

The Effectiveness of Cash Flow Management by SMEs in the Mafikeng Local Municipality of South Africa

Authors : Ateba Benedict Belobo, Faan Pelser, Ambe Marcus

Abstract : Aims: This study arise from repeated complaints from both electronic mails about the underperformance of Mafikeng Small and Medium-Size enterprises after the global financial crisis. The authors were on the view that, this poor performance experienced could be as a result of the negative effects on the cash flow of these businesses due to volatilities in the business environment in general prior to the global crisis. Thus, the paper was mainly aimed at determining the shortcomings experienced by these SMEs with regards to cash flow management. It was also aimed at suggesting possible measures to improve cash flow management of these SMEs in this tough time. Methods: A case study was conducted on 3 beverage suppliers, 27 bottle stores, 3 largest fast consumer goods super markets and 7 automobiles enterprises in the Mafikeng local municipality. A mixed method research design was employed and a purposive sampling was used in selecting SMEs that participated. Views and experiences of participants of the paper were captured through in-depth interviews. Data from the empirical investigation were interpreted using open coding and a simple percentage formula. Results: Findings from the empirical research reflected that majority of Mafikeng SMEs suffer poor operational performance prior to the global financial crisis primarily as a result of poor cash flow management. However, the empirical outcome also indicted other secondary factors contributing to this poor operational performance. Conclusion: Finally, the authorsproposed possible measures that could be used to improve cash flow management and to solve other factors affecting operational performance of SMEs in the Mafikeng local municipality in other to achieve a better business performance.

Keywords : cash flow, business performance, global financial crisis, SMEs

Conference Title : ICMEIE 2015 : International Conference on Management, Economics and Industrial Engineering

Conference Location : Berlin, Germany

Conference Dates : May 21-22, 2015