UNDERSTANDING THE MANAGEMENT OF CASH, DEBT AND PROFITABILITY OF SMALL AND MEDIUM HOSPITALITY ENTERPRISES IN THAILAND

by

Chanin Yoopetch
Mahidol University International College, Thailand
E-mail: chanin.yoo@mahidol.ac.th

and

Nantaporn Mingkwan
Mae Fah Luang University, Thailand
Email: nantaporn.min@mfu.ac.th

UNDERSTANDING THE MANAGEMENT OF CASH, DEBT AND PROFITABILITY OF SMALL AND MEDIUM HOSPITALITY ENTERPRISES IN THAILAND

by

Chanin Yoopetch
Mahidol University International College, Thailand
E-mail: chanin.yoo@mahidol.ac.th

and

Nantaporn Mingkwan
Mae Fah Luang University, Thailand
Email: nantaporn.min@mfu.ac.th

Abstract

Small and medium enterprises (SMEs) are known to be the majority of businesses in every country around the world. The roles of SMEs are crucial to the growth of the tourism and hospitality industry. Managers have the responsibility to ensure the survival and success of the business. There are several essential factors, used as the measures of financial performance, including cash, debt, and profit. In this study, the research objectives were to understand the practices and problems in managing cash, debt and profit of the Thai hospitality firms in the context of SMEs. The qualitative approach was applied to understand the activities related to corporate finance practices. Due to the qualitative nature of the study, the purposive sampling was applied with the sample size of 36, including managers and owners of SME hospitality firms. The major findings included the various characteristics of cash management practices, conservative debt management, and practical profitability measures. In addition, the results showed that hospitality SMEs focused highly on short-term liquidity management and lacked long-term financial planning. Discussions, conclusions and recommendations for further research are also included.

Keywords: cash management, debt management, profitability management, small and medium hospitality enterprises

1. Introduction

Hospitality industry is one of the biggest industries in the world. The scope of the industry is broad and covers various types of businesses, including hotels, restaurants, spas and airlines. Most hospitality firms are in small and medium sized categories and it is important for the managers of these firms to ensure that the businesses can survive and thrive in the long run. In addition, the managers should also be able to cope with the ups and downs of business cycle and the application of financial tools is highly crucial to manage, monitor and control their business activities.

Small and medium enterprises (SMEs) play a major role in the economic development of any country (Bannock, 2005) and are often recognized as an economic growth engine (Brouthers et al., 1998), as well as employment and wealth creation (Chan, 2008). In tourism and hospitality industry, SMEs also have been acknowledged as important contributors to the development of industry, where tourism has been known as an industry of small- and medium-sized enterprises (Jaafar et al., 2010). Clearly, the great majority of tourist facilities are provided by small- and medium-sized businesses (Morrison, 1998). A similar pattern is also found mainly in European countries (Bastakis et al., 2004), where most of small tourism and hospitality businesses are run by owner-operators and their families (Ateljevic et al., 1999).

SMEs in hospitality and tourism industry are varied in their business strategies and management skills, particularly in the setting and maintenance of quality standards which are critical to business competitiveness (Jones & Tang-Heaven, 2005). Tourism SMEs operate in a very distinct manner, owing to the lack of specialist managers to oversee their various activities (Dewhurst & Burns, 1993). Financial constraints have exacerbated the lack of management skills and militated against training, future investment, and knowledge management, resulting in that the managers are trained when the venture is under a particular threat or has to meet legislative requirements, e.g. food hygiene training (Jones & Tang-Heaven, 2005).

On the other hand, there are few market research studies on tourism and hospitality SMEs with little global know-how and global reach that might lead to knowledge about their failure to achieve their goals (Jones & Tang-Heaven, 2005). One out of eight hospitality businesses in the United Kingdom fails every year (Jones & Tang-Heaven, 2005) because of poor market stability, low levels of capital investment, weak management skills and resistance to change, and less likelihood of investing in long-term human resource strategies, causing financial difficulties in the short run (Wanhill, 2000).

For Thailand, hospitality and tourism industry contributed significantly to the gross domestic product (GDP) and employed millions of people working in hospitality related organizations. As reported by the Office of Small and Medium Enterprises Promotion (2013), in 2012, service industry is the second largest number of SMEs in Thailand and accounts for 1,035,089 enterprises, which is representing 37.8 percent of all SMEs in the country. Of them, the number of hotel and restaurant business is accounting for 304,919, or 11.1 percent of SMEs in the country.

The current study was conducted by focusing on the research questions of "What are charateristics of financial management practices of hospitality SMEs?" and "What are financial criteria used to measure the performance of these SMEs?". Understanding how small and medium sized hospitality firms managed their key financial performance can provide the useful information for further development in the future. Additionally, many research works focused on the large hospitality organizations and very few studies attempted to emphasize the financial management practices of the small and medium sized firms.

As a consequence, this study aims to provide the better understanding of small and medium sized of Thai hospitality firms in the aspect of cash, debt, and profitability management practices. Also, the study aims to highlight practical financial measures adopted by the hospitality SMEs in Thailand. The benefits of the study included guidelines and suggestions for the managers of hospitality firms to improve their organizational performance in the long run.

UTCC
International Journal of Business and Economics
IJBE

2. Literature Review

2.1 The Small and Medium Enterprises in Hospitality Industry

The definitions of SMEs or Small and Medium Enterprises are provided by various countries (APEC, 2001). Although the number of employees is the most common measure, 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, 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, it can be concluded that there has been no universally accepted definition of what SME is, where different countries use different standards and different criteria to measure the size of firms (Hashim, 2005).

Motivations for small and medium sized business are diverse and significantly influence how owners manage their business. Lee-Ross and Lashley (2009) stated that many small businesses in hospitality industry are run by individuals who are primarily motivated by lifestyle motivation reasons than desire for business growth and profit maximization. If ownership motivations are related to pursuing non-financial objectives, owners engaging in strategic planning would be low. Consequently, these owners/managers deliberately ignore opportunities to increase profit and growth, as well as to apply best management practice (Robinson & Pierce, 1984).

On the other hand, Stanisic (2013) have point out that where ownership of small and medium firms are relating to achieving financial gains, the impetus for small and medium business operators to engage in strategic planning is likely to be high. As a result, the high level of achievement ownership of small and medium business are more concerned with achieving success than avoiding failure, then also tend to give close attention to the realistic probabilities for success in terms of different alternatives.

2.2 SMEs in Thailand and the Number of Thai SMEs in Hospitality and Tourism Industry

There are many ways to categorize small or medium sized enterprises. In general, the numbers of workers and employment, the amount of investment, total assets, and sales or income are used as criteria in determining the scale of enterprise. Therefore, definitions of SMEs are varied in each industry sector, which include small and medium-sized enterprises in manufacturing industry, wholesale and retailing industry, and service industry (Thai Credit Guarantee Corporation, 2012).

Small and Medium Enterprises (SMEs) in Thailand are defined as those employing less than 200 employees, having investment capital of less than 100 million baht, and fixed assets of less than 100 million baht (Office of Small and Medium Enterprises Promotion, 2005). According to the definition by the Ministry of Industry in Thailand, small enterprise in service industry is the enterprise with 50 employees or less, or has fixed assets (except land) of 50 million baht or less. Meanwhile, medium enterprise has 51-200 employees or fixed assets (excepted land) of over 50 million and up to 200 million baht (Nagai, 2007).

In 2012, the total number of enterprises in Thailand are 2,781,945 with 98.5 percent of them or 2,739,142 enterprises are SMEs. Of them, small enterprises are 2,724,902 which are 97.9 percent of total enterprises or 99.5 percent of SMEs. Considering from the

distribution in industry sector, wholesale and retailing industry are the largest number of SMEs in the country. They are 1,193,038 enterprises where representing for 43.6 percent of all SMEs in the country. This is followed by service industry that account for 1,035,089 enterprises and representing 37.8 percent of all SMEs in the country. Finally, the manufacturing industry is accounting for 511,015 enterprises that representing 18.7 percent of all SMEs in the country (Office of Small and Medium Enterprises Promotion, 2013).

If consider the number of enterprise by economic activity found that economic activity with the largest number of enterprise are wholesale, retailing, and automobile. The total number is 1,195,688 enterprises where 1,193,038 enterprises are SMEs, or 46.3 percent of SMEs in the country. The second largest number is manufacturing activity with 487,418 enterprises. Of them, 484,834 enterprises are SMEs or 17.7 percent of SMEs in the country. In terms of hotel and restaurant businesses, the total number of enterprise is 305,495 which 304,919 enterprises are SMEs, or 11.1 percent of SMEs in the country (Office of Small and Medium Enterprises Promotion, 2013).

2.3 Financial Management for SMEs

Good financial management is critical to the success of any business. The ability to have the right financial practices in place and to plan financial matters effectively can help a business grow and adapt to a changing economic environment (Hassan et al., 2012).

Gitman (2007) defines financial management as an area of business management, devoted to a judicious use of capital and a careful selection of sources of capital, in order to enable an organization to move in the direction of reaching its goals. According to Oduware (2011), financial management entails planning for the future of a business enterprise to ensure a positive cash flow. Brinckmann et al. (2011) define financial management as managerial activities, concerning the acquisition of financial resources and the assurance of their effective and efficient uses. In other words, financial management involves planning, organizing, directing and controlling the financial activities such as the procurement and the utilization of funds of the enterprise.

Financial management broadly embraces two aspects, namely financial planning and financial control. Financial planning is a process to ensure that adequate funding is available at the right time to meet the needs of the organization for short, medium or long-term capital. Meanwhile, financial control seeks to assess whether the plan put forward meets the objectives of the organization. For example, are assets being used effectively? Are past performance changes affecting the organization? (Agyei-Mensah, 2011).

Previous research on financial management of small enterprises has identified six components of financial management practices crucial to the performance of small firms, including financial planning and control, financial analysis, financial accounting, management accounting (pricing and costing), capital budgeting, and working capital management (Osman, 2007; Maseko & Manyani, 2011). However, the study by Osman (2007) showed three core components of financial management practices by the SMEs. They are financial planning and control, financial accounting, and working capital management. Meanwhile three other components, including financial analysis, management accounting, and capital budgeting, can be regarded as supplementary components practices by the SMEs under study, due to the small percentage of the SMEs using these components in the management of their business.

Each of these six components of financial management have a different techniques contains specific tools and aims of their own. The literature shows that there are two techniques of financial planning and controls used by SMEs, such as financial budgets and operating budgets (McMahon & Holmes, 1991). Based on DeThomas and Fredenberger (1985), McMahon and Holmes (1991), and McMahon (2001), there are three techniques of financial accounting used by SMEs, including balance sheet, income statement, and cash flow statement. In terms of financial analysis, there are six techniques of financial analysis used by SMEs. They are current ratio, quick ratio, operating profit margin, return on asset (ROA), return on equity (ROE), and debt ratio (Thomas & Evanson, 1987; Locke & Scrimgeour, 2003; Koyuncugil & Ozgulbas, 2006). Ghosh and Yoke (1997) indicated that management accounting techniques used by SMEs are standard costing, just in time (JIT), activity based costing (ABC), and balanced scorecard (BSC). In terms of capital budgeting, there are five techniques of capital budgeting used by SMEs. They are accounting rate of return (AROR), internal rate of return (IRR), payback period, net present value, and profitability index (Filbeck & Lee, 2000; Ryan & Ryan, 2002; Lazaridis, 2004). Moreover, the literature shows that four techniques of working capital management used by SMEs are cash management, accounting receivable management, inventory management, and account payable management (Cooley & Pullen, 1979; McMahon & Holmes, 1991; Khoury et al., 1999).

Nevertheless, financial management used by Abanis et al. (2013) composes of five components and these included working capital management, which is subdivided into cash management, receivables management, and inventory management. Other components under financial management included investment, financing, accounting information systems, and financial reporting and analysis.

While financial management is a critical element of business management, many people who start to run a business do not engage themselves in financial matters. The reason may be included lack of knowledge or interest in recording transactions, preparation and analysis of financial statements, or they are extremely involved in other aspects of business like managing people, sales purchasing and production.

The failure of many small businesses is not because the owner does a poor job or provides an inferior service, but their firm is not run like a business. Therefore, the poor financial management of owner-managers or lack of financial management is the main cause underlying the problems in SMEs financial management (Jindrichovska, 2013). 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).

Berryman (1983) also indicated that poor or careless financial management is a major cause of small business failure. A survey by the Insolvency Practitioner Society found that 20 percent of small UK corporate failures were due to bad debts or poor credit management (CIMA 1994). According to Peel and Wilson (1996), if the financial or working capital management practices in the small firm sector could be improved significantly, then fewer firms would fail and economic welfare would be increased substantially.

There is little doubt that financial management systems continue to be of significance to business success. Prior research by Holmes and Nicholls (1989), and Nayak and Greenfield (1994) have asserted that the quality of management accounting information utilized within the small business sector has a positive relationship with an entity's

performance. According to Maseko and Manyani (2011), accounting systems provide a source of information to owners and managers of small businesses operating in any industry for use in the measurement of financial performance. It is crucial that the accounting practices of small businesses supply complete and relevant financial information needed to improve economic decisions made by entrepreneurs. Ismail and Zin (2009) and Nandan (2010) further stated that in the context of small business, accounting information is important as it can help the firms manage their short-term problems in critical areas like costing, expenditure and cash flow, by providing information to support monitoring and control.

2.4 Cash Management

Cash management is the process of ensuring that businesses have good cash balances and that they continue to stay competent in business operations. Thus prudent cash management ensures that a small business would be able to meet its debt obligations when they come due and also to facilitate the responsibility of the firm to pay for its upcoming expenses (Brealey et al., 2008). Jassy et al. (1998) also stated that a strong cash management system can ensure that a company maintains adequate cash levels to meet its operating and investment requirements. In other words, an inadequate cash management system can lead to a company's failure to meet its financial commitments.

Jassy et al. (1998) suggested a model of cash management system for small business, which included cash cycle policies and tactics, and forecasting and review processes. Broadly, the cash cycle refers to the outflows and inflows of cash associated with the conversion of raw materials into finished goods and later into accounts receivable. The longer the cash cycle, the more days the company must finance the purchase of raw materials, inventory and receivables. Therefore, cash cycle practices and tactics are about managing the cash cycle through active management of accounts payable, inventory, and accounts receivable.

Forecasting and review processes mean short-term and long-term efforts to understand the current cash position, anticipate cash requirements, prioritize uses of cash, identify variances, and reinforce a culture of prudent cash management within the organization. Regular forecasting and review sessions help managers identify cash problems before they reach crisis stages and enable senior management to communicate the importance of cash management to the organization.

Cash management practices among SMEs were found to be inadequate. Grablowsky and Burns (1980) conducted a survey concerned with the cash management practices of 66 small enterprises from a number of industries located in and around Norfolk, Virginia. The results showed that 67 percent of respondents did not do forecasting of cash flows. Jassy et al. (1998) also stated that cash forecasting is the weakest link in cash management system in many small companies. They further explained that there are at least four reasons why smaller companies lack more formal and sophisticated forecasting processes. First, some small company managers lack the training and experience to understand the importance of this process. Second, some small companies have no immediate need for such formal systems because the organization has a small management team and few employees. Third, some small business managers substitute senior management experience for formal forecasting and review processes. Finally, many smaller companies historically have not needed these processes because the business was easily managed by simple controls.

Grablowsky and Burns (1980) further found that less than 10 percent of small enterprises in and around Norfolk, Virginia use any type of quantitative technique to determine the level of cash to be held by the business. Additionally, 71 percent of business in the Virginia reported that they had no short-term surpluses of cash in their recent history, while only 23 percent had a long-term surplus. Moreover, nearly 30 percent of respondents had invested excess cash in earnings securities or accounts. The most common investments were savings accounts, certificates of deposit, treasury bills, repurchase agreements, commercial papers, shares, bonds and other investments.

In the study conducted by Cooley and Pullen (1979), cash management was seen as the process of planning and controlling cash flows. It consisted of three basic components, including cash forecasting practices, cash surplus investment practices, and cash control practices. Aminu (2012) explained that cash flow management brings together actions concerned with cash payment, collection management and liquidity management, involving acquisition and disposal of treasury assets and their subsequent monitoring, a strategy for investing surpluses of cash for maximum profitability and financing deficits at minimum costs. In other words, it focuses on actual operation and eliminates one-time expenses and non-cash charges and gives a clear picture of what the company is actually doing (Amuzu, 2010). Cooley and Pullen (1979) examined cash management practices of 122 small businesses engaged in petroleum marketing and reported that 73 percent of respondents had experienced a cash surplus. In contrast, Murphy (1979) found that active cash management in small enterprises in the UK was unusual, which there was little inclination to invest surplus cash on a short-term basis.

2.5 Debt Management

A debt is a sum of money that a business must repay at the end of the loan period or maturity date. The corporate borrower also may be liable if it guarantees the debt of another person or company, as it is often the case if a business co-signs a loan application. For analytical ease, accountants distinguish short-term debts from long-term liabilities. Short-term obligations have a repayment window of 12 months or fewer, whereas lenders expect a small business to repay a long-term debt over several years (Codjia, 2014).

Many businesses seek external financing to meet their cash demands. Capital is available in many forms, although debt is the most common and least complex method of financing a small business (Slaughter, 2014). Small businesses carry different types of debt depending on their services or products. Some liabilities might relate to daily operations such as credit or financing terms, whereas others involve necessary long-term investments such as machines. To manage small business debts, it is crucial understand current debts, minimum payment schedules and interest rates (Gebremichael, 2014).

At the very foundation of asset and liability management is the notion that there exists some set of liabilities that need to be funded by assets. The structure of the asset portfolio is therefore driven by the structure of the liabilities. Both assets and liabilities are exposed to forces that influence their individual performances, but it is the collective performance of the portfolio of assets to cover the liabilities that is the primary management objective (Shimpi, 2003).

An organization's debt management strategy should be linked closely to its cash management strategy. The amount of short-term debt a company can manage is a function of

projected cash flow and earnings fluctuation over a yearly or business cycle. The minimum amount of short-term debt is the amount required to maintain the company in a borrowing position at all times. A company needs enough short-term borrowing to manage the cash-flow cycle of the business and avoid excess operating cash. When determining the amount of short-term floating rate debt, company should consider the potential impact of changes in short-term interest rates on the earnings of the company, the level of interest relative to EBIT (operating income), and the accounting working capital amount (Smith, 2013).

The choice between long and short-term debt to meet a specific set of financing needs can be thought of as having two elements. First, continually renewed short-term debt must be contrasted with a single long-term issue. This decision depends upon the variations in the time pattern of cash flows of the business and its varying need for finance at different points in time. It also depends upon the costs and availability of short and long-term debt. At one extreme, a given set of varying needs for debt can be met entirely from short-term sources by raising short-term debt in exactly the amounts needed at each moment of time. At the other extreme, the firm could sell an amount of long term debt equal to the maximum of the debt ever to be needed and hold temporarily unnecessary amounts of money raised in this fashion in the form of liquid assets. More likely, the firm will issue some long-term debt to meet a part of its total need for debt and meet the remainder of its debt needs with short-term debt. This choice will depend upon the cost and availability of short and long-term debt, upon the variability of the firm's need for debt, and upon the firm's willingness to take financing risks to lower the expected cost of its finance (Horn & White, 1974).

2.6 Profitability Management

In profitability management, most companies attempt to maximize their revenues and minimize costs, both of which are ways of achieving profit objectives. However, each company has different and multiple ways of managing profitability (Kugel, 2011), where a simply measurement is net profit calculation by deducting cost or expenses from revenue (Buytendijk et al., 2008; O'Rourke, 2011). Moreover, Bergin-Seers and Jago (2006) found that the analysis of net profit was undertaken by most of small motels in Australia on a monthly basis.

Profitability management is a strategic function where its impact ripples through to all management processes and is a key component of an overall enterprise performance management system. Profitability management solutions are driving a key performance metric and the overall profitability of the business. It is not only reported upon but it is used as a strategic tool to driver change throughout the organization. It also involves mastering a methodology, understanding the business drivers, changing business processes, and introducing a system (O'Rourke, 2011).

According to Buytendijk et al. (2008), profitability management can be defined both from a top-down and a bottom-up perspective. From a top-down point of view, profitability management consists of a set of processes and a methodology to bring all costs and revenues together on an operational level, providing operational managers with the insight on how to deploy their resources in an optimal way. Bottom-up profitability management entails the process and methodology of identifying the organization's operational cost and value drivers at a transactional level and aggregating them up to translate their tasks into financial results.

Although profitability management comprises both the revenue and cost side of the business, there is usually a stronger focus on cost management, particularly indirect costs. Indirect costs are all costs not directly associated with the production and sales of products and services, such as marketing, finance, IT, facility management, HR, and other supporting functions. Allocating revenues to operations is a fairly straightforward process. It is usually clear which product was sold to which customer, and can be counted as revenue in a particular period. However, it is not always easy to attribute revenue to organizational divisions, business units or departments. And it is harder to define a method to allocate overhead and other forms of indirect costs to business processes (Buytendijk et al., 2008). Therefore, profitability management remains an elusive goal. According to a 2007 KPMG survey of more than 400 companies worldwide, nine out of 10 cost reduction programs fail to achieve their targets, and gains that are achieved are typically short-lived. One of the most common pitfalls cited is that cost drivers are not clear, and as a result, cost-cutting initiatives are not targeted at the right places (Business Finance Magazine, 2008).

The impact of profitability and cost management ripples through to all management processes. The way the organization will budget and plan will differ and most likely other, better, performance indicators to report on will appear. It takes a while before organizations reach a certain level of maturity. Profitability management involves employing one or more techniques for optimizing returns to meet strategic objectives. For example, in some cases, the right approach to achieving a company's long-term strategy might involve sacrificing short-term margins for increasing volume for certain businesses or products. It could mean adopting activity-based costing (ABC) or some other marginal-cost approach to determining the economic cost of a good or service. It might involve adopting a completely new tactic such as pricing optimization, which attempts to extract higher prices from those willing to pay more (Kugel, 2011).

Byrnes (2003) has introduced a profit management process which is a set of steps a manager can take to develop and implement a systematic program for profit improvement. This profitability management program involved (1) account selection, (2) demand management (sell what you have), (3) product lifecycle management, (4) supplier management, (5) forecasting, and (6) liquidity management. However, an effective profitability management requires clarity of vision and a commitment to great management of the day-to-day details of the business.

2.7 The Relationship among Cash, Debt, and Profitability Management

In previous research, cash management is majorly studied as part of working capital management components. To test the relationship between working capital management and corporate profitability, Deloof (2003) used a sample of 1,009 large Belgian non-financial firms for a period of 1992-1996. By using correlation and regression tests, he found significant negative relationship between gross operating income and the number of days accounts receivable, inventories, and accounts payable of Belgian firms. Based on the study results, he suggests that managers can increase corporate profitability by reducing the number of day's accounts receivable and inventories.

Raheman and Nasr (2007) studied the effect of different variables of working capital management, including average collection period, inventory turnover in days, average payment period, cash conversion cycle, and current ratio, on the net operating profitability of 94 Pakistani firms on Karachi Stock Exchange from year 1999 to 2004. The results found a

strong negative relationship between variables of working capital management and profitability of the firm. On the other hand, Lazaridis and Tryfonidis (2006) conducted a cross sectional study by using a sample of 131 firms listed on the Athens Stock Exchange for the period of 2001 to 2004. The study found statistically significant relationship between profitability, measured through gross operating profit, and the cash conversion cycle and its components, including accounts receivables, accounts payables, and inventory.

Gill et al. (2010) extended Lazaridis and Tryfonidis's findings regarding the relationship between working capital management and profitability. They selected 88 American firms listed on New York Stock Exchange for a period of three years from 2005 to 2007. The study found statistically significant relationship between the cash conversion cycle and profitability, measured through gross operating profit. It follows that managers can create profits for their companies by handling correctly the cash conversion cycle and by keeping accounts receivables at an optimal level.

Falope and Ajilore (2009) used a sample of 50 Nigerian quoted nonfinancial firms for the period 1996 to 2005. Their study utilized panel data econometrics in a pooled regression, where time-series and cross-sectional observations were combined and estimated. They found a significant negative relationship between net operating profitability and the average collection period, inventory turnover in days, average payment period and cash conversion cycle. Furthermore, Mathuva (2009) examined the influence of working capital management components on corporate profitability by using a sample of 30 firms listed on the Nairobi Stock Exchange (NSE) for the periods 1993 to 2008. The study used Pearson and Spearman's correlations, the pooled ordinary least square (OLS), and the fixed effects regression models to conduct data analysis. The key findings of this study were that there exists a highly significant negative relationship between the time it takes for firms to collect cash from their customers (accounts collection period) and profitability.

Nevertheless, Uwuigbe et al. (2012) aimed to investigate specifically the relationship between cash management and profitability in 15 listed manufacturing companies in Nigeria during 2005 to 2009. In this study, cash conversion cycle is used as the measure for cash management, where current ratio, debt ratio and sales growth were used as control variables. The study utilizes secondary data while Pearson's correlation and regression analysis were used in analyzing the data. The results show that there is a strong negative relationship between cash conversion cycle and profitability of the firms. It means that as the cash conversion cycle increases it will lead to decreasing profitability of the firms.

In terms of relationship between debt and profitability, Murugesu (2013) attempted to find the effect of debt on profitability of 11 listed Sri Lankan hotels over the past 5 year period from 2008 to 2012. Accordance with the regression analysis, Murugesu (2013) found no significant relationship between debt and profitability. But based on the correlation analysis, there were strong negative relationship between short term liabilities, ROE and ROA. Furthermore, total liabilities to total assets had the strong negative relationship between ROE and ROA. But there was no significant relationship between long term liabilities, ROE and ROA. In addition, Anandasayanan et al. (2013) examined the effect of capital structure on profitability of 12 listed manufacturing companies in Sri Lanka. The results reveal significantly negative relation between debt and profitability. On the other hand, Nimalathasan and Valeriu (2010) evaluated capital structure and its impact on profitability of listed manufacturing companies in Sri Lanka during financial year 2003 to 2005. The results revealed that debt to equity ratio (D/E) ratio is positively and strongly associated to all

profitability ratios, including gross profit ratio (GPR), operating profit ratio (OPR), and net profit ratio (NPR), except return on capital employed (ROCE) and return on investment (ROI).

In order to success in business, Suwastika and Anand (2012) stated that small and medium enterprises owners/managers need to realize that the real success of a business is based on their ability to keep close control over cash flows, avoiding holding excessive stocks and collecting debts on time.

3. Methodology

A qualitative research method was adapted to guides the collections, analysis, and interpretation of data. The purposive sampling was adopted to identify and select the samples. The informants were managers or owners who had more than five-year experiences in their business. The respondents represented the managers of hospitality SMEs in Bangkok and vicinities. 36 interviews were conducted with semi-structured approach to inquire about financial management practices of their hospitality businesses. Through open-ended questioning, individuals can incorporate all information they deem pertinent to explain their personal financial management. The target firms included hotels, restaurants, café, spas and exhibition venues. Content analysis followed an open-coding procedure to analyze and then categorize respondents' managing of cash, debt, and profitability.

4. Results

In this section, the answers to specific objectives of this study are presented. Regarding content analysis, the major findings included the various characteristics of cash management practices, conservative debt management, and practical profitability measures.

The respondents in this study were managers of small and medium enterprises in hospitality industry where most firms are hotel and restaurant businesses. Moreover, few of respondents are from tourism business and health care business. Meanwhile, the rest of respondents are from exhibition service and spas and others. The age range of the respondents was between 25 and 56 years old. Around 80 percent of the informants had bachelor's degree or higher. However, most respondents mentioned that they had limited understanding and educational background in financial concepts.

4.1 Cash Management

Regarding cash management, the results revealed that most respondents managed their cash by manual system, while some respondents employed an accounting system. Moreover, few respondents hired the accountants from other companies to manage their financial accounting and hired the auditors to recheck all the processes of cash flow and revenue.

The study reports that cash flow management is a common way in managing cash of business. Most of respondents perform financial recording on daily, weekly, and monthly basis by focusing on income and outcome of business such as daily payment, operation cost, and debt repayment. The main reason why many respondents employ cash flow management is because they want to keep track on their financial activities, therefore they can keep

balance of earnings and payment. As one respondent said, *"We make the financial recording to manage cash because when we keep track on the financial activities, we will know how much our business grow and how to gain more profits as well as to decrease financial risks such as bankruptcy and debt"*. Another respondent from the bakery business said, *"I used to calculate income and payment monthly but I changed to weekly because I found that some costs are overlapped and confused by the frequent buying as my business is about bakery and cake which ingredients are purchased daily or weekly. It is stressful but I want to keep it on track and for a young small business like this, and weekly method is more effective"*. For cash management, most respondents focused on the weekly basis and long-term planning for cash management was not implemented.

Moreover, some respondents forecast their cash flow and prepare their cash budget in order to see when and how they will receive cash. As one respondent statement, *"I manage cash by measuring the cash flow of business, evaluating the cash on hand; reflecting on balance sheet from the previous month, predicting the cash that business will receive from every sources. To do this, I will know when and how much cash will go out and when and how much cash will be received"*. Another respondent stated that *"We have forecast report for cash flow; therefore we can see how the cash flow is in each month"*.

Bank deposit is a traditional way for many respondents in saving their money. Every day or every 2-3 days, most of respondents deposit cash after deduct the daily expenses in the bank to reserve it as further investment. Meanwhile, some respondents reserve some amount of monthly revenue and put in the bank. For examples, the respondent said *"First, we pay daily payment, salary, water and electricity expenses, and other liabilities. Then we reserve 10 percent of monthly revenue and deposit in the bank"*. Another respondent said *"We deposit our daily income in our bank account every day and we also keep 10 percent of income as reserved fund"*

Nevertheless, the respondents also spare money for their spending in daily operation by reserving around 10-15 percent of cash every day. As one respondent said, *"Because the restaurant always have daily money inflow and out flow, so it is essence to always consider cash in hand. Therefore, restaurant bank account must be totally separated from any other accounts"*. Another example, *"I manage cash by reserving around 15 percent of cash at all times. Those 15 percent would be used mostly for food and beverage inventory. However, there it can be used for other matters as well"*.

In order to generate more cash, some respondents re-invest in their business or invest in other business. For examples, the respondent said that *"Once the business starts generating cash flow, then we re-invest in our business. We also start selling shares at an initial value to hold for long term investment"*. Another respondent stated that *"70 percent of profit is used to re-invest in my business and the remaining 30 percent is used to invest in other projects"*. However, in order to keep balancing of cash inflow and outflow, the respondents try to make the expenses lower than the cash they received in the business. As one respondent said, *"We will not invest further or stock up in the month if we already have a lot of expenses"*.

Furthermore, the study reports that almost half of respondents have experienced in cash management problem. The main problem is tracking system of cash inflow and outflow that occur during the first stage of business operation. One respondent showed opinion as *"It is hard to keep in track where the cash is from and whether the cash has been"*. For example,

one respondent said *"My cash management problem occurred in the first month of my business when I decided to calculate profit and lost per month. As I have rapid payment everyday and I did not exactly know how many customers coming per day, so I missed a lot of items. Some of them I could not recall when the month ended, while some of them were missed because I forgot to record. So after that I applied weekly method and it made my life easier"*. Another respondent said *"The amount of money of my business is not the same as recorded due to unstable system as the shop is newly opened. At the same time, every shareholders also lack of experiences as we are newly graduated"*.

Moreover, the respondents also encounter with the imbalance of cash inflow and outflow that cause to the running out cash, for instance*, "We have problem by spending the cash and not receiving enough cash on time to fill the gap"*. Meanwhile, some respondents have experienced with unpredictable cost such as *"We have experienced quite a big cash management problem during our first months of operation. The reasons are we are very new to the business and lack of experience. The inventory cost is unpredictable and we cannot predict the number of customer as well because we are a new restaurant"*.

When the problems occurred, many respondents start to analyze their cash management that involved with revenues, expenses, policy, and etc. from previous mistakes in order to find the causes of problem and seek for the best solution. However, there are several solutions that respondents use to solve the problems in managing cash. For examples, in order to eliminate the untracked cash inflow and outflow, most of respondents try to keep daily record for every single cash receiving and payment in everyday. As on respond said, "To avoid forgetful and data lost, we record data daily and try to solve problem daily as well". Moreover, one respondent showed that *"The shop has installed digital cashier box where it will record every cash in-out"*.

Increasing capital is a main solution implemented by respondents when their businesses have faced with money shortage or run out of cash. As one respondent said *"If we ran out of cash, we try to borrow from the shareholders first but if we need big amount of cash we might sell more shares*. Another respondent stated that *"In terms of shortage, we decided to raise more fund to solve the problem. It worked out well because after raising fund, the flow of the business can be clearly seen"*.

Furthermore, small numbers of respondents also consider the using of debt to solve money shortage problem. As one respondent said that, "We calculate the overall of business and see if there is a need to loan money". Meanwhile, some respondents get in a line of credit. For example, one respondent showed that, *"We find the supplier that allow using credit, that means we get the resources first and then pay at the end of the month"*.

Nevertheless, few respondents use their reserved fund if they have shortage of money in order to avoid the bank loan. One respondent showed opinion as *"I have learned that I should spare some money for emergency because in doing business, we don't know what is going to happen and when. For me, I spared some money before fully open the business and I used them for the second month"*.

4.2 Debt Management

According to debt management, the findings indicated that the every respondent who uses debt to finance their business has concerned about risk of using debt. As one respondent said that, *"As we are service providers, the number of customers or revenue of each month is not always the same. Therefore, service provider like us is quite aware of the risk from the debt because sometimes it is difficult to predict the income to balance our debt".* Another respondent further stated that, *"Using debt to finance in business is very risky. Running a business mainly with liabilities could possibly contribute to lower profit margin or no profit at all. It could result in the lack of liquidity, lack of cash to run a day-to-day operation, temporarily closure the business or even termination of business in the end".*

Moreover, one respondent said that *"There are a lot of concerns on using debt because you will never know if your business can operate smoothly and receive enough cash to pay off each cycle with interest. As time goes by, you must be able to pay the debt as promised. Otherwise, if the business fails to produce the planned revenue, I will have to liquidate the assets to pay for the debts. Therefore, I tried to minimize the level of debts so that I can manage the debt more effectively.* The majority of the respondents agreed with the idea of using low debts to avoid financial stress and maintaining good relationship with banks or other lenders. The respondents attempted to limit the usage of long-term debt to avoid long-term obligation and greater risks.

In addition, the study found that the most concerning issue is about the repayment of monthly principle and interest. For examples, one respondent stated that *"We used the bank loan as debt financing so the business concerned about the repayment risk because the business had to pay the principle payment as well as the monthly interest payment to bank. The business also concerned about the collateral which the business used as a guarantee to the bank. If the business defaults on the loan, we could lose the collateral as well".*

Another respondent shared his opinion. *"Financing with debt for small business is relatively risky because debt has its own cost which is interest rate. So operating a restaurant with debt required much more profit to pay for additional cost since debt interest is one of the major expenses".*

Common methods to manage debt for respondents in this study are having a good planning of paying back and making a payment on time to avoid additional interest rate. For examples, *"Planning how much revenue you will make and how much of it you will return to the lenders. Identify which debt to pay off first and how to pay it off faster. The faster you pay it off the lesser interest rate you have to pay",* said by one respondent. *Another respondent said that "I have a fixed debt with bank on monthly basis, so I have divided it into daily as it much more easily to predict and forecast our balance".* Additionally, another respondent stated that *"We have to make sure that we earn a certain amount of money to be able to pay for the loan interest".*

4.3 Profitability Management

In terms of profitability management, the results indicated that most of respondents simply measure their profitability from net profit by considering revenue and expenses. As one respondent stated like *"Initially, we have to calculate all fixed costs, variable costs, employee costs and other expenses, and then deduct it from the revenue".* Another

UTCC
International Journal of
Business and Economics
IJBE

respondent showed that *"The business measured the profitability by sum up the revenue and deduct with all costs, including repayment on loan, raw materials, operating costs, taxes, and etc. The number after that is the profit made by the business"*.

Depending on the nature of business and operational style, the respondents measure the profitability on daily, monthly, and yearly basis. For examples, some respondents daily measure the profitability as *"We measure profitability daily based on how many drinks we sold compared to what we bought and it is the same as food items",* said by one respondent. Some respondents measure the profitability on monthly basis like *"The profitability can be measured at the end of each month by looking at all sales and costs. If there is money left after paying to the bank, we have made profit"*.

Apart from monthly measurement, some respondents also measure their profitability at the end of year. For examples, *"We measure profitability by normal accounting procedures like sales are deducted by expenses incurred. And then we have a proper monthly record of such financial report in which it will be used to calculate a net profit or net loss at year-end",* said by one respondent. Another respondent stated that *"We measure the profitability by our revenue and expenses, and then comparing our profitability performance month-on-month and year-on-year as we get seasonal customers".* One respondent further stated that *"Our profitability is measured by using revenues obtaining per month and minus total expenses per month. Expenses included all the food cost, labor cost and other expenses. Then we add up all together for a year to see annual profit"*.

In addition to net profit, the study found that small numbers of respondent, particularly hotel business, measure their profitability from several aspects, including customer satisfaction, employee satisfaction, and owner satisfaction. As one respondent commented *"We consider the profitability if there is increasing in profit and revenue, assets, market shares, customer satisfaction, and more income to the hotel".* Another respondent said that, *"In terms of hotel, we could measure the profitability in both returns of investment and the service charges of employees each month. Because profitability is not only for the shareholders but also concerned with all stakeholders"*.

One respondent further stated that, *"Profitability is probably the first thing to measuring success. There is money left after we have paid our monthly operating expenses and debt, then things are looking pretty good. In addition, a growing customer base is a sure sign that we are effectively reaching our target market, and reaching our target market is what our business is all about. Besides, customer satisfaction is also important. Understanding our customers and being able to satisfy their needs is crucial to the strength of our business. Employee satisfaction is another key indicator of business success. Developing a work environment that rewards employees for their hard work is imperative in attracting and retaining quality employees. If workers know they are appreciated, they are much more likely to go the extra mile when needed. Last but not least, the most important measure of business success is the owner is satisfied with the results of business ownership"*.

Moreover, the findings indicate that few respondents employ other forms of financial report, besides form Gross profit margin, to measure their profitability. For instances, Net Profit after Taxes (NPAT), Return on Asset (ROA), Return on Equity (ROE), and Return on Investment (ROI).

5. Discussion

5.1 Cash Management

Cash flow is the most commonly used method adopted by SMEs in hospitality industry to manage their cash. This result is supported by Cooley and Pullen (1979) who stated that cash management was seen as the process of planning and controlling cash flows. Amuzu (2010) also agreed that cash flow is an important measurement used by investors for evaluating a company because it focuses on actual operation and eliminates one-time expenses and non-cash charges and gives a clear picture of what the company is actually doing. Aminu (2012) further noted that cash flow management brings together actions concerned with cash payment, collection management and liquidity management, involving acquisition and disposal of treasury assets and their subsequent monitoring, a strategy for investing surpluses of cash for maximum profitability and financing deficits at minimum costs.

The main reason that most of respondents employ cash flow management is they want to keep track on their financial, therefore they can keep balance of earnings and payment. This result is parallel with Correia et al. (2003) who observed that cash flow is an area looked upon with great interest by financial and economic analysts as a credible indicator on the strength, or riskiness of an enterprise as it gives an enterprise the possibility of either cutting or stripping off some operations, or ceasing altogether. According to Horner (2000), cash flow management ensures that a firm identifies in time what needs to be done to avoid a liquid crisis and improves its cash flow. The performance objectives of cash flow adequacy are that an enterprise must generate sufficient cash through operating, investing, and financing activities. Muller (2008) further stated that in order for SMEs to manage their cash flow, they must understand cash flow and be able to project how and when cash would be received and spent, take steps to optimize revenue and expenditure timing and amounts.

Moreover, this study further found that some respondents forecast their cash flow and prepare their cash budget in order to see when and how they will receive cash. The result is supported by Uwonda et al. (2013) who found that at least 55.83 percent of SMEs in Northern Uganda prepared their cash flow projections and at least 63.30 percent of SMEs prepared their cash budget. According to Holland (1999), cash flow forecast will allow companies to plan their route to where they hope to be over the next year (Cited in Uwonda et al., 2013). A well-made cash flow plan, if used by the SME as a tool for cash flow monitoring, increases the confidence of the bankers on the systems and controls in the SMEs and as a result enhances bankability and fits the criteria for banks to evaluate and consider funding support (Menon, 2011). Lange (2010) asserted that SME can still have an image of profitability and still be in danger of running into bankruptcy because many people think of the profits that the business will generate rather than planning on managing cash flows (cited in Uwuigbe et al., 2012).

Bank deposit is a traditional way for many respondents in saving their money. This goes along with Grablowsky and Burns (1980) who found that nearly 30 percent of small enterprises in and around Norfolk, Virginia had invested excess cash in earnings securities or accounts that included savings accounts. Peng and Jiahai (2005) earlier noted that SMEs are especially vulnerable to cash flow problems due to operating with inadequate cash reserves or none at all and only realizes the implications of a negative cash flow when it is too late (Cited in Uwonda et al, 2013)

Nevertheless, the respondents also spare money for their spending in daily operation by reserving around 10-15 percent of cash every day. This finding is in line with Uwonda et al. (2013) who revealed that 78.53 percent of SMEs in Northern Uganda applied cash flow control by having a budget for petty cash and made minor payments. Uwonda et al. (2013) add that cash flow controls help an enterprise maintain adequate money at hand to meet the daily cash requirements of the business while maximizing the amount available for investment and obtain the maximum earnings on invested funds while ensuring their safety. Codjia, (2012) further maintained that internal controls are essential for cash management activities because it makes the management follow all the procedures, and ensures fraud and theft does not become a problem.

Furthermore, the study reports that almost half of respondents have experienced in cash management problem. Some respondents encounter with the imbalance of cash inflow and outflow that cause to the running out cash, which increasing capital is a main solution implemented by respondents when their businesses have faced with money shortage or run out of cash. Moreover, some respondents also consider the using of debt to solve money shortage problem, while some respondents get in a line of credit. The results conform to Slaughter (2014) who stated that cash flow is a universal problem for small businesses. Sales and collection of receivables produce cash, however, excess funds typically purchase inventory, equipment or other asset necessary to operate. Consequently, many businesses seek external financing to meet their cash demands. Amuzu, (2010) linked business success/failure to the volume of the net cash inflows and outflows from a firm's activities as inability to generate cash from its operations may force it to borrow more money or to dispose of its capital investments to meet its obligations, but may lead to involuntary bankruptcy if this situation persists over periods of time.

5.2 Debt Management

According to debt management practices, the findings indicated that every respondent who used debt to finance their business has concerned about risk of using debt, where the most concerning is about the repayment of monthly principle and interest. The findings were in line with Gebremichael (2014) who stated that in order to manage effectively, the small companies must understand current total debts, appropriate payment schedules and interest rates. Moreover, liabilities of small business are related to daily operations such as credit or financing terms, and other necessary long-term investments such as machines.

Smith (2013) further maintained that a company needs enough short-term borrowing to manage the cash-flow cycle of the business and avoid excess operating cash. When determining the amount of short-term floating rate debt, company should consider the potential impact of changes in short-term interest rates on the earnings of the company, the level of interest relative to EBIT (operating income), and the accounting working capital amount. Shimpi (2003) further explained a foundation of asset and liability management is the notion that there exists some set of liabilities that need to be funded by assets. The structure of the asset portfolio is therefore driven by the structure of the liabilities. Both assets and liabilities are exposed to forces that influence their individual performances, but it is the collective performance of the portfolio of assets to cover the liabilities that is the primary management objective.

5.3 Profitability Management

In terms of profitability management, this study found that most respondents simply measure their profitability from net profit by considering revenue and expenses. The results conform to Bergin-Seers and Jago (2006) who studied the performance management in Small Motels in Australia. They found that the analysis of net profit was undertaken by most of the motels on a monthly basis. Buytendijk et al. (2008) and O'Rourke (2011) further stated that profitability is simple and easy to measure and evaluate. It is an amount after deducting cost or expenses from revenue. Kugel (2011) further explained that, in profitability management, most companies attempted to maximize their revenues and minimize costs in order to achieve profit objectives.

In addition to net profit, the study found that some respondent, particularly hotel business, measure their profitability from several aspects, including customer satisfaction, employee satisfaction, and owner satisfaction. The findings go in line with Neely et al. (2001) who revealed that the key outcomes of a business need to balance stakeholder satisfaction with the needs of the business, as satisfaction alone may not provide sustainable outcomes. Moreover, the findings indicate that few respondents employ other forms of financial report, besides form Gross profit margin, to measure their profitability. The results are supported by Bergin-Seers and Jago (2006) who found that the main goals of an enterprise may vary from firm to firm but in most cases they are usually the bottom-line results such as revenue, profit and Return on Investment (ROI).

6. Conclusion

The findings of the current study provided answers for the research objectives. The respondents described their financial management in the areas of cash, debt and profitability without using complicated financial tools, which could help them to be more effective in coping with financial activities of the firms. Short-term cash management, risk aversion about debt management, and simple profit calculation were the characteristics of Thai hospitality SMEs.

The authors mainly found from the results that, in the area of cash management, most of managers usually managed their cash flow in order to keep balance of earnings and payment, but just for short-term period. Whereas, few managers do forecast their cash flow and prepare their cash budget in order to see when and how they will receive and pay cash. The authors also found that there is a relationship between cash and debt management practices of Thai hospitality SMEs. When managers have experienced in cash management problem like shortage of cash, they decided to increase the capital by using of debt. However, those managers who used debt to finance their business have concerned about risk of using debt. In the area of profitability management, the study found that some managers also measure their profitability from customer satisfaction, employee satisfaction, and owner satisfaction, apart from simply net profit calculation.

The underlying reasons in which these managers have operated their financial practices on their own approaches might include external environment (e.g. law and regulations, inflation, changing behavior of international/domestic tourists, etc.) as well as their business experience, educational background, and the motivation in running the business that constrains their financial management.

The recommendations for the hospitality SMEs are as follows. Since this study can be observed that the managers lacked long-term planning to help them better prepared for the future operations, while the strategic planning is vital in small and medium hospitality business development, competitiveness, and also for the success (Beaver and Prince, 2004). Therefore, managers should have capability to or employ competent people who can design business plan, prepare cash flow projection and cash flow budgeting, design internal control system, and improve on their credit policies. Moreover, Thai hospitality SMEs also need the innovation in business process such as encouraging the use of new technology and training to raise their performance and productivity. At the same time, there are several measures in financial management tools that can be applied such as using trend analysis (e.g. five-year trend analysis) for their financial performance or applying financial ratios (e.g. ROA and ROE), which can support their evaluation of overall business operations.

For managerial implications from the findings of the study, managers should develop the long-term financial plan, including expected cash in hand quarterly or yearly. In addition, due to the nature of hospitality industry, seasonal factors can influence the changes in sales and profits and therefore the managers should collect and analyze data of their time series of their financial information so that they can better estimate cost and sales more effectively. Another point worth mentioning is that managers may attempt to improve their knowledge about systematic financial management practices and they should be well-equipped with more financial tools to suppor their cash management, to reduce bankruptcy risk from the use of debt and to improve potential profits in the future.

Limitations of the study can be identified as follows. Firstly the scope of the study was limited only in Bangkok and vicinity areas and the results may not represent the larger geographical areas. Secondly, generalization of the study may not be able to explain the firms in other industries or contexts. Directions for further research can be provided for new studies in this area. Firstly, the quantitative approach to financial management practices with larger sample size may be conducted to test the relationship among cash, debt and profitability of hospitality SMEs. Secondly, the researchers may investigate other aspects of financial management, including net working capital management and inventory management. Thirdly, the comparative study between hospitality firms and other types of firms can improve the generalization of the research findings.

References

Abanis, T., Sunday, A., Burani, A., & Eliabu, B. (2013), "Financial Management Practices in Small and Medium Enterprises in Selected Districts in Western Uganda", *Research Journal of Finance and Accounting*, Vol 4 (2): pp. 29-42.

Agyei-Mensah, B. K. (2010), "Financial management practices of small firms in Ghana: An empirical study", *African Journal of Business Management*, Vol 5 (10): pp. 3781-3793.

Aminu, Y. (2012), "Determinants of IMs as a Component of Working Capital in Ensuring Corporate Profitability - A Conceptual Approach", *Research Journal of Finance and Accounting,* Vol 3(11): pp. 58-61.

Amuzu, M. S. (2010), "Cash flow ratio as a measure of performance of listed companies in emerging economies: The Ghana Example", *Dessertation*, St. Clements University, Turks and Caicos Islands.

Anandasayanan, S., Subramaniam, V. A., Sireeranhan, A., & Raveeswaran, M. (2013), "The determinant of leverage of the listed companies in Sri Lanka; An empirical Study", *International Journal of Research in Commerce & Management, Economics & Management,* Vol 3 (3): pp. 139.

APEC. (2001), "Profile of SMEs and SME issues in APEC 1990 - 2000", Retrieved May 5, 2014, from www.apec.org/apec/publications/all_publications/small_medium_enterprise.html

Ateljevic, J., Milne, S., Doorne, S., & Ateljevic, I. (1999), "Tourism Micro-firms in Rural New Zealand Key Issues for the Coming Millennium", Wellington, New Zealand Victoria University Tourism Research Group.

Atrill, P. (2001), "Working capital and financing problems of the small business", Certified Diploma.

Bannock, G. (2005), "The economics and management of small business: An international perspective". New York: Routledge.

Bastakis, C., Buhalis, D., & Butler, R. (2004), "The Perception of Small and Medium Sized Tourism Accommodation Providers on the Impacts of the Tour Operators' Power in Eastern Mediterranean", *Tourism Management,* Vol 25: pp. 151-170.

Beaver, G., & Prince, C. (2004), "Management, strategy and policy in the UK small business sector: a critical review", *Journal of Small Business and Enterprise Development*, Vol 11 (1): pp. 34-49.

Bergin-Seers, S., & Jago, L. (2006), "Performance Management in Small Motels in Australia", Sustainable Tourism Co-operative Research Centre.

Berryman, J. (1983), "Small Business Failure and Bankruptcy, a Survey of the Literature", *European Small Business Journal*, Vol 1 (4): pp. 47-59.

Brinckmann. J., Salomo. S., & Gemueden, H. G. (2011), "Financial management competence of founding teams and growth of new technology-based firms", *Entre Theo and Prac,* Vol 35 (2): pp. 217-243.

Brealey, A. R., Myers, C. S., & Allen, F. (2008), *Principles of Corporate Finance*, New York: McGraw-Hill/Irwin.

Brouthers, K. D., Andriessen, F., & Nicolaes, I. (1998), "Driving blind: Strategic decision making in small companies", *Long Range Planning*, Vol. 31 (1): pp. 130-138.

Business Finance Magazine. (2008), "Leading the Cost Optimization Movement", *Business Finance Magazine*.

Buytendijk, G., Lal, V., & Toomey, J. (2008), "The Need for Profitability and Cost Management", Oracle Corporation.

Byrnes, J. (2003), "Managing Profitability: One Year Later", Harvard Business School. Retrieved May 9, 2014, from http://hbswk.hbs.edu/archive/3703.html

Chan, J. K. L. (2008), "Internet adoption framework for small and mediums sized accommodation business: A case in Sabah, Malaysia", 2nd Asia Euro Tourism, Hospitality and Gastronomy Conference-Asia Euro Transfer of Technology and Knowledge in Tourism, Kuala Lumpur, Malaysia: Hospitality & Gastronomy.

CIMA (1994), CIMA to Investigate Trade Credit Management, CIMA Res. Foundation Newsletter, Vol 4(11): pp. 1.

Codjia, M. (2012), Financial Management Challenges, Retrieved May 19, 2014, from Ehow.com: http://www.ehow.com2info_792082_financial-management-challenges.

Codjia, M. (2014), "Debt vs. Income for a Small Business", Demand Media. Retrieved May 9, 2014, from http://smallbusiness.chron.com/debt-vs-income-small-business-18641.html

Cooley, P. L., & Pullen, R. J. (1979), "Small business cash management practices", American Journal of Small Business, Vol 4 (2): pp. 1-11.

Correia, C., Flynn, D., Uliana, E., & Wormald, M. (2003), *Financial management,* 1st Ed. Juta, Cape Town.

Deloof, M. (2003), "Does working capital management affect profitability of Belgian firms?", *Journal of Business Finance and Accounting*, Vol 30: pp. 573-588.

De Thomas, A. R., & Fredenberger, W. B. (1985), "Accounting needs of very small business", *The CPA Journal,Vol* 55 (10): pp. 14-24.

Dewhurst, J., & Burns, P. (1993), *Small Business Management.* UK, Macmillan.

Falope, O. I., & Ajilore, O. T. (2009), "Working Capital Management and Corporate Profitability: Evidence from Panel Data Analysis of Selected Quoted Companies in Nigeria", *Research Journal of Business Management,* Vol 3: pp. 73-84.

Filbeck, G., & Lee, S. (2000), "Financial management techniques in family businesses", *Family Business Review,* Vol 13 (3): pp. 201-216.

Gebremichael, M. (2014). *How to Manage Small Business Debt*. Demand Media. Retrieved May 9, 2014, from http://smallbusiness.chron.com/manage-small-business-debt-16534.html

Ghosh, B. C., & Yoke, K. C. (1997), "Management accounting in Singapore-well in place?", *Managerial Auditing Journal,* Vol 12 (1): pp. 16-18.

Gill, A., Biger, N., & Mathur, N. (2010), "The Relationship between Working Capital Management and Profitability: Evidence from the United States", *Business and Economics Journal,* (10): pp. 1-9.

Gitman, L. J. (2007), *Principles of Managerial Finance.* New York: Addison Wesley.

Grablowsky, B. J, & Burns, W. L. (1980), "The applications of capital allocation techniques by small business", *Journal of Small Business*, Vol 18 (3): pp. 50-58.

Hashim, M. K. (2005), *Small and medium sized enterprise in Malaysia: Role and issues.* Sintok: UUM Press.

Hassan, F., Irving, H., Lewis, C., Collins, G., & Hobbs, A. (2012), *A Guide to Financial Management for SMEs*. Department for Business Innovation & Skills.

Holmes. S., & Nicholls, D. (1989), Modeling the accounting information requirements of small businesses. *Accounting Business Res.,* Vol 19 (74): pp. 143-150.

Horn, J. V., & White, W. L. (1974). Debt Management and the form of Business Financing. *The Journal of Finance*, Vol 29 (2): pp. 565-577.

Horner, D. (2000), *Accounting and Finance, an Analysis and evaluation Approach to usiness Studies*. 1st Ed, Holder and Stoughton Educational, UK.

Ismail, N. A., & Zin, R. M. (2009), Usage of accounting information among Malaysian Bumiputra small and medium non-manufacturing firms. *Journal of Enter Res Plan Stud*, Vol 1 (2): pp. 11-17.

Jaafar, M., Maideen, S. A., & Sukarno, S. Z. M. (2010), Entrepreneurial Characteristics of Small and Medium Hotel Owner-Manager. *World Applied Sciences Journal (Special Issue of Tourism & Hospitality)*, Vol 10: pp. 54-62.

Jassy, A. R., Katz, L. E., Kelly, K., & Kochar, B. (1998), *Cash Management Practices in Small Companies,* President and Fellows of Harvard College.

Jindrichovska, I. (2013), Financial Management in SMEs. *European Research Studies*, XVI, Special Issue on SMEs, pp. 79-96.

Jones, E., & Tang-Heaven, C. (2005), Service Quality and Destination Competitiveness. *CAB International, Tourism SMEs*, pp. 1-24.

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,* Vol 16 (1): pp. 53-57.

Koyuncugil, A. S., & Ozgulbas, N. (2006), Is there a specific measure for financial performance of SMEs?, *The Business Review,* Vol 5 (2): pp. 314-319.

Kugel, R. (2011), "Finance Geek: A Blueprint for Profitability Management", *Ventana Research*, Retrieved May 9, 2014, from http://businessfinancemag.com/technology/finance-geek-blueprint-profitability-management

Lazaridis, I. T. (2004), Capital budgeting practices: A survey in the firms in Cyprus. *Journal of Small Business Management, 42* (4), 427-433.

UTCC *IJBE*

Lazaridis, I., & Tryfonidis, D. (2006), "Relationship between Working Capital Management and Profitability of Listed Companies in the Athens Stock Exchange", *Journal of Financial Management and Analysis*, Vol 19: pp. 26-35.

Lee-Ross, D., & Lashley, C. (2009), "Entrepreneurship and Small Business Management in the Hospitality Industry", Hospitality, *Leisure and Tourism Series 15*. Butterworth. Heinemann, Oxford, UK.

Locke, S., & Scrimgeour, F. (2003), "Testing the consistency of New Zealand SME financial ratios across industry groups", *Journal of American Academy of Business*, Vol 3 (1), pp. 166-173.

Maseko, N., & Manyani, O. (2011), Accounting practices of SMEs in Zimbabwe: An investigative study of record keeping for performance measurement (A case study of Bindura), *Journal of Account and Tax,* Vol 3 (8): pp. 171-181.

Mathuva, D. (2009), "The influence of working capital management components on corporate profitability: a survey on Kenyan listed firms", *Research Journal of Business Management,* Vol 3: pp. 1-11.

McMahon, R. G. P. (2001), "Business growth and performance and the financial reporting practices of Australian manufacturing SMEs", *Journal of Small Business Management,* Vol 39 (2): pp. 152-164.

McMahon, R. G. P., & Holmes, S. (1991), "Small business financial management practices in North America: A literature review", *Journal of Small Business Management,* Vol 29 (2): pp. 19-29.

Menon, M. (2011), SMEs & Cash Flow: Management Importance of cash flow management to make an SME Bankable, *Morison Menon News*, July - September, 2011.

Morrison, A. (1998), "Small Firm Co-operative Marketing in a Peripheral Tourism Region", *International J. Contemporary Hospitality Management*, Vol 10 (5): pp. 191-197.

Muller ,T. A. (2008), "Managing Cash Flow", *Dynamic Business Magazine*, Australia.

Murphy, B. (1979), "Assessing the value of financial control techniques to the smaller business", *Certified Accountant*, Vol 71 (2): pp. 95-148.

Murugesu, T. (2013), "Effect of debt on corporate profitability (Listed Hotel Companies Sri Lanka)", *European Journal of Business and Management*, Vol 5 (30): pp. 13-18.

Nagai, K. (2007), *Small & Medium Enterprise Development Policies in Thailand*. Institute for International Trade & Investment (ITI).

Nandan, R. (2010), "Management accounting needs of SMEs and the role of professional accountants: A renewed research agenda", *JAMAR*, Vol 8 (1): pp. 65-78.

Nayak. A., & Greenfield, S. (1994), *The use of management accounting information for managing micro business.* In Hughes A, Storey D, 1st Ed., Finance and the Small Firm. Routledge, London.

Neely, A. G. et al. (2001), "The Performance Prism in Practice", *Measuring Business Excellence*, Vol 5 (2): pp. 6-12.

Nimalathasan, B., & Valeriu, B. (2010), "Capital Structure and Its Impact on Profitability: A Study of Listed Manufacturing Companies in Sri Lanka", *Revista Tinerilor Economisti / The Young Economists Journal*, Vol 13: pp. 55-61.

O'Rourke, J. (2011), *Profitability and Cost Management in Healthcare: An Oracle White Paper.* Oracle Corporation.

Oduware, U. (2011), *Overview of Financial Management.* Retrieved May 7, 2014, from http://www.isearch.im/pdf/1/chapter-1-overview-of-financial-management.html

Office of Small and Medium Enterprises Promotion. (2005), *SMEs Trend.* Retrieved May 7, 2014, from http://www.sme.go.th

Office of Small and Medium Enterprises Promotion. (2013), *Executive Summary.* Situation of SMEs in 2013.

Osman, H. B. (2007), *Financial Management Practices for SMEs: An In-depth Study among SMEs in Kedah.* Masters' Thesis, Unpublished. Malaysia: Universiti Utara.

Peel M.J., & Wilson, N. (1996), Working Capital and Financial Management Practices in the Small Firm sector. International Small Business Journal, Vol 14 (2): pp. 52-68.

Raheman, A., & Nasr, M. (2007), "Working capital management and profitability - Case of Pakistani firms", *International Review of Business Research Papers*, Vol 3 (1): pp. 279-300.

Robinson, R., & Pearce, J. (1984), "Research thrusts in small firm strategic planning", *Academy of Management Review*, Vol 9: pp. 128-137.

Ryan, P. A., & Ryan, G. P. (2002), "Capital budgeting practices of the Fortune 1000: How have things changed?", *Journal of Business and Management, Vol* 8 (4): pp. 355-364.

Shimpi, P. (2003), *Asset/liability management as a corporate finance function.* Euromoney Institution Investor, London: UK.

Slaughter, J. (2014), *Debt as a Source of Financing a Small Business.* Demand Media. Retrieved May 9, 2014, from http://smallbusiness.chron.com/debt-source-financing-small-business-3466.html

Smith, W. (2013), "Integrating Your Cash and Short-Term Debt Management Strategy", *Controller's report,* pp. 9-10.

Stanisic, G. (2013), *SMEs in Hospitality Industry and Strategy.* Retrieved May 9, 2014, from http://goricastanisic.wordpress.com/2013/03/03/smes-in-hospitality-industry-and-strategy

Suwastika, N., &Anand, C. (2012), "A Comparative Study of the Financial Problems Faced by Micro, small and medium Enterprises in the Manufacturing sector of Fiji and Tonga", *International Journal of Emerging Markets*, Vol 7 (3): pp. 245-262.

Thai Credit Guarantee Corporation. (2012), *Statistics of SMEs in Thailand*. Retrieved May 6, 2014, from http://www.tcg.or.th/smesclub/index.php?option=com_content&view=article&id =194:-smes-&catid=94:-smes&Itemid=412

Thomas, J., & Evanson, R. V. (1987), "An empirical investigation of association between financial ratio use and small business success", *Journal of Business Finance & Accounting,* Vol 14 (4): pp. 555-571.

Uwonda, G., Okello, N., & Okello, N. G. (2013), "Cash flow management utilization by Small Medium Enterprises (SMEs) in Northern Uganda", *Merit Research Journal of Accounting, Auditing, Economics and Finance,* Vol 1 (5): pp. 67-80.

Uwuigbe, O., Uwalomwa, U., & Egbide, B. C. (2012), "Cash Management and Corporate Profitability: A Study of Selected Listed Manufacturing Firms in Nigeria", *ACTA Universitatis Danubius,* Vol 8 (1): pp. 49-59.

Wanhill, S. (2000), "Small and medium tourism enterprises", *Elsevier,* Vol 27 (1): pp. 132-147.