

# Influencing Factors of Effective Cash Management: A Survey of SMEs in Malaysia

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## ABSTRACT

Small and Medium Enterprises (SMEs) constitute a significant segment of Malaysia's economy, contributing substantially to employment and economic growth. However, numerous challenges impede the optimal efficiency and development of SMEs. Cash management emerges as a critical concern due to its crucial role in SME financial health and sustainability. Poor cash management can hinder growth, increase vulnerability to economic fluctuations, and ultimately threaten survival. This study investigates the determinants of effective cash management in SMEs, focusing on training, accounting skills, and cash planning.

A quantitative approach was employed, gathering data through a 5-point scale questionnaire administered to 116 SMEs in the Klang Valley region. Descriptive analysis was conducted using the questionnaire data, followed by hypothesis testing through Multiple Regression Analysis.

The findings underscore the significance of training, accounting skills, and cash planning as pivotal factors influencing effective cash management within SMEs. Specifically, SMEs with comprehensive cash planning frameworks, employees equipped with fundamental accounting skills, and robust training programs demonstrate enhanced cash management efficacy.

In light of these results, the study recommends that SMEs prioritize the establishment of robust cash planning protocols, recruit personnel proficient in basic accounting principles, and invest in comprehensive training initiatives to bolster their cash management practices. By addressing these factors, SMEs can fortify their financial resilience and facilitate sustainable growth in Malaysia's dynamic business landscape.

**Keywords:** Accounting Skills, Cash Management, Cash Planning, Small and Medium Enterprise, Training.

## INTRODUCTION

A range of factors influence effective cash management in small and medium enterprises (SMEs). Ahmad (2015) discovered that cash management techniques are highly impacted by the availability of resources, such as staff financial support, accounting expertise, and training. Wadesango (2019) highlighted the

importance of sound cash flow management in enhancing profitability and sustainability, with most SMEs in Zimbabwe failing to effectively apply these practices. Kinyanjui (2016) identified cash-holding practices and the use of technology as key factors in improving the financial performance of SMEs in Kenya. Similarly, Smirat (2016) emphasized the influence of cash management practices on the financial performance of SMEs in Jordan, with a need for efficient cash management strategies. These studies collectively underscore the critical role of resources availability, cash flow management, and the use of technology in effective cash management in SMEs

Moving money through financial institutions is known as cash management, which aims to maximise liquidity. The goal of managing corporate funds is to maximise investments and minimise borrowings to increase interest revenue earned and decrease interest paid. Cash management makes use of banking services, other financial products, and an understanding of how money moves through the banking system to maximize liquidity. Cash management is also known as treasury management. Collecting and overseeing the company's cash flows is the responsibility of cash management. Three fundamental components make up cash management including 1) cash received, 2) cash paid, and 3) cash balances.

Effective cash management is a critical aspect of a business's financial stability. It is essential to ensure positive cash flows to smooth business operations. Cash management is essential to guarantee the stability and solvency of a company's finances (Hansen & Mowen, 2005). Failure to implement effective cash management will threaten its financial stability because the company was unaware of its potential losses in the business. Problems in cash management practices occur when the management takes for granted the importance of managing cash (Gilbert, Nelson, & Nicholas, 2013). The timely provision of financial resources required to support the business activities is ensured by effective cash management. Cash becomes a company asset that immediately impacts the bottom line with the use of basic cash management tools and practices. The success of a business is contingent on its ability to manage its cash, regardless of whether it has an abundance or is running low. According to Oluoch (2016), cash management is a financial discipline that uses the same principles, regardless of the type of business, size, or age of an enterprise, and it is not an accounting function. Unorganised cash management will directly affect business operations. According to Hutchison, Farris, and Andres (2007), cash management is the process that involves the collection and management of cash to ensure optimal balances by the business entities. Each business requires a high level of cash management practices to achieve its objectives (Ahmad, 2016).

This study identifies several factors that affect cash management in the company. The factors identified in this study are training, accounting skills, and cash planning. These factors are reliable to directly influence effective cash management in the company (Gilbert, Nelson, & Nicholas, 2013; Ahmad, 2016). This study highlights the importance of proper training in cash management can lead to effective cash management in the company. This study also assists in improving a company's accounting skills in cash management to get effective cash management. The most important in this study is to assist in cash planning in order to smooth the company's operation. The company's top management identifies the importance of cash management as a serious issue that must be focused on. Cash management is related to a company's financial stability and operations.

### **Cash Management Practice**

The financial systems of smaller businesses are less well developed and capital constraints are magnified. For these internal financial management is critical to the success and survival of smaller businesses (Mowling, 2020). According to Mbogo (2011), three out of five businesses failed within the first three years of operation. One factor contributing to the failure is the cash management problem. SMEs normally have a simple management structure where the owner plays multiple roles in the company. Most SMEs had problems managing their cash such as no separation of duties, not having proper bookkeeping, and others. Some companies reported issues with the delayed payment made by the clients. For example, the claim was

submitted monthly, but the client usually made a payment two or three months later. The company's top management also asserts that they do not have proper planning in managing their cash. In this case, cash received was delayed, but cash payment was always made on time on monthly bases, such as worker's wages, rental, and others. The company's cash balances remained idle because no further action was taken against it. Therefore, the top management emphasizes the importance of identifying solutions to this problem.

Training for new staff is essential to improve cash management in the company. It exposes the team to the reality of changing in the act. According to Ahmad (2016), training is essential to ensure the employees have received broad exposure and attend continuous training to enhance their skills. The human resources department in the company was rarely manage training for the staff.

The lack of accounting skills is also one of the problems in the company. The company needs to possess technical skills, including accounting skills, to survive in the industry (Amir Hussin, Alias, & Ismail, 2013). The lack of accounting skills will result in poor cash management, which can affect the company's cash flow. Cash planning is a technique to plan and control the use of cash, according to Abioro (2013). It protects the company's financial stability and can lead to effective cash management. Cash planning is essential to determining and maintaining the company's cash flows. Entrepreneur incapacity, environmental inauspiciousness, and enterprise incompetence are among the factors contributing to business failure (Bushe, 2019).

Most SMEs have problems managing their cash as they do not exercise separation of duties and lack proper bookkeeping practices. Hence, based on arguments and findings from previous research, this study addresses the importance of training, accounting skills, and cash planning for effective cash management in SMEs.

### **Cash Management in SME**

Almost every economy in the world depends on small and medium-sized businesses, particularly those in developing nations and within that broad category, as well as those with significant employment and income distribution concerns. According to Kasim et al. (2015), a healthy SME sector contributes prominently to the economy by creating more employment opportunities, generating higher production volumes, increasing exports, and introducing innovation and entrepreneurship skills. Small and medium-sized enterprises (SMEs) are vital in enabling emerging nations to accomplish their economic goals. Growing SMEs help the economy's directly productive sector grow, bringing in tax money for the government and aiding in the fight against poverty through financial transfers, income through employment, and business ownership. However, SMEs encounter various challenges, especially when trying to handle company funds. Due to these challenges, three out of five businesses fail within the first few months of operation. Due to their small size, SMEs are more likely to fail because of a simple management error because there is little opportunity for management to learn from earlier errors. The three primary reasons small businesses fail are inadequate strategy, incorrect finance, and poor management.

### **Research Question**

1. Does proper training lead to effective cash management in SMEs.?
2. Do proper accounting skills lead to effective cash management in SMEs.?
3. Does proper cash planning lead to effective cash management in SMEs.?

### **Research Objective**

1. To study the influence of proper training on effective cash management in SMEs.

2. To study the influence of proper accounting skills on effective cash management in SMEs.
3. To study the influence of proper cash planning on effective cash management in SMEs.

## LITERATURE REVIEW

### Effective Cash Management

According to Linert (2019), cash management is the business strategy for managing cash for the purpose of optimising liquidity. Effective cash management will assist the company in achieving its core goal and strategising for long-term existence. Attom (2013) said that cash management is the process of managing a business' cash and short-term investment to ensure the business's solvency. Effective cash management also will influence business growth.

Effective cash management is important for all businesses to increase business profitability, sustainability, and planning for the future. According to Avika and Hari (2014), cash management is the most crucial task for entrepreneurs to maintain the profitability and sustainability of their businesses.

One of the reasons for cash management failure, according to Avika (2014), is entrepreneurs' reluctance to create financial statements, such as cash inflow and cash outflow, due to time constraints. Another factor contributing to cash management failure is the failure of some businesses to oversee and monitor their sales and revenue.

The separation of duties is important for excellent internal control to achieve effective cash management. To ensure that the budget is created in accordance with business requirements, the person in charge of budgeting must possess specific accounting skills and be free of opportunistic behavior. Jim (2015) stated that internal control can help business owners identify the enterprise's opportunities and strengths.

### Training

Human resource management refers to training as a concept that includes tasks with proper guidelines meant to improve skills. Continuous training is required to ensure employees can do their duties precisely and successfully, which will help the organisation attain its objectives (Wardhani & Sopiah, 2023). It has been discovered that internal control mechanisms and employee training have a major impact on SMEs' financial management (Oyelakin, & Abdullahi, 2022). Training support is critical for implementing cash management techniques and improving performance for long-term sustainability, as it may improve managers' and employees' knowledge, skills, and competences (Mohamad et al., 2016). Employees must be trained to appreciate the necessity of good cash management and the implications of cash management on the business's long-term viability. On the other hand, despite the government's efforts to develop human capital capabilities, the business's long-term viability remains uncertain (SME Corporation Berhad, 2016).

### Accounting Skills

To survive in the sector, SME entrepreneurs must possess personal entrepreneurial abilities, business management/managerial skills, and technical skills, including accounting knowledge (Hussina, Alias, and Ismail, 2013). Accounting skills are important to get better cash management. Gidado & Babakura (2019) also emphasised the importance of accounting and managerial skills as one of the factors contributing to the success of Nigeria. The author further added that SMEs might perform well and survive a long time if managerial and accounting abilities were applied effectively and efficiently.

Financial institutions typically demand that SMEs produce a detailed business strategy, cash flow estimates, and accurate accounting records before approving financial assistance. As a result, because financial help is

one of the cash management components, having skilled personnel is critical to ensuring that the company provides appropriate information to the many stakeholders. However, maintaining qualified human resources who can suggest and implement good cash management systems is difficult for SMEs (Amir Hussin, Alias, and Ismail, 2013).

### Cash Planning

Cash planning is a strategy for forecasting cash receipts and payments. It shows the company's cash status during the budget period (Marfo-Yiadom, 2002). According to Weston and Copeland (2008), a cash budget depicts estimated cash inflows and outflows, as well as anticipated cash surpluses and deficits over the course of the budget period. Their preparation helps managers with borrowing and investment planning, as well as budgeting and expenditure management.

Cash planning is another method business owner use to plan and manage their cash flow. According to Udojung et al. (2010), Cash planning is not a science but a continuous, iterative activity involving various business areas. It can be done once a day, once a week, or once a month.

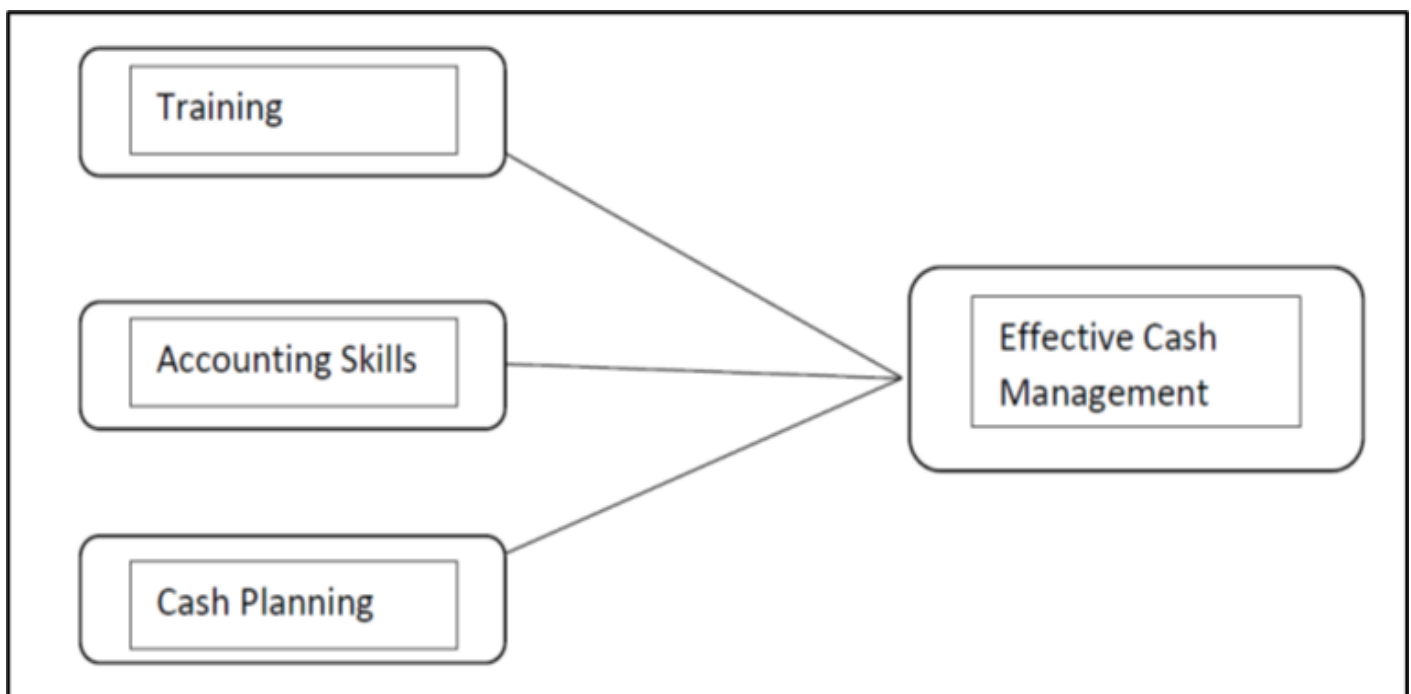


Figure 1: Research framework

## HYPOTHESES

### Training

Employees require training, which is defined as the acquisition of information, skills, and competencies related to specific useful competencies. Financial management training aims to improve an individual's capability, capacity, productivity, and performance (Muhammad, Rose & Kamariah, 2013). This training is necessary to verify that staff have received extensive training and have continued to improve their knowledge and abilities in cash management. It agreed with Barney (2001), who believes that training is one of the most important ways to improve the efficiency and effectiveness of operational activities by strengthening human capital resources.

Hence, based on the above arguments, the first hypothesis is proposed.

H1: There is a significant positive association between training and effective cash management in SMEs.

### **Accounting Skills**

Small businesses frequently lack competence, particularly in areas such as accounting (Mohd & Mohamed, 2013; Gilbert et al., 2013; Ajmal & Andersen, 2014). These abilities are necessary for running a firm (Dorasamy, Marimuthu, Jayabalan, & Kaliannan, 2010). Hussina, Alias, and Ismail (2013) discovered that SMEs must have technical abilities, including accounting skills, to survive in the business. Grant (1991) agreed, stating that human resource capabilities are one of the most essential factors that reflect an organization's effectiveness. As a result, SMEs with significant accounting knowledge and capacity can efficiently apply cash management practices.

Hence, based on the above arguments, the second hypothesis is proposed.

H2: There is a significant positive association between accounting skills and effective cash management in SMEs.

### **Cash Planning**

To establish a cash budget, businesses require a cash forecast. Short-term forecasting is helpful for companies to estimate the cash needed in operations, anticipate short-term finance, and manage the idle fund, such as investing the idle fund to gain other profit. According to Abioro (2013), cash planning gives information on the timing. It helps the firm determine the future cash needs, plan for financing, and exercise control of the firm cash management.

Hence, based on the above arguments, the third hypothesis is proposed.

H3: There is a significant positive association between cash planning and effective cash management in SMEs.

## **METHODOLOGY**

### **Research Design**

The nature of this study is quantitative. In general, quantitative research is used to figure out how two variables: the independent variables, and the dependent variable, are related. The independent and dependent variables for this study are listed above, and the study aims to determine how they are related. Quantitative research is a method for collecting and analysing numerical data. It can be used to spot trends and averages, make forecasts, assess causal relationships, and extrapolate results to bigger groups.

### **Population and Sample**

According to MSME statistics, SMEs were the backbone of the economy since they represented 97.4% of overall business establishments in 2021 (MSME statistics, 2021). According to Sekaran and Bougie (2016), a sample size of greater than 30 but less than 500 is suitable for most studies. Therefore, based on the number of SMEs in Klang Valley, the sample size is approximately around 150 respondents.

This study focuses on SMEs in the Klang Valley region. This study chooses SMEs in the manufacturing sector as respondents, the same industry in the selected case study. Therefore, 150 questionnaires were distributed and collected to SMEs in Klang Valley using a random sampling method.

## Research Instrument

The instrument of this study consists of two sections. Section A represent the demographic information of the respondents. Section B of the questionnaire were about the dependent and independent variables of the study. All items measurements were assessed using five-Likert scale where scale 1= strongly disagree and 5= strongly agree. The items for measurement are explained below.

Table 1: Measurement of variables

Variable	Measurement	Source
Effective cash management	<ol style="list-style-type: none"> <li>1. This business prepares and monitors the cash budget.</li> <li>2. This business has a bank account and receives a monthly statement.</li> <li>3. This business has internal control over cash.</li> <li>4. This business never faced a shortage of cash.</li> <li>5. This business sets the minimum cash balances.</li> </ol>	Ahmad (2016)
Training	<ol style="list-style-type: none"> <li>1. I am willing to receive continuous training to upgrade my skills.</li> <li>2. I will be able to meet the objectives of the training.</li> <li>3. Training gives me broad exposure to the current situation.</li> <li>4. I will learn as much as I can from the training</li> <li>6. Training gives me an advantage to me in upgrading my knowledge.</li> </ol>	Ong et al. (2019), Ahmad (2016)
Accounting skill	<ol style="list-style-type: none"> <li>1. I have basic knowledge of accounting.</li> <li>2. I can spot problems in the company's cash management.</li> <li>3. I have enough experience in the accounting field.</li> <li>4. Accounting skills are important for SMEs.</li> <li>5. The person who handle cash must have basic knowledge of accounting.</li> </ol>	Ahmad (2016)
Cash planning	<ol style="list-style-type: none"> <li>1. My company has a monthly cash budget.</li> <li>2. My company's cash planning is made by another person besides the owner.</li> <li>3. My company invests idle fund in another platform</li> </ol>	Abioro, (2013)

	<p>4. My company follows cash planning prepared.</p> <p>5. My company ensures that cash collection and cash disbursement are collected and paid on time.</p>	
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### Data Collection Procedures

This study employed quantitative research design. Google form questionnaires were distributed to the respondents from March to May 2022. 120 respondents received for further analysis.

### Demographic Profile

The demographic profile was collected in Section A of the questionnaire. In this section, the questions that was asked regarding demographic profiles were age, gender, position, academic qualification, and working experience. The demographic profile was collected as additional information regarding the respondent's background. An SPSS descriptive analysis frequency function was used to analyse the demographic profile.

The minimum sample size determined using Slovin's Formula was 99 respondents with a 95% confidence level and a 5% margin of error. However, 120 responses from respondents were managed to be collected during the process. Nevertheless, only 116 respondents were analysed due to irrelevant responses from 4 respondents. Table 2 below presents the demographic profile of respondents.

Based on Table 2, the total number of respondents was 116, with 74.1% female and the remaining 25.9% male. Regarding the respondents' age, most are 21- 29 years old (58.6%). The next range of ages 30-39 years old (27.6%), followed by 40-49 years old (6.9%) and above 50 years old (4.3%). The last 2.6% belonged to a range of age below 20 years old.

62 out of the 116 survey participants, or 53.4% of the total, were general staff members of the company. A position as an accountant was followed by 23 respondents (19.8 percent). There were 17 respondents from top management and 14 from admin clerks.

Referring to academic qualifications, most respondents hold a bachelor's degree, consisting of 74.1% (86 respondents). 17 out of 116 were STPM or Diploma holders, followed by 10 respondents with SPM qualifications. While master's degree and PhD consist of 2 and 1 respondent, respectively.

Most of the respondents have more than 5 years of working experience, which is 44.8 % out of 100% (52 respondents). The below 1 year only 8.6% (10 respondents) and 21 respondents (18.1%) have 2-3 years of working experience. The remaining 33 respondents were in the range of 4-5 years of working experience.

Table 2: Demographic profile of respondents

Profile	Item	Frequency	Percentage (%)
Age	Below 20 years old	3	2.6
	21-29 years old	68	58.6
	30-39 years old	32	27.6
	40-49 years old	8	6.9
	Above 50 years old	5	4.3
Gender	Male	30	25.9



	Female	86	74.1
Position	Top Management	17	14.7
	Accountant	23	19.8
	Admin Clerks	14	12.1
	Staff	62	53.4
Academic Qualification	SPM	10	8.6
	STPM / Diploma	17	14.7
	Bachelor's Degree	86	74.1
	Master's Degree	2	1.7
	PH.D	1	0.9
Working experience	Below 1 year	10	8.6
	2-3 years	21	18.1
	4-5 years	33	28.4
	Above 5 years	52	44.8

### Descriptive Analysis

The descriptive analysis method was initially used to assess all the data for each variable. These notions' lowest, maximum, mean, and standard deviations were determined. All variables are presented with descriptive statistics. The respondents made their selections on a Likert scale of 1 to 5, where 1 represents strongly disagree and 5, strongly agree. Table 3 presents the outcomes.

Table 3: Descriptive Analysis

		Min	Max	Mean	Std. Deviation
Cash_Management	116	3	5	4.19	.547
Training	116	3	5	4.64	.431
Accounting_Skills	116	2	5	4.01	.703
Cash_Planning	116	2	5	3.96	.662

The results in Table 3 show that the mean score of effective cash management elements was 4.19, with a standard deviation of 0.547. The means score shows that most of the respondents agree with the statements. The outcomes show that almost all staff from various positions were aware of their company's current financial stability.

For training, the mean score was 4.64, with a standard deviation of 0.431. The mean score shows that most of the respondents agree with the statements. The outcomes show that almost all staff are willing to undergo training to improve their skill

The mean score for accounting skills was 4.01, with a standard deviation of 0.703. The mean score shows that most of the respondents agree with the statements. The outcomes show that most staff agree that accounting skills are important to improve cash management.

The mean score for the last variable was 3.96, with a standard deviation of 0.662. The statements for this variable were about the company's cash planning. The outcomes show that all companies have their cash planning and follow all the plans prepared. Based on Table 3 above, the highest mean among all variables was 4.64, which is a training variable, while the lowest mean was 3.96, which is a cash planning variable.

### Reliability Analysis

An internal consistency statistic that is frequently used is Cronbach’s alpha. Like Pearson’s r (correlation coefficient), alpha is measured and typically falls between 0 and 1. The internal consistency of the instrument’s components is directly correlated with how close the Alpha score is to 1.00. Various research has different ideal Cronbach’s alpha coefficient values. The general rule is that the internal consistency of the variables is more reliable the closer alpha gets to one. Alpha values between 0.70 and 0.80 are fine, those above 0.80 are outstanding, while those below 0.60 are regarded as unsatisfactory (Bougie & Sekaran, 2019). The details of the tests are covered in the subsections that follow.

Table 4: Reliability Statistic of Effective Cash Management

	Cronbach’s Alpha	Cronbach’s Alpha Based on Standardized Items	N of Items
Effective Cash Management	<b>0.601</b>	0.65	5
Training	<b>0.860</b>	0.861	5
Accounting Skills	<b>0.737</b>	0.708	5
Cash planning	<b>0.728</b>	0.751	5

According to Table 4, the measurement dependability score for effective cash management is 0.601. This suggests that 60.1% of the score’s variance is reliable. Additionally, it demonstrated 60.1% consistency in the measurement used in this study. In other words, the data contains a 39.9% error variance. Therefore, the responses for all items in the dependent variable were reliable for data analysis.

According to Table 4, the reliability score for training is 0.860. This suggests that 86.0% of the score’s variance is reliable. Additionally, it demonstrated 86.0% consistency in the measurement used in this study. In other words, the data contain a 14.0% of error variance. Therefore, the responses for all items in this variable were reliable for data analysis.

According to Table 4, the reliability score for accounting skills is 0.737. This suggests that 73.7% of the score’s variance is reliable. Additionally, it demonstrated 73.7% consistency in the measurement used in this study. In other words, the data contain a 26.3% error variance. Therefore, the responses for all items in this variable were reliable for data analysis.

### Correlation Analysis

Correlation analysis determines the degree to which two numerically measured continuous variables are related. In this study, the Pearson correlation matrix with a significance level of  $p=0.05$  displayed the direction, strength, and significance of relationships between the variables. The results of this analysis are shown in Table 6 below and are discussed further in the relevant subsections

Table 5: Correlation Analysis of Cash Management with Training, Accounting Skills, and Cash Planning

		Cash Management	Training	Accounting Skills	Cash planning
Cash Management	Pearson correlation	1	.491**	.482**	.478**
	Sig. (2-tailed)		<.001	<.001	<.001
	N	116	116	116	116
Training	Pearson correlation	.491**	1	.419**	.467**
	Sig. (2-tailed)	<.001		<.001	<.001
	N	116	116	116	116

<b>Accounting Skills</b>	<b>Pearson correlation</b>	.482**	.419**	1	.431**
	<b>Sig. (2-tailed)</b>	<.001	<.001		<.001
	<b>N</b>	116	116	116	116
<b>Cash planning</b>	<b>Pearson correlation</b>	.478**	.467**	.431**	1
	<b>Sig. (2-tailed)</b>	<.001	<.001	<.001	
	<b>N</b>	116	116	116	116

Referring to Table 5, the correlation between effective cash management and training is <0.001 less than 0.05, thus indicating a significant positive correlation between the two variables.

Table 5 exhibits that the correlation between effective cash management and accounting skills is <0.001 less than 0.05, thus indicating a significant positive correlation between the two variables.

According to Table 5, the correlation between effective cash management and cash planning is <0.001 less than 0.05, thus indicating a significant positive correlation between the two variables.

**Regression Analysis**

The main objective of this study is to determine the factors that influence effective cash management among SMEs in Malaysia, specifically in Klang Valley. To conduct this analysis, multiple linear regression analysis was used to identify the effects of its influence.

Multiple linear regression analysis was conducted to check the relationship between the independent variables (Training, Accounting Skills, Cash Planning) and the dependent variable (effective cash management). The results of this study are to answer the objective of the study, which is to determine the main factors that influence effective cash management in SMEs.

The output for this model’s multiple linear regression analysis consists of all variables from the full model as shown below.

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \epsilon$$

Where,			
Y =	Effective Cash Management	X3 =	Cash Planning
X1 =	Training	ε =	Random Error
X2 =	Accounting Skills		

**Model Fit Checking**

**i. The Standard Error of the Estimates**

The standard error of estimates is 0.439, which is very small. The standard error represents the distance of the observed values from the regression line. The value of standard error is small; thus, this indicates the observed data is near the fitted line.

**ii. Overall F-test for Significance of Regression**

The ANOVA test was used to test the significance of the regression model. The results from Table 6 show that the regression model is significant since the p-value of <0.001<sup>b</sup> is less than α=0.05.

**Dependent Variable: Cash Management**

Table 6: ANOVA Model

Model		Sum of Square	df	Mean Square	F	Sig.
1	Regression	12.868	3	4.289	22.251	<.001b
	Residual	21.590	112	.193		
	Total	34.458	115			
<b>a. Predictors: (Constant), Cash Planning, Accounting Skills, Training</b>						
<b>b. Dependent Variable: Cash Management</b>						

**iii. Individual T-test for the significance of Individual Predictor Variable**

Table 7 showed that three variables which are training, accounting skills, and cash planning, were regressed to predicting tax compliance. This study used a level of significance of  $\alpha=0.05$ . The results show that all variables significantly affect effective cash management in SMEs.

Table 7: Individual T-test

Terms	Unstandardized Coefficients		t-value	Significant p-value
	B	Standard error		
(Constant)	.995	.447	2.227	.028
Training	.340	.112	3.045	.003
Accounting Skills	.208	.067	3.100	.002
Cash Planning	.197	.073	2.687	.008

**a. Dependent Variable: CASH\_MANAGEMENT**

**iv. Goodness of fit**

Table 8 showed the value of R-square is 0.373. This means that the model explains 37.3% of the variation in effective cash management while other factors explain 62.7%. The adjusted R-square is 0.357. This indicates that the model explains 35.7% of the variation in effective cash management after considering the sample size and the number of independent variables while other factors explain 64.3%.

Table 8: Multiple Regression Model

Model	R	R Square	Adjusted R Square	Model
1	.611a	.373	.357	.439

**a. Predictors: (Constant), Cash Planning, Accounting Skills, Training**

**Dependent Variable: Cash Management**

## Summary of Hypotheses

Table 9: Coefficient table

Terms	Unstandardized Coefficients		t- value	Significant p-value	Collinearity Statistic	
	B	Standard error			Tolerance	VIF
(Constant)	.995	.447	2.227	.028		
Training	.340	.112	3.045	.003	.754	1.327
Accounting Skills	.208	.067	3.100	.002	.715	1.398
Cash Planning	.197	.073	2.687	.008	.724	1.382

This study aims to examine the influence between training and effective cash management in SMEs. At  $\alpha=0.05$ , we reject  $H_0$  since the results shown in Table 10 indicate that training significantly influences effective cash management with a p-value = 0.003 which is less than  $\alpha=0.05$ . Thus,  $H_1$  is supported.

The next aim is to investigate the influence between accounting skills and effective cash management in SMEs. At  $\alpha=0.05$ , we reject  $H_0$  since the results shown in Table 10 indicate that accounting skills significantly influence effective cash management with a p-value = 0.002 which is less than  $\alpha=0.05$ . Thus,  $H_2$  is supported.

The final objective of this study is to examine the influence of cash planning on effective cash management in SMEs. At  $\alpha=0.05$ , we reject  $H_0$  since the results shown in Table 10 indicate that cash planning significantly influences effective cash management with a p-value = 0.008 which is less than  $\alpha=0.05$ . Thus,  $H_3$  is supported.

Based on the findings of this study for all three hypotheses, it can be concluded that all null hypotheses were rejected. The summary of the hypothesis is shown in Table 10

Table 10: Hypotheses Summary

Hypothesis	Hypothesis statements	Result
1	$H_0$ : There is no influence between training and effective cash management. $H_1$ : There is an influence between training and effective cash management.	$H_1$
2	$H_0$ : There is no influence between accounting skills and effective cash management. $H_1$ : There is an influence between accounting skills and effective cash management.	$H_1$
3	$H_0$ : There is no influence between cash planning and effective cash management. $H_1$ : There is an influence between cash planning and effective cash management.	$H_1$

Based on the findings of this study, it can be concluded that all factors in this study influence effective cash management. This study found that training, accounting skills, and cash planning will influence effective cash management in SMEs. Hence, all hypotheses were supported.

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## DISCUSSION

The primary objective of this study was to investigate the impact of training, accounting skills, and cash planning on cash flow efficiency within Small and Medium-sized Enterprises (SMEs). The study identified three key factors and collected data from a total of 116 respondents.

The first objective centered on assessing the relationship between training and effective cash management in SMEs. Hypothesis testing revealed a significant positive influence of training on cash flow efficiency. The data indicated that enhancements in training initiatives could potentially bolster the effectiveness of cash management practices. This finding aligns with prior research by Wardhani and Sopiah (2023) who suggested that employee participation in training programs enhances their competence in executing their roles, thereby elevating overall performance.

Furthermore, Muhammad, Rose, and Kamariah (2013) established a correlation between adequate training of personnel and improved cash management outcomes in large corporations. Our study extends this research by demonstrating the applicability of this correlation to SME owners in the Malaysian context.

The second objective aimed to examine the impact of accounting skills on cash flow efficiency within SMEs. The analysis revealed a significant positive relationship between accounting skills and effective cash management. This suggests that SME owners who recruit personnel with proficient accounting skills can bolster their cash management practices. Individuals with such expertise possess a deeper comprehension of cash flow intricacies, enabling them to make informed financial decisions. These findings support the recommendations of Gidado and Babakura (2019) who advocated for SME owners to leverage their managerial and accounting competencies effectively. They further suggested engaging professional assistance if lacking in these areas, or implementing capacity development programs to enhance the understanding of managerial and accounting principles among SME owners and staff.

The third objective explored the relationship between cash planning and effective cash management in SMEs. The findings indicated a positive correlation between these variables. Effective cash planning facilitates the anticipation of future cash inflows and outflows, mitigating the risk of cash idle time and shortages (Abioro, 2013). For instance, implementing cash flow forecasting techniques can provide valuable insights to guide SME financial decision-making.

## LIMITATION OF THE STUDY AND SUGGESTIONS FOR FUTURE RESEARCH

The sample population predominantly comprised accountants within SMEs who oversee cash flow management, alongside business owners directly responsible for managing their company's finances. Notably, a significant proportion of survey respondents consisted of regular staff members, although possessing awareness regarding their respective company's cash management practices.

An additional limitation of this study pertains to the utilization of Google Forms for questionnaire distribution, which may have impeded direct communication with respondents. This platform's constraints potentially hindered respondents' ability to seek clarification or pose queries regarding the survey, thus limiting the depth of interaction.

Future investigations should seek to diversify sample demographics within SMEs. While this study primarily focused on SMEs within the Klang Valley region, future researchers are encouraged to incorporate samples from geographically diverse areas to ensure broader representation and generalizability of findings.

Furthermore, future researchers are advised to integrate interview methodologies into their studies. Interviews offer a valuable avenue for obtaining candid and comprehensive responses, fostering a more direct rapport between researchers and participants during data collection. Specific interview questions could delve deeper into the challenges and strategies employed by SMEs regarding cash flow management.

Subsequent studies could benefit from employing open-ended questionnaires, allowing participants to articulate their perspectives and address pertinent issues concerning effective cash management within their organizations. For example, open-ended prompts could ask participants to describe the most significant challenges they face in managing cash flow and any creative solutions they have implemented.

This approach facilitates a more nuanced understanding of participants' viewpoints and experiences related to cash flow management in SMEs.

Finally, future research endeavours should encompass an expanded array of contributing variables potentially influencing cash flow efficiency. Variables such as credit terms, credit policies, and cash control mechanisms warrant consideration for inclusion in subsequent studies, thereby enriching the analytical framework and enhancing insights into effective cash management practices within SMEs.

## CONCLUSION

Research on cash management practices in small and medium enterprises (SMEs) highlights the importance of improvement in this critical area. Prior studies have shown that training, accounting proficiency, and cash planning significantly influence effective cash flow management within SMEs.

In light of these findings, it is strongly recommended that SMEs prioritize evaluating and implementing training programs aimed at enhancing cash flow skills for both new hires and existing staff. Investing in such initiatives can cultivate a more skilled and knowledgeable workforce, thereby strengthening their capacity for effective cash management. Furthermore, SMEs should consider recruiting employees with foundational accounting knowledge, particularly in areas like accounts receivable and payable management. This can offer several advantages, including potential cost savings by reducing the need for extensive cash management training.

Additionally, fostering a workforce with accounting skills can facilitate excellent handling of cash flow tasks, ultimately contributing to improved financial performance and sustainability. Finally, establishing robust cash planning mechanisms within their organizations is imperative for SME owners. Effective cash planning serves as a cornerstone for monitoring cash flows and optimizing resource allocation. By proactively engaging in cash planning activities, SMEs can better anticipate and address cash flow fluctuations, minimizing the risk of cash shortages and maximizing operational efficiency. Ultimately, by adhering to these recommendations, SMEs can bolster their financial resilience and position themselves for sustained growth and success in today's dynamic business environment.

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