used in this study, as shown in Table 6.

Harif, Osman & Hoe

Table 6: Definition of SMEs adopted in this study

Industry	Small		Medium	
	Employee	Sales	Employee	Sales
Manufacturing, manufacturing-related services, and agro-based industries	5 < Emp. < 50	RM250,000 < Sales < RM10 million	51 < Emp. < 150	RM10 < Sales < RM25 million
Services, primary agriculture, and information and communication technology	5 < Emp. < 19	RM200,000 < Sales < RM1 million	20 < Emp. < 50	RM1 million < Sales < RM5 million

2.4 *The components of financial management practice used by SMEs.*

After discussing the SMEs definition, the study will discuss the component of financial management and the techniques used in the SMEs. In this section the details of the components of financial management will be illustrated. A review of the literature has identified six components of financial management: financial planning and control, financial accounting, financial analysis, management accounting, capital budgeting, and working capital management. (Kumar, 2007; Muhammad El-Ebaishi et al, 2003; McNamara, 1997; Byun et al, 2003; Gilbert and Reichert, 1995; ZeZhong et al, 2006; Osteryoung et al, 1992; Moore and Reichert, 1983). These six components of financial management identified from the literature are shown in Table 7.

Table 7: The components of financial management

No.	Components of financial management	A	B	C	D	E	F	G	H	Total	Selecte d for this Study
1.	Financial planning and control	√	√	√	√		√			5	√
2.	Financial accounting	√		√						2	√
3.	Financial analysis	√		√				√	√	4	√
4.	Management accounting	√	√				√			3	√
5.	Capital budgeting	√			√	√	√		√	5	√
6.	Working capital management				√	√			√	3	√
	Total	5	2	3	3	2	3	1	3		6

Key to Table:

- A= Kumar (2007)
- B= Muhammad El-Ebaishi et.al (2003)
- C= McNamara (1997)
- D =Byun et al (2003)
- E = Gilbert and Reichert (1995)
- F = ZeZhong et al (2006)
- G =Osteryoung et al (1992)
- H = Moore and Reichert (1983)

In conclusion, the main six components of financial management will be discussed in this study. Each of these six components of financial management have a different techniques contains specific tools and aims of their own. These techniques are described further below.

2.4.1 Financial planning and control techniques used by SMEs

The formulation of the literature shows that there are two techniques of financial planning and controls used by SMEs, as shown in Table 8.

Table 8: Financial planning and control technique used by SMEs

No.	Financial planning and control technique	A	B	Total	Selecte d for this study
1.	Financial budgets	√	√	2	√
2.	Operating budgets	√	√	2	√
	Total	2	2		2

Key to Table:

- A = Components of financial management from literature
- B = McMahan, and Scott Holmes (1991)

2.4.2 Financial accounting techniques used by SMEs

Based on the findings of the four researchers, the three techniques of financial accounting used by SMEs were identified and are shown in Table 9.

Table 9: Financial accounting techniques used by SMEs

No .	Financial accounting technique	A	B	C	D	Total	Selected for this Study
1.	Balance sheet	√	√	√	√	4	√
2.	Income statement	√	√	√	√	4	√
3.	Cash flow statement	√		√	√	3	√
	Total	3	2	3	3		3

Key to Table:

- A = Components of financial management from literature
- B = McMahan and Holmes (1991)
- C = Mc Mahon (2001)

Harif, Osman & Hoe

D = DeThomas and Fredenberger (1985)

2.4.3 Financial analysis techniques used by SMEs

A review and reconciling of the literature shows that there are six techniques of financial analysis used by SMEs, as shown in Table 10.

Table 10: Financial analysis techniques used by SMEs

No.	Financial analysis technique	A	B	C	D	Total	Selected for this Study
1.	Current ratio	√	√	√	√	4	√
2.	Quick ratio	√	√		√	3	√
3.	Operating profit margin	√	√		√	3	√
4.	Return on asset (ROA)	√	√	√	√	4	√
5.	Return on equity (ROE)	√	√	√	√	4	√
6.	Debt ratio	√	√	√	√	4	√
	Total	6	6	4	6		6

Key to Table:

A = Components of financial management from literature

B = Koyuncugil (2006)

C = Thomas and Evanson (1987)

D = Locke and Scrimgeour (2003)

2.4.4 Management accounting techniques used by SMEs

From the input of four articles from the literature, there are four techniques of management accounting used by SMEs, as shown in Table 11.

Table 11: Management accounting techniques used by SMEs

No	Management accounting technique	A	B	Total	Selected for this Study
1.	Standard costing	√	√	2	√
2.	Just in time (JIT)	√		1	√
3.	Activity based costing (ABC)	√	√	2	√
4.	Balanced scorecard (BSC)	√		1	√
	Total	4	2		4

Key to Table:

A = Components of Financial Management from literature

B = Ghosh and Yoke (1997)

Harif, Osman & Hoe

2.4.5 Capital budgeting techniques used by SMEs

There are five techniques of capital budgeting used by SMEs which have been illustrated in Table 12.

Table 12: Capital budgeting techniques used by SMEs

No	Capital budgeting technique	A	B	C	D	Total	Selected for this Study
1.	Accounting rate of return (AROR)	√		√	√	3	√
2.	Payback period	√	√	√	√	4	√
3.	Net present value	√	√	√	√	4	√
4.	Profitability index	√	√		√	3	√
5.	Internal rate of return (IRR)	√	√	√	√	4	√
	Total	5	4	4	5		5

Key to Table:

A = Components of Financial Management from literature

B = Lazaridis (2004)

C = Filbeck and Lee (2000)

D = Ryan and Ryan (2002)

2.4.6 Working capital management techniques used by SMEs

There are four techniques of working capital management used by SMEs which have been illustrated in Table 13.

Table 13: Working capital management techniques used by SMEs

No.	Working capital management technique	A	B	C	D	Total	Selected for this Study
1.	Cash management	√	√	√	√	4	√
2.	Account receivable management	√	√	√	√	4	√
3.	Inventory management	√	√	√		3	√
4.	Account payable management	√		√		2	√
	Total	4	3	4	2		4

Key to Table:

A = Components of Financial Management from literature

B = Cooley and Pullen (1979)

C = Khoury et al (1999)

D = McMahon and Holmes (1991)

2.5 Conceptual framework

In the previous sections, we have presented the definitions of SMEs from the Malaysian and other countries' followed by the discussion about financial management components and financial management techniques and tools of each component.

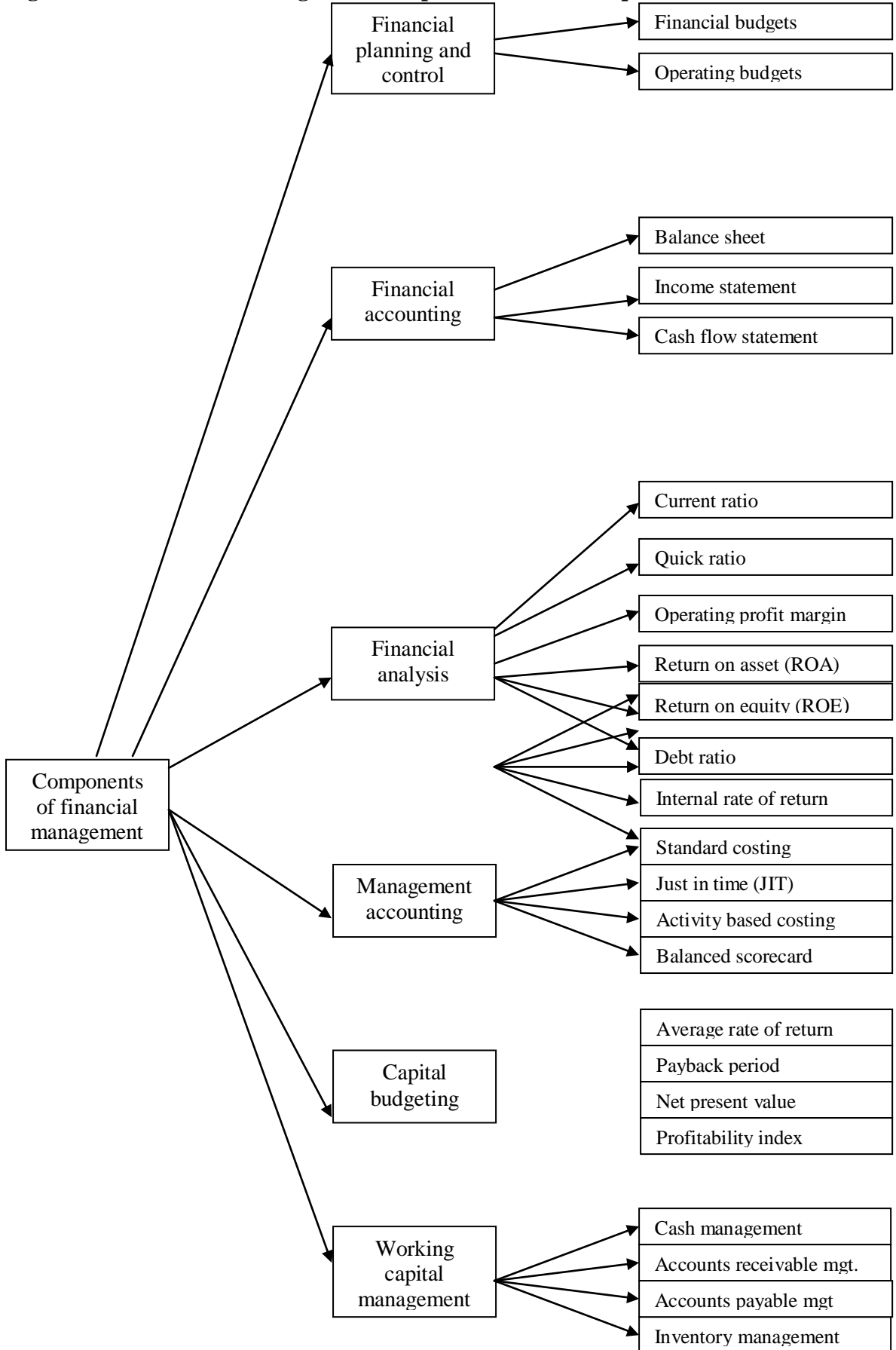
From the previous discussions, we found that all six financial management components are important in the financial management techniques practiced by the SMEs. From that summary, a conceptual framework has been built (refer figure 1). This theoretical framework will be used as a platform to investigate further the importance of financial management practices used by the SMEs.

3.0 Methodology and Research Design

To answer the research objectives, this study used a structured questionnaire to obtain data and information about financial management tools being used by the SMEs. The questionnaires were administered using face to face interviews. The targeted samples are the SMEs operating in the northern Malaysian state of Kedah Darul Aman. In the present study, SMEs are defined based on the criteria provided by the Secretariat to National SME Development Council, Bank Negara Malaysia. According to the criteria, SMEs can be defined according to total number of full time employees (between 5 and 150 employees) or total sales turnover (between RM250,000 and RM25 million).

Based on these selection criteria, 30 SMEs were selected. The researcher conducted face to face interviews with the financial manager or the owner of each firm. The method of personal interview was chosen rather than using mail survey since the researcher was concerned that the response rate to mailed questionnaire might be poor. The researcher was also under a tight schedule and had to collect the data within the shortest time possible.

Figure 1: Six financial management components and techniques

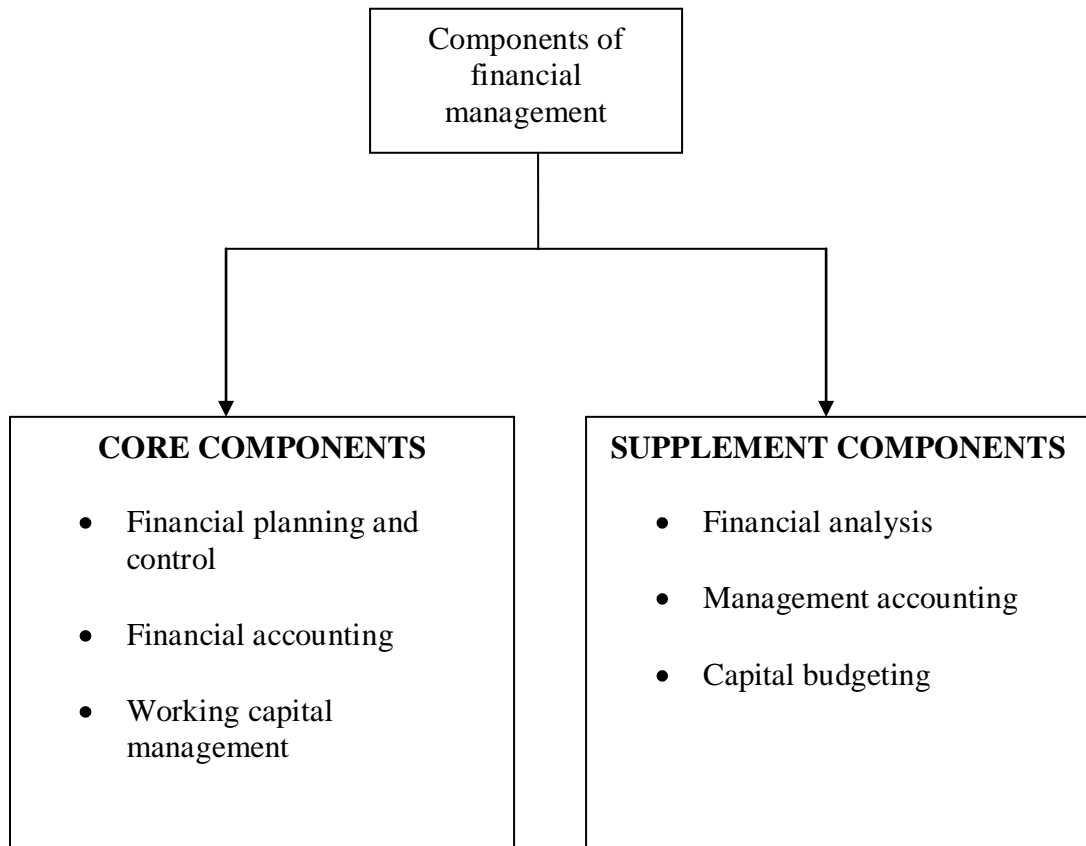


The researchers included six financial management components in the survey questionnaire. These components were chosen based on theories and on previous empirical works. The survey questionnaire adopted in the study consists of three sections. Section A involves questions to establish the basic profile of the respondents' organizational structure, section B contains questions used to identify the financial management tools used by the SMEs, while section C involves questions regarding the individuals being interviewed.

4.0 Discussion of Findings

This study was designed to address the research question: *What are the financial management techniques practiced by the SMEs in Malaysia?* Based on the data analysis of this study, two new models could be designed to confirmed the literature and as a contribution to the body of knowledge. Firstly, the six components of financial management as discussed in the literature review could be categorized into two: core components and supplementary components. Three components could be categorized as core components and the others three could be categorized as supplementary components, as shown in figure 2.

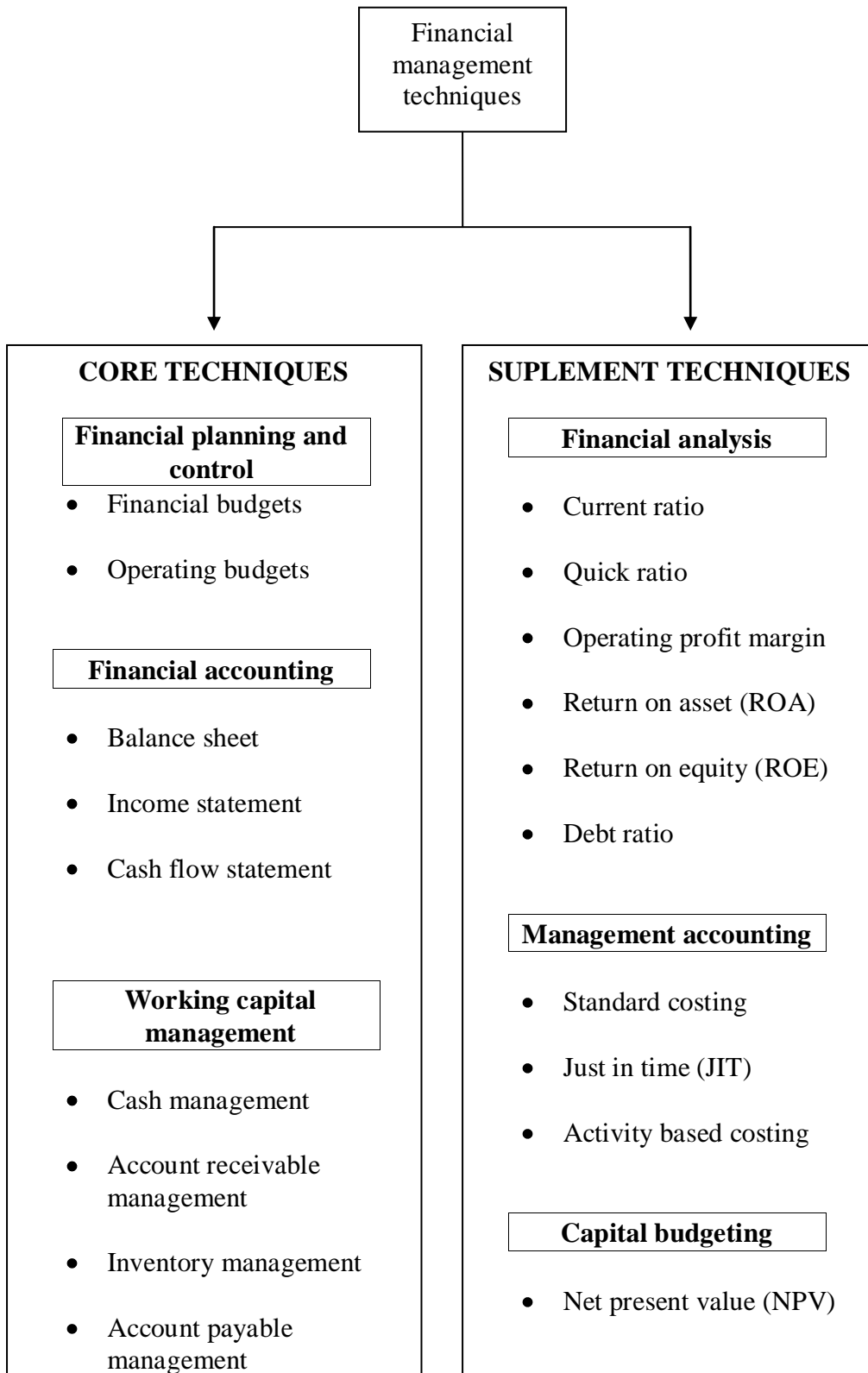
Figure 2: Components of financial management practice used by SMEs



Secondly, 19 techniques of financial management used by SMEs have been confirmed from the data analysis to be included in this study. These techniques are categorized into two which are core techniques and supplementary techniques. From the 19 techniques listed, nine are included in core techniques and 10 are included in supplementary techniques, as shown in figure 3.

The findings indicate that the range of financial management tools used by the SMEs in the survey is still low. Many still use only predictable and often used components such as financial accounting and working capital management. Out of the six components of financial management, only three are being practiced by a high percentage of the SMEs in the survey. These are financial planning and control, financial accounting, and working capital management. Three other components, namely management accounting, capital budgeting, and financial analysis are being practiced by only a small percentage of the SMEs.

Figure 3: Financial management techniques used by SMEs



5.0 Conclusion and Limitation

The purpose of this paper has been to provide some insight and evidence regarding the financial management tools that are used by SMEs in Malaysia. The above findings of the study showed that the range of financial management tools used by SMEs in Malaysia still low. Many of the SMEs still use only predictable and often used components such as financial accounting and working capital management. Out of the six components of financial management, only the financial planning and control, financial accounting, and working capital management tools were being practiced by a high percentage of the SMEs in the study. As for the other components, namely management accounting, capital budgeting, and financial analysis only a small percentage of the SMEs studied practiced them.

However, because of the important impact of all six components of financial management on the well being and survival of their business, managers of SMEs should seriously consider making financial management an important priority in their overall management. The model designed for this research could be adopted by the SMEs for their financial management. All six of the financial management components should be given priority by the SMEs.

Among some of the limitations of this study is the limited number of respondents who were interviewed. This was due to the time constraint. Another limitation is the collection of data from respondents who were located near to the researchers' base. This was from the logistic point of view and also in terms of lower cost of data collection. To overcome this limitation and possible weakness, the research could be further extended by interviewing SMEs located in other parts of Malaysia. Last but not the least, potential future work could also involve finding the relationship between financial management practices and the performance of SMEs in Malaysia.

Endnotes

ⁱ Acted on behalf of the Division of Small Enterprise in the Ministry of International Trade and Industry.

ⁱⁱ Noted in Bank Negara Malaysia lending guidelines (and under the Industrial Coordination Act 1975 (Amendment 1986) and the Promotion of Investment Act 1986)

References

2000. Profile of SMEs and SME issues in APEC 1990-2000.
http://www.apec.org/apec/publications/all_publications/small_medium_enterprise.html.

-
2005. Definitions for small and medium enterprises in Malaysia. <http://www.smidec.gov.my>.
- 2006, August 8). SMEs need to change mindset: Dr Ng. *BERNAMA*, from <http://www.bernama.com>.
- Adelman, P. J., & Marks, A. M., 2004, *Finance for small business*. New Jersey: Prentice Hall.
- Atrill, P., 2001, Working capital and financing problems of the small business. *Certified Diploma*.
- Bates, T., & Nucci, A., 1989, An analysis of small business size and rate of discontinuance. *Journal of Small Business Management*, pp 1-7.
- Bracker, J. S., Keats, B. W., & Pearson, J. N., 1988, Planning and financial performance among small firms in a growth industry. *Strategic Management Journal*, pp 591-603.
- Brigham, E. F., & Michael, C. E., 2005, *Financial Management: Theory and practice*. Thomson: South-Western.
- Broom, H. N., & Longenecker, J. G., 1975, *Small Business Management (4th ed.)*. South-Western Publishing Company. Cincinnati: South-Western Publishing.
- Byun, J. Y., Endaryahreza, M., Jin, N., Bai, Y., & Chang, Y., 2003, Budgeting and fiscal management control. *Engineering Management*, pp 1-31.
- Chandra, P., 1997, *Financial management: Theory and practice*. New Delhi: Tata McGraw Hill.
- Chee, P. L., 1986, *Small industry in Malaysia*. Kuala Lumpur: Berita Publishing Sdn. Bhd.
- Cooley, P. L., & Pullen, R. J., 1979, Small business cash management practices. *American Journal of Small Business*, 4 (2), pp 1-11.
- Cuba, L., 1993, *A short guide to writing about social science (2nd ed.)*. New York: Harper Collins College Publications.
- DeThomas, A. R., & Fredenberger, W. B., 1985, Accounting needs of very small business. *The CPA Journal*, pp 14-24.
- De Vaus, D., 2002, *Surveys in social research (5th ed.)*. London: Routledge.
- Drury, C., 2000, *Management and cost accounting*. Sydney: Business Press.
- Filbeck, G., & Lee, S., 2000, Financial management techniques in family businesses. *Family Business Review*, 13 (3), pp 201-216.
- Fong Chan Onn., 1990, Industrialization in Malaysia: Role of small and medium scale industries. In Ambrin Buang (Ed.), 1990, *The Malaysian economy in transition*. Kuala Lumpur: Institut Tadbiran Awam Negara (INTAN).
- Ghosh, B. C., & Yoke, K. C., 1997, Management accounting in Singapore-well in place? *Managerial Auditing Journal*, 12 (1), pp 16-18.
- Gilbert, E., & Reichert, A., 1995, The practice of financial management among large United States corporations. *Financial Practice & Education*, pp 16-23.

-
- Gitman, L. J., 2006, *Principles of managerial finance (11th ed.)*. Boston: Pearson Addison Wesley.
- Gitman, L. J., & Maxwell, C. E., 1985, Financial activities of major U.S. firms: Survey and analysis of Fortune's 1000. *Financial Management*, pp 57-65.
- Gitman, L. J., & Forrester, J. R., 1977, A survey of capital budgeting techniques used by major U.S. firm. *Financial Management*, pp 45-56.
- Gloy, B. A., & LaDue, E., 2003, Financial management practices and farm profitability. *Agricultural Finance Review*, pp 157-174.
- Gombola, M. J., & Ketz, E., 1983, Financial ratio patterns in retail and manufacturing organizations. *Financial Management*, pp 45-56.
- Grablowsky, B. J., & Burns, W. L., 1980, The application of capital allocation techniques by small business. *Journal of Small Business Management*, 18 (3), pp 50-58.
- Hampton, J. J., & Wagner, C. L., 1989, *Working capital management*. New York: Wiley.
- Hansen, D. R., & Mowen, M. M., 1995, *Cost management: Accounting and control*. Cincinnati: South Western College.
- Hashim, M. K., 1999, A study on the weaknesses of SMEs in the Malaysian manufacturing sector. *TiTisan*. Shah Alam: UiTM, pp 1-12.
- Hashim, M. K., & Abdullah, M. S., 2000, A proposed framework for redefining SMEs in Malaysia: One industry, one definition. *Asian Academy of Management Journal*, 5 (1), pp 65-79.
- Hashim, M. K & Wafa, S. A., 2002, *Small and medium sized enterprises in Malaysia: Development issues*. Kuala Lumpur: Prentice Hall.
- Hashim, M. K., 2005, *Small and medium sized enterprises in Malaysia: Challenges in the new economy*. Sintok: UUM Press.
- Hashim, M. K., 2005, *Small and medium sized enterprise in Malaysia: Role and issues*. Sintok: UUM Press.
- Hashim, M. K., 2005, *Small and medium sized enterprise in Malaysia: Problems and prospects*. Sintok: UUM Press.
- Hashim, M. K., 2006, *Strategic issues in Malaysia: Small and medium sized enterprises*. Sintok: UUM Press.
- Hashim, M. K., 2006 *Business practices in Malaysia: Small and medium sized enterprises*. Sintok: UUM Press.
- Hashim, M. K., 2007, *SMEs in Malaysia: A brief handbook*. Selangor: August Publishing Sdn Bhd.
- Hashim, M. K., 2007, *Small and medium sized enterprises development in Malaysia: Programs and evaluation*. Sintok: UUM Press.
- Haswell, S., & Holmes, S., 1989, Estimating the small business failure rate: A reappraisal. *Journal of Small Business Management*, pp 69-73.
- Horngren, C. T., 1995, Management accounting: this century and beyond. *Management Accounting Research*, pp 281-286.
- Horngren, C. T., Sundem, G. L., & Elliot, J. A., 2002, *Introduction to financial accounting (8th ed.)*. Upper Saddle River: Prentice Hall.

-
- Keown, A. J., Martin, J. D., Petty, W. J., & Scott, D. F., 2002, *Financial management principles and applications (9th ed.)*. New Jersey: Prentice Hall.
- Kester, G. W., Chang, R. P., Echanis, E. S., Haikal, S., Md Isa, M., Skully, M. T., Tsui, K. C., & Wang, C. J., 1999, Capital budgeting practices in the Asia Pacific region: Australia, Hong Kong, Indonesia, Malaysia, Philippines, and Singapore. *Financial Practice and Education*, pp 25-33.
- Khoury, N. T., Smith, K. V., & MacKay, P. I., 1999, Comparing working capital practices in Canada, the United States, and Australia: A note. *Canadian Journal of Administrative Sciences*, 16 (1), pp 53-57.
- Koyuncugil, A. S., & Ozgulbas, N., 2006, Is there a specific measure for financial performance of SMEs? *The Business Review*, 5 (2), pp 314-319.
- Kumar, A., 2007, Financial management: An overview. From <http://www.arunk.com>.
- Lazaridis, I. T., 2004, Capital budgeting practices: A survey in the firms in Cyprus. *Journal of Small Business Management*, 42 (4), pp 427-433.
- Lee, C. F., Finnerty, J. E., & Norton, E. A., 1997, *Foundations of financial management*. Minneapolis: West Publishing Co.
- Ling, S. L. M., 1990, Malaysia's industrial and entrepreneur profile. *Malaysian Management Review*, 25, pp 3-10.
- Lisa, P. S. T., 1990, Factors affecting growth in the small firms: A case study of five educational firms. *Malaysian Management Review*, 25, pp 53-68.
- Locke, S., & Scrimgeour, F., 2003, Testing the consistency of New Zealand SME financial ratios across industry groups. *Journal of American Academy of Business*, 3 (1), pp 166-173.
- Malaysia 1991, *Sixth Malaysia Plan 1991 – 1995*. Kuala Lumpur: National Printing Department.
- Malaysia 1996, *Seventh Malaysia Plan 1996 – 2000*. Kuala Lumpur: National Printing Department.
- Malaysia 2001, *Eight Malaysia Plan 2001 – 2005*. Kuala Lumpur: National Printing Development.
- MITI 1990, Profile of small scale industries. Kuala Lumpur: *Ministry of Trade and Industry*.
- Maliah bt Sulaiman, Nik Nazli Nik Ahmad, & Norhayati Alwi., 2004, Management accounting practices in selected Asian countries: A review of the literature. *Managerial Auditing Journal*, 19 (4), pp 493-508.
- McBurney, D. H., 1998, *Research methods (4th ed.)*. Pacific Grove: Brooks/Cole.
- McMahon, R. G. P., & Holmes, S., 1991, Small business financial management practices in North America: A literature review. *Journal of Small Business Management*, pp 19-29.

- McMahon, R. G. P., 1998, Financial reporting practices of Australian manufacturing SMEs. *Research Paper Series*, 98 (8).
- McMahon, R. G. P., 2001 Business growth and performance and the financial reporting practices of Australian manufacturing SMEs. *Journal of Small Business Management*, 39 (2), pp 152-164.
- McNamara, C., 1997, Basic guide to financial management in small for profit business. From http://www.managementhelp.org/finance/fp_fnce.htm.
- Moore, J. S., & Reichert, A. K., 1983, An analysis of the financial management techniques currently employed by large U.S. corporations. *Journal of Business Finance & Accounting*, 10 (4), pp 623-645.
- Muhammad El-Ebaishi, Karbhari, Y., & Naser, K., 2003, Empirical evidence on the use of management accounting techniques in a sample of Saudi manufacturing companies. *International Journal of Commerce & Management*, 13 (2), pp 74-101.
- Mutchnick, R. J., & Bruce, L. B., 1995, *Research methods for social sciences: Practice and applications*. Boston: Allyn and Bacon.
- Normah Omar, Ibrahim Kamal Abd. Rahman, & Suzana Sulaiman., 2004, Management accounting in Malaysia: Has relevance been lost? *Accountants Today*, pp 26-28.
- Osteryoung, J., Constand, R. L., & Nast, D., 1992, Financial ratios in large public and small private firms. *Journal of Small Business Management*, 30 (3), pp 35-46.
- Patten, M. L., 2001 *Questionnaire research: A practical guide*. Los Angeles: Pyczak Publishing.
- Robinson, R. B., 1982, The importance of outsiders in small firm strategic planning. *Academy of Management Journal*, pp 80-94.
- Ross, M., 1986, Capital budgeting practices of twelve large manufacturers. *Financial Management*, 15 (4), pp 15-22.
- Ryan, P. A., & Ryan, G. P., 2002, Capital budgeting practices of the Fortune 1000: How have things changed? *Journal of Business and Management*, 8 (4), pp 355-364.
- Schall, L. D., Sundem, G. L., & Geijsbeek, W. R., 1978, Survey and analysis of capital budgeting methods. *The Journal of Finance*, pp 281-287.
- Scherr, F. C., 1989, *Modern working capital management: text and cases*. New Jersey: Prentice Hall.
- Singh, A. J., & Schmidgall, R. S., 2002, Analysis of financial ratios commonly used by US lodging financial executives. *Journal of Leisure Property*, 2 (3), pp 201-213.
- Smart, S. B., Megginson, W. L., & Gitman, L. J., 2004, *Corporate Finance*. Ohio: South Western.
- Thomas, J., & Evanson, R. V., 1987, An empirical investigation of association between financial ratio use and small business success. *Journal of Business Finance & Accounting*, 14 (4), pp 555-571.

- Walker, E. W., & Petty, J. W., 1978, Financial differences between large and small firms. *Financial Management*, pp 61-68.
- Warren, C. S., Reeve, J. M., & Fess, P. E., 1999, *Financial Accounting* (7th ed.). Ohio: South Western College Publishing.
- Watson, J., & Everett, J. E., 1996, Do small businesses have high failure rates? *Journal of Small Business Management*, pp 45-61.
- Waweru, N. M., Hoque, Z., & Uliana, E., 2004, Management accounting change in South Africa: Case studies from retail services. *Accounting, Auditing & Accountability Journal*, 17 (5), pp 675-704.
- Welsch, G. A., Anthony, R. N., & Short, D. G., 1984, *Fundamentals of financial accounting* (4th ed.). Homewood: Richard D. Irwin.
- Whetzel, D. L., Baranowski, L. E., Petro, J. M., Curtin, P. J., & Fisher, J. L., 2003, A written structured interview by any other name is still a selection instrument. *Applied H.R.M. Research*, 8 (1), pp 1-16.
- Williams, A. J., 2001, *Keeping the score: record keeping, financial planning and management for small business*. Sydney: McGraw Hill.
- Zezhong Xiao, Chee Chow, Rong-Ruey Duh, & Lixin Zhao., 2006, Management accounting in China. *Financial Management*, pp 32-36.