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Financial Management Engagement and Small and Medium-Sized Businesses in eThekwini Municipality, South Africa

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Abstract

The research aim was to examine the level to which Small and Medium-sized businesses in the eThekwini Municipality used financial management engages. In collecting and analysing data from the field, the research project took a quantitative method. The survey included 60 participants from various types of small and medium-sized businesses in eThekwini. Proprietors and managers of small and medium-sized businesses were among those who responded. The rate at which organisations implement systems that effectively organise their money was a key component in analysing the financial management engagements of small and medium-sized businesses. This can be assessed in a variety of ways, including the distribution of closed-ended surveys to responders. Furthermore, the proprietors of small and medium-sized businesses were prompted to score their companies based on the level to which financial preparation strategies were implemented and the funding sources of money. The research found that small and medium-sized businesses in the research areas did not develop long-term financial strategies that included investments in non-current assets, shares, and stocks, as well as real estate initiatives. Small and Medium-sized businesses must establish trustworthy systems for accounting information, disclose and analyse their financial challenges on a regular basis.

Keywords: *Small and Medium-sized Businesses; eThekwini Municipality; Financial Management Engagement and Cash Budget Planning*

Introduction

Small and medium-sized businesses (SMBs) make important contributions to the economies of nearly every nation, regardless of their degree of prosperity (Mazibuko, 2021). Furthermore, they are thought to be contributing to the private market's GDP, job creation, and economic development overall. In addition, the effective functioning of SMBs serves as the backbone of many emerging countries, including South Africa (Soni et al., 2015). The significance of SMBs in the socioeconomic success of the country is critical. SMBs are an important part of south Africa's growth and encouraging them has grown into a priority on the policy planning lists of majorities of governments in South Africa for the coming generations of African businessmen, since they constitute more than 90% of African legally established businesses (Nkoe, 2023). Financial management encompasses more than just the precision with which a company's accounts are balanced. As defined by Siyaya (2021), financial management is the act of choosing assets that will enable a company organisation to accomplish the objectives it has identified. Financial management choices have an impact on every aspect of the firm. A business that distributes successfully, however, has inadequate financial management and is vulnerable to failure. Considering the reality that inadequate financial management engagements cause a substantial number of SMBs to collapse, little focus has been dedicated to this sector (Thaver, 2010).

Moreover, researcher such as Chetty (2014) have concentrated their efforts on establishing how SMBs operate regarding financial management procedures. Based on Ndlazi (2023), four fundamental topics have piqued the attention of financial management scholars throughout the years. Financial reporting as well as evaluation, cash flow management, managing inventory, fixed asset management, with capital structure management are among them (Chimucheka and Rungani, 2011). The findings of the study rely heavily on an explanation of the way SMBs act in terms of financial management. The majority of empirical research is conducted in widely recognised economies and might not be relevant to emerging nations like South Africa. The research discovered that the degree of utilise of established financial management adheres to as well as consequently identifying the difficulties encountered by SMBs in the research area to be quiet as financial management was worried.

Literature Review

Business ownership and the expansion of SMBs have been recognised internationally as an instrument for economic expansion as well as growth (Nthenge and Ringera, 2017). Charles et al. (2015) mentioned that business ownership and SMBs are terms that can be utilized indiscriminately to refer to firms with little capital that are attempting to attain the same purpose or intended, although there are distinctions. Thaver (2010) claimed that business ownership varies from SMBs in that it is a procedure that results in the formation of SMBs and startup companies, although SMBs solely indicate enterprises or organisations of smaller or medium-sized. The SMB’s literature is distinguished by a profusion of theories, concepts, and classifications that frequently rival and contradict (Cofie, 2012). Hence, there is no agreement on who the term 'entrepreneur' should be used for.

Nyakeri (2012) indicates that practically all theories and descriptions of business ownership concur on the type of activity that it implies. This conduct involves: 1) having responsibility; 2) organising the economic and social structures to convert assets and circumstances into meaningful accounting; 3) accepting risk or failing; and 4) reaping the benefits of becoming independent, individual fulfilment, revenue cash, or achievement. SMBs, like business ownership, do not have a globally acknowledged description since various nations have varied requirements for determining SMBs (Prempeh, 2015). While some define SMEs as small firms, while referring to them as small and medium-sized businesses, small to medium-sized enterprises, or micro, small, or medium-sized enterprises. In broad terms, Osmond and Paul (2016) said that SMBs are characterised primarily by factors that include the number of workers, revenue from sales, and asset worth. In addition, SMBs are characterised primarily by parameters that include the number of workers and revenue from sales, as well as the value of assets.

Dominic et al. (2023) noted that business owners will be deterred from taking appropriate dangers if an organization's climate is uncertain, hazardous, or limiting, regardless of access to financial services. As a result, loan providers should strive to strengthen their capacity to offer financing support for SMBs by implementing commercial processes that lower costs while minimising the risk they face (Rathnasiri, 2015). Abanis et al. (2013) mentioned that the managerial oversight of SMBs is a well-known difficulty that has proven challenging to solve. SMB owners are frequent directors of their businesses and typically lack professional leadership or managerial degrees. Yensu et al. (2016) said that when making a loan, banks frequently analyse an individual's personality characteristics, competency to operate a business, and capacity to handle cash. According to research, there is a beneficial association among higher learning, managerial expertise and abilities, strategic thinking, and business success. Njagi et al. (2017) noted that SMBs capabilities and strategic goals, in particular, are critical factors in any endeavour to increase the spectrum of funding vehicles.

Research conducted in KwaZulu-Natal by Erasmus Beyers (2015) discovered that the majority of SMBs lacked the expertise in financial management required to perform properly and realise their entire potential in terms of competitiveness and development. Additional research Aruho (2021) in South Africa indicated that most SMBs' managers and proprietors had minimal higher education and inadequate management abilities, indicating that these weaknesses hampered the expansion and long-term viability of their enterprises. For instance, an Africa Obazee (2019) research on the influence of schooling and previous employment on SMBs accounting operations showed that executives with higher levels of education and expertise were better suited for managing finances. In addition, Padachi et al. (2018) discovered in a survey that 80% of SMBs have weak financial administration capabilities along with, as a result, employ manual records rather than computerised records for maintaining them. In a comparable manner Shilyomunhu (2017) stated in research that many SMBs struggle to keep good books of accounting because of their lack of education and limited understanding of accounting processes. The financial awareness and skills of SMBs' proprietors and managers are critical in understanding the utilisation of monetary services and goods (Giyose, 2022).

The financial aptitude of SMBs proprietors or managers can influence their financial management conduct (Nkansah-Sakyi, 2023). Aminga et al. (2022) highlighted that the standardised financial management engagements may offer SMBs with a complete picture of their corporate finances, particularly sales, costs, earnings, investment, liquidity, as well as official records which offer comprehensive insights into financial data. Record keeping, predicting future revenue, controlling working capital, assessing previous performance, and taxation and legally binding conformity have all been recognised as significant areas where proprietors of small businesses require coaching. According to Okonwko et al. (2019) note that in order to thrive, SMBs must initially cultivate financial management abilities that aid in short-term choice-making. Dominic et al. (2023) claimed that in a comparable manner, outlines two aspects of short-term strategy for small enterprises: revenue forecasting and financial management. Profit planning is concerned with projecting income and spending, whereas cash flow planning is concerned with anticipating cash flows. Therefore, there can be no doubt that focused on financial literacy initiatives are able to help business proprietors in developing and improving long-term strategies related for enterprise financing, improving comprehending of the financial as well as economic the environment relevant to their business, identifying and approaching finance and shareholder suppliers, and recognising and handling dangers for various types of debt. The research aim was to examine the level to which SMBs in the eThekwini Municipality used financial management engagements.

Methods

As defined by Rossi et al. (2018), a method of study is a systematic approach to solving a study topic. The study took a quantitative method. Quantitative research is described by being an extensive look through an issue in society that is focused on evaluating a theory consisting of factors that are quantitatively evaluated and statistically analysed to discover whether the prediction generalisation remains accurate (Amirtharaj et al., 2022). The research relied on primary data. Primary data was obtained from participants in the structure of a survey that was handed out privately in this research. The population of eThekwini Municipality is 123,224 people, with 61,610 men and 61,614 females (Joshua et al., 2022). The municipality is largely urban, with approximately eight among every ten people residing in municipalities. The municipality's dependability ratio is predicted to be 54.0. In simple terms, two people in the Municipality’s population that work assist a single individual in a dependent category (Burnhope et al., 2022). Municipality's regional economy is characterised primarily by services and associated businesses. Service and sales personnel account for over one-third of all municipal workers, (28.1%) (Mandorli and Otto, 2022). Similarly, forestry, agriculture, and fisheries occupied around 25.5% of the population. Furthermore, business operations and services employed the most females in (42.9%), as opposed to 13.1% males. In the Municipality, most independent contractors’ women are female. The research's target region was small businesses in the eThekwini Municipality.

In the study, the population relates to the population from which the academic wishes to acquire knowledge to make findings. Therefore, the total number of individuals through whomever the researcher collects data for the investigation. The research employed 60 SMBs in the small business as well as provided surveys to identify their financial management exercises (García-Peñalvo, 2022). The groups of people (individuals or organisations) on whom the study relies are referred to as being the target population (Mehlum, 2022). Those participating were supposed to be familiar with SMBs engagements and operations within their units, so they might offer useful details. The population was categorised or organised, because of the scope of the research as well as the heterogeneous characteristics of the population. a method of sampling that involves picking at random from each strata independently thus seemed to be more suitable. EThekwini was divided into four categories (gender, age, marital status, and academic level), as well as 15 firms were chosen at random from each category. This choice was due to time limitations as well as restricted financial issues funds for the research. The research chose samples of sixty (60) businesses for this reason. Data for this research was gathered through the utilisation of surveys. Data was gathered during a 5-day period involving roughly 45 minutes per responder. Following the conclusion of the multiple conversations, Excel from Microsoft was utilised to aid in the analysis and coding of the primary data acquired. Both the percentage and rate distributions for each of the various factors have been calculated.

Results

Table 1: Time of Experience in Business

Time of experience	Rate	%
Less than 5 years	12	20
5-10 years	21	35
More than 10 years	27	45
Total	**60**	**100**

Table 1 shows the time of experience that participants have been in enterprise. Out of the 60 responses, 27 (45%) have been in the company for a period of time exceeding ten years, 21 (35%) having been running the company for five to ten years, as well as 12 proprietors who had been in the company for no more than five years. The findings herein reveal that as the time of experience increases, so does the number of individuals who work. This demonstrates that the research area is mostly occupied by businesses that were in existence for a period of time exceeding five years.

Table 2: Forms of SMBs Participants

Forms of SMBs	**Rate**	**%**
Trade Business	45	75
Production industry	12	**20**
Providing Services	3	5
Total	**60**	**100**

Table 2 shows the sorts of SMBs managed by those who participated when analysing the characteristics of the firms for the purpose of the research. The great majority of those who responded in (75%) conducted trade businesses. A rate of 12 and a proportion of 20 were reported in the production industry. Evidently, the eThekwini research area is primarily occupied by businesses that provide consumer goods for automobile service and maintenance. Three responders, or 5%, provide automobile maintenance services (Providing Services). An important component of the research was determining the type of firms operating in this research area, which revealed that the majority of the (68.3%) SMBs were sole proprietorships. There included 12 (20%) partnership-type companies and 7 (11.7%) sole proprietorship corporations.

Table 3: The total number of workers in the Business

Number of workers	**Rate**	**%**
None	9	15.0
1-3	33	55.0
4-6	17	28.4
7+	1	1.6
Total	**60**	**100**

Table 3 illustrates the amount of full-time workers that SMEs' management have completely hired to ensure the effective functioning of their operations. A high proportion of responders (55%) have one to three workers. Surprisingly, 9 participants run their businesses entirely on their own, with no employees. Around 28.4% of the participants employed 4 to 6 people in their businesses.

Table 4: Financial management engagement of SMBs

Variable	**Mean**	**Explanation**	**Rank**
The enterprise has the capital to invest in long-term endeavours	2.75	Poor	1
The enterprise makes investments within inactive property	2.52	Poor	2
The enterprise makes every possible utilisation of its non-current assets	2.75	Poor	3
The enterprise evaluates an investment using the net current value.	3.1	Poor	4
The pay-back timeframe is used by the organisation to evaluate the investments.	3.05	Poor	5
The enterprise spends with no initial consideration of the investment.	3.21	Poor	6
The enterprise makes real estate investments.	3.45	Very poor	7
The enterprise evaluates investment initiatives following a particular time frame	2.7	poor	8
The enterprise trades in stock exchange shares.	3.0	poor	9
Average Mean	**2.94**	**poor**	

Legends

Mean Range	Response Mode	Explanation
3.26-4.00	Strongly Disagree	Very poor
2.51-3.25	Disagree	poor
1.76-2.50	Agree	High
1.00-1.75	Strongly Agree	Very High

The rate at which organisations implement systems to successfully plan their money was a key component in analysing the financial management engagements of SMBs. As a result, the proprietors of SMBs were prompted to score their businesses on the basis of their degree to which financial preparation methods have been applied as well as the availability of capital (Table 4). Table 4 shows that financial management engagements have been poor amongst SMBs throughout the eThekwini. This is indicated by the data's average mean (2.94) as well as the explanation provided by the Likert scale. The results obviously reveal that SMBs through the research geographic area do not have ambitious financial targets, especially investing in non-current assets, shares with stocks, and commercial property initiatives. The consequence could be that it could restrict expansion because cash-rich SMBs are not investing in long-term assets with the goal to earn more revenue.

Table 5: Providing access to financial sources between SMBs.

Variable	Mean		Explanation	Rank
The corporation produces its own cash sources alone	2.65		poor	1
The enterprise has simple eligibility for loans from banks.	3.05		Very poor	2
The enterprise utilises both its own money and money that has been borrowed	1.93		High	3
Based on the theory, the corporation determines the capital structure.	2.75		poor	4
The enterprise employs funds that are borrowed solely	3.1		poor	5
Average Mean	**2.65**		**poor**	

Legends

Mean Range	Response Mode	Explanation
3.26-4.00	Strongly Disagree	Very Poor
2.51-3.25	Disagree	Poor
1.76-2.50	Agree	High
1.00-1.75	Strongly Agree	Very High

Furthermore, the questionnaire's outcomes in financial access for the SMBs analysed indicate that the enterprises have limited availability of money and financial assistance (Table 5). Companies have a limited capability of acquiring finances to run and develop their company, with an average mean of 2.65. Despite the fact that more firms are relying on both domestically produced and leased capital (Mean=1.93), the ease of obtaining bank loans is quite poor, having a mean answer of 3.05. It was later discovered that several firms use both external and domestically produced funds (Mean = 2.23). This is mostly for the few SMBs that can obtain loans from banks.

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Table 6: Accounting information system utilised through SMBs

Variable	Mean	Explanation	Rank
The proprietor is responsible for keeping track of payments.	2.2	High	1
The corporation accounting procedure is unofficial	2.18	High	2
The corporation's accounting procedure is official	3.18	Poor	3
The accounting section is well equipped as well as runs smoothly.	3.22	Poor	4
The accounting professional is in the position of documenting transactions	3.23	Poor	5
The organisation employs computer systems supported programmes in storing Transactions	2.65	Poor	6
Average Mean	**2.78**	Poor	

Legends

Mean Range	Response Mode	Explanation
3.26-4.00	Strongly Disagree	Very Poor
2.51-3.25	Disagree	Poo
1.76-2.50	Agree	High
1.00-1.75	Strongly Agree	Very High

Table 6 describes how organisations use Accounting Information Systems. The data discovered that the majority of proprietors, with a mean of 2.97, are in charge of tracking their companies' everyday activities. This is because of the simple reason that the majority of SMBs are managed by sole proprietors whose wind up performing practically all of their duties alone. The data also show that the majority of SMBs use informal accounting methods (Mean = 2.18). A few participants cited more explanations, such as the reality that it may require more time and money to teach oneself how to make use of the latest accounting programmes or to hire expert personnel

Table 7 reveals the financial reporting procedures utilised through SMBs.

Variable	Mean	Explanation	Rank
Financial statements are prepared by the manager/proprietor.	2.45	High	1
Compilation of income statements	3.17	Poor	2
Create a cash flow statement	3.15	Poor	3
Accounting principles must be followed.	2.9	Poor	4
Development of the balance sheet	2.87	Poor	5
The business provides analysis of finances.	3.35	Very Poor	6
Semi-annual financial statement preparations	3.32	Very Poor	7
The enterprise produces a statement of fluctuations in equity.	3.28	Very Poor	8
The enterprise considers the existing financial reporting to be sufficient.	2.2	High	9
Financial statements are produced each year	3.1	Poor	10
Profitability metrics are used in the company.	3.0	Poor	11
Financial statements are prepared by the accounting professionals.	2.92	Poor	12
The ratios are utilised in financial analysis.	3.45	Very Poor	13
Employing liquidity ratios	3.42	Very Poor	14
Employing efficiency ratios	3.63	Very poor	15
Employing leverage ratios	3.62	Very poor	16
Average Mean	**3.11**	**Poor**	

Legends

Mean Range	Response Mode	Explanation
3.26-4.00	Strongly Disagree	Very poor
2.51-3.25	Disagree	Poor
1.76-2.50	Agree	High
1.00-1.75	Strongly Agree	Very High

Table 7 depicts the financial reporting procedures employed through the research's SMBs. The procedures involve a significant number of proprietors as well as owners of firms who utilise preparing financial statements. This led to a mean of 2.45, that is regarded as being elevated in the context of understanding the data. Due to their participation in the procedures, proprietors of companies view their current financial disclosures as being sufficient (Mean=2.2), although having noticed that a considerable proportion of firms do not do financial analysis (Mean=3.35) as well as do not conform to accounting standards (Mean=.2.9). The utilise of ratios in financial evaluations is rather unusual, with a mean of 3.45, as indicated with the actuality that qualified accountants do not create financial statements (Mean=2.92). The average for financial reporting as well as evaluation among all SMBs studied is 3.11.

Table 8 shows the cash management engagement of SMBs.

Variable	Mean	Explanation	Rank
Availability of a bank account	1.74	Very High	1
Experiencing a cash deficit	2.3	High	2
Cash transactions for the sale of products and services	2.6	Poor	3
Participation of the business's proprietor or manager in the development of the cash budget	2.55	Poor	4
A cash budget might assist in making decisions.	2.35	High	5
Utilizing the proprietor's expertise, the corporation determines the minimal cash balance.	2.8	Poor	6
The enterprise has an appropriate balance of cash.	3.05	Poor	7
The cash register is reconciled with the financial institution once a month.	3.05	Poor	8
Short-term cash surpluses are utilised in securities that are marketable.	3.0	poor	9
Budget for cash assessment	2.83	Poor	10
Establishing a cash strategy	2.45	High	11
Availability of internal cash management	3.0	poor	12
Accounting functions are separated from cashier employees.	2.98	poor	13
utilising historical data, the company determines an appropriate cash amount.	3.0	Poor	14
Enterprises usually experience a cash surplus	3.13	Poor	15
Following a theory, the enterprise determines the minimal cash balance.	2.9	Poor	16
Using software on the computer to create monetary budgeting	2.82	Poor	17
Average Mean	**2.75**	Poor	

Legends

Mean Range	Response Mode	Explanation
3.26-4.00	Strongly Disagree	Very poor
2.51-3.25	Disagree	Poor
1.76-2.50	Agree	High
1.00-1.75	Strongly Agree	Very High

Table 8 shows a highly inadequate cash management engagement between SMBs in the eThekwini municipality. Regardless of being aware that a lot of businesses possess bank accounts (Mean=1.74), a large number of businesses are confronted with a severe lack of cash to continue their operations (Mean=2.3). Similarly, fewer of the enterprises explored possessed a cash excessive amount, therefore as a result, a lot of these enterprises do not engage in tradable security investments for revenue production. Cash budget planning, on the other hand, was common among SMBs in the research region, as evidenced by the mean response of 2.45. While numerous businesses have developed cash budgets, budgets are seldom reviewed on a regular basis (Mean=2.83). As shown in table 9, this may be the principal reason why a significant percentage of SMBs encounter cash flow issues in a high mean response (Mean=2.3). Furthermore, there is some proof which the minimal cash balance does not depend on theory (Mean=2.9), and it is also not centred on theory or prior Businesses patterns (Mean=3.0).

Table 9 The level of account receivable

Variable	Mean	Explanation	Rank
Credit purchases	1.72	Very high	1
Controlling employee sales	2.12	High	2
Reconciliation of sales with inventory changes	2.7	Poor	3
There is a periodic function plan for the getting older schedule	2.85	Poor	4
Examining the proportion of bad debt amounts	2.63	High	5
Payments for written-off receivables are under management.	2.65	Poor	6
Availability of credit regulation	2.8	Poor	7
When issuing credit, the enterprise follows the established credit regulation.	2.75	Poor	8
Evaluation of receivables at various levels	2.8	Poor	9
Utilisation of Computer-Aided Receivables Management Programme	3.15	poor	10
Average Mean	**2.59**	**Poor**	

Legends

Mean Range	Response Mode	Explanation
3.26-4.00	Strongly Disagree	Very Poor
2.51-3.25	Disagree	Poor
1.76-2.50	Agree	High
1.00-1.75	Strongly Agree	Very High

Table 9 evaluates the quantity of accounts receivable within working capital management engagements. The data demonstrated that SMBs had poor account receivable leadership, with an average mean of 2.59. Furthermore, the mean of 1.72 indicates that enterprises frequently provide things to their clients on credit.

Table 10 Businesses inventory management in SMBs

Inventory Management	Mean	Explanation	Rank
Inventory has safety protection preventing robbery.	3.0	poor	1
The proprietor's expertise is used to establish inventory levels.	2.55	Poor	2
Standard prices are used.	2.8	Poor	3
Expense prices are reviewed on a regular basis.	2.7	Poor	4
Inventory utilise estimates are created and utilised on a regular basis.	2.8	Poor	5
Purchases have been properly authorised	2.65	Poor	6
Counts of inventory are performed on a regular basis.	2.7	Poor	7
Use Inventory requests.	2.75	Poor	8
There are physical inventory precautions from the fire.	2.95	Poor	9
Enterprise evaluates inventory irregularities	2.8	Poor	10
The enterprise evaluates inventory levels.	2.65	Poor	11
Inventory planning for budgets	2.7	Poor	12
The enterprise calculates inventory turnover ratios.	2.95	Poor	13
For the purpose of regulating inventories, the enterprise used the Economic Order Quantity approach.	2.95	Poor	14
Inventory levels are determined using historical information.	2.6	Poor	15
The sizes of inventories are set using inventory theory.	3.05	Poor	16
Records of inventories are kept using computerised programmes.	2.92	poor	17
Average Mean	**2.80**	**Poor**	

As indicated in table 10, the research's results showed that inventory management engages amongst SMBs at the eThekwini municipality in municipality centre were poor (average mean=2.80). Again, the data revealed inappropriate purchasing authorisation amongst SMBs (mean = 2.65). This implies that commodities for reselling get brought in, which impacts the enterprises' operating capital. Furthermore, the outcomes revealed a poor dimension in proportion to periodical inventory measurements (mean = 2.7). This additionally indicates that SMBs had a poor level of collecting stock. Similarly, with a mean of 2.95, there was a suggestion that SMBs do not have particular protection from fire procedures.

Discussion

Considering the significance of keeping documents in financial management engagements, SMBs proprietors have various difficulties in efficiently preserving records of their activities, as highlighted by Nkoe (2023). To begin, the procedures involve many proprietors or managers of organisations that utilise the preparation of financial statements. This produced a mean of 2.45, which is deemed high when it comes to data explanation. Regarding being aware that a large number of organisations fail to conduct financial evaluations (Mean=3.35) as well as fail to comply with accounting regulations (Mean=.2.9), business proprietors consider their present level of accounting records to be appropriate (Mean=2.2) due to their involvement in the procedures. The usage of ratios in financial analysis was quite poor, having a mean of 3.45, as evidenced by the reality that professionals in accounting are not in the position of creating financial reports (Mean=2.92).

The average level of financial reporting and analysis amongst the several SMBs surveyed was 3.11. This poses a significant risk to the long-term viability of organisations. It backs up Ndlazi (2023) claim that inadequate financial accounting as well as bookkeeping constitutes one of the top ten 'killers' of SMBs. Based on observations by Lateef and Keikhosrokiani (2023), bookkeeping by itself without getting ready for notifications will probably rather than become helpful in assisting choice producing, if suitable documents are set up as well as evaluated to connect indicating to assist choice makers. In addition, certain survey respondents' comments were related to the current situation of financial as well as credit facility organisations in South Africa.

The government has closed the majority of these businesses, posing significant challenges to credit availability, lending, and investment. Another component of this result is that SMBs are afraid of lending because of the substantial expenses related to fascination fees along with the rather administrative processes that are required for approval completed in financial institutions when attempting to acquire loans from the banks. The data show that a small proportion of SMBs have based their financial arrangements on theory, with a projected mean of 2.75. This means indicating that no regulation is directed to all types of cash, whether loaned or created domestically. The conclusion is compatible with the hypothesis of a hierarchical structure proposed by Alfazzi (2022). According to this view, the management has the choice to choose the sources of money.

The incapacity of a large number of SMBs to employ ICT-assisted instruments renders accurate financial reporting difficult. This conclusion is consistent with Ponelis (2011) research on SMBs in the United Kingdom. According to Ncube (2015) research on the usage of formalised management engagements in Canada, 88% of the 25 smaller shoe producers as well as 26 smaller plastics producers employ accounting information technology in their firms. eThekwini municipality's SMBs have weak financial management procedures. Regarding being aware that almost all of enterprise have bank accounts (Mean=1.74), the most of enterprises confront significant cash shortages (Mean=2.3). In a comparable manner statistics show that fewer of the businesses surveyed had a cash surplus, therefore, a majority of them aren't investing in profitable assets to generate enough income. This technique is supposed to hinder business growth and finally contribute to their death (Ogunsola, 2017).

Comparable research done in the United States linked the failure of SMBs to internal issues such as insufficient funding and poor cash flow management (Adebisi and Adejare, 2016). Cash budget planning, on the other hand, was common amongst SMBs in the research location, as evidenced by the mean response of 2.45. Despite the fact that several enterprises produced the cash budget, there were no frequent budget reviews (Mean=2.83). This is the principal explanation why a significant proportion of SMBs face cash flow issues. In addition, there is some proof that the minimal cash balance did not depend on theory (Mean=2.9), nor was it centred on theory or prior Businesses patterns (Mean=3.0). Gomwe et al. (2023) indicated in earlier research that incorrect cash management as well as inadequate utilisation of important management engagements are major causes of SMBs failing. Because working capital was a challenge for all organisations, it is the small enterprises that take the matter seriously, because they were more sensitive to fluctuations in their working capital position as well as couldn't be without cash. According to Okeke et al. (2021), small enterprises might possess a higher percentage of current inventory, a greater uncertainty of cash flows, fewer reserves, as well as greater dependence on short-term indebtedness. This means that for smaller enterprises as well as expanding enterprises, effective working capital management is critical to both existence and performance; that is, ensuring profitability and liquidity (Ekionea et al., 2021). Because long-term capital markets are scarce, enterprises have to depend extensively on self-financing, short-term credit from banks, as well as trade credits to fund critical investments in inventory, receivables from customers, and cash (Al-Merri, 2020).

Inventory management procedures amongst SMBs at the eThekwini Municipality are weak, as shown in table 10 (average mean=2.80). Once more, the data demonstrated that SMBs (mean = 2.65) were not appropriately authorising transactions. This suggests that things for reselling have been brought in, affecting a business's operating capital. The outcomes of the survey indicated an equivalent poor extent when compared to inventory counts (mean = 2.7). This further suggests which SMBs have been performing well in terms of inventory. In a similar way, there has been proof that SMBs, on average, are not equipped with fire-safety protocols in existence. The conclusion is that in the case of a fire, corporation stocks are placed in danger. The research's results, illustrated in table 11, suggest that there is a relatively poor degree of inventory budget planning with a mean of 2.7, implying that the firms assessed lack appropriate information on inventory conditions as well as when to resupply the stores. As a result of this fact, the business's working capital is constrained. The study's results additionally indicate a poor degree of calculation of the inventory turnover ratio, with a mean of 2.95. In addition, there appeared to be an ambiguous relationship among inventory as well as sales in terms of conversions. These findings are similar to prior research, particularly that of Al-Merri (2020), who found that in Eastern Uganda, financial administration engagements, particularly managing inventory, were least practised, if at all. Zarine and Saqib (2022) confirmed similar results in a comparable survey of SMBs, indicating a poor level of inventory management engagements. This discovery jeopardises the long-term viability of enterprises.

It still concurs with the conclusions of Ojiako et al. (2015), who suggested that bad financial accounting as well as bookkeeping engagements were amongst the ten most serious problems the majority of SMBs' "killers." This engagement is said to stifle business development as well as ultimately contribute to the business's collapse. Comparable research done in the United States linked the failure of SMBs to internal issues such as insufficient capital and poor cash flow management (Sinarasri and Chariri, 2023). Kazooba (2021) indicated in earlier research that incorrect cash management as well as inadequate utilisation of important management engagements are the main reasons for SMBs failing. This reinforces Babayayi et al. (2021) theory that trade credit is critical for SMBs since trade debtors are one of the most important assets on their balance sheets. Furthermore, Omede et al. (2020) contend that, in terms of resolving financial impacts, trade loans might enhance sales by reducing the disparity in information among consumers and vendor representatives about the quality of the goods. of terms of lending policy accessibility, the average mean of the SMBs investigated is 2.8, which is poor. This implies that no established structure guides the choice on which customers should be offered credit and how much credit they would be provided.

As an outcome of this actuality, there are significant quantities of bad debts, as evidenced by the survey findings, which showed a mean average of 2.63. As a result, recovering monies from credit-based sales is extremely difficult. Similarly, a mean of 2.65 suggests a lack of control over bad debt write-offs. The conclusion is that expenditures in the form of bad debts will rise, significantly impacting the profitability of these enterprises. The conclusion is that in the case of a fire, corporation stocks are placed in danger. The study results, illustrated in table 10, demonstrate that companies examined had an extremely poor level of inventory budget planning, with a mean of 2.7, implying that they do not have appropriate information on inventory quality as well as when to resupply the shops. As a result of this fact, the company's finances are constrained. The study results also suggest a poor degree of calculation of the inventory turnover ratio, with a mean of 2.95. Therefore, there seems to be an ambiguous relationship between sales and inventories in terms of conversions. These findings are similar to prior research that included that of Omede et al. (2020), who discovered that in Eastern Uganda, managing financial engagements, especially inventory management, were least practised, if at all. Abdul-Mohsin (2020) discovered comparable poor levels of inventory management engagement in comparable research of SMBs.

Conclusion

SMBs contributions to national economic growth have been observed to be considerable, therefore as such, their continual improvement is vital. The research aim was to examine the level to which SMBs in the eThekwini Municipality used financial management engagements. Financial management involves more than just the precision with which firm accounts are balanced. Financial management decisions have an impact on all aspects of the firm. A firm that distributes successfully but has inadequate financial management is vulnerable to failure. Considering the fact that inadequate financial management engagements cause a substantial share of SMBs mistakes, little effort is being dedicated to this issue. The research found that SMBs in the research areas do not have long-term financial strategies, which include investing in non-current assets, shares as well as stocks, and real estate initiatives. The lack of accounting professionals and their ineffectiveness in most of the SMBs analysed demonstrated the poor utilisation of Accounting Information Systems in handling finances in the research areas. Management of firms have turned to informal accounting because they are afraid of incurring the additional costs of engaging people to administer Accounting Information Systems. The findings of the research imply that SMBs must enhance their financial management engagement to expand their businesses.

Based on the findings, it recommended that SMBs must initially acquire financial management engagements to help them make short-term decisions to remain viable. Financial education workshops designed by business and business ownership trainers may help SMBs in developing an organised approach to corporate finance and optimal financial management engagements. This might involve the importance of financial management, reporting on finances, and evaluation, and retaining accurate analysis records. The development of capacities for proprietors of SMBs must be organised to assist them in comprehending why they need to maintain revised accounts to determine their levels of achievement and if they are earning profits or losses.

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