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Liquidity Management: The Practices among SMEs in a Developing Country

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Abstract:
Objective: It is expected that the efficiency and profitability of a business largely depends on the manner in which its liquidity is managed. As a result, the study examined the liquidity management practices among SMEs in the Accra and Kumasi metropolis of Ghana.
Methodology: Quantitative data collection technique was used to collect data from the managers or accountants of the SMEs. Both primary and secondary data were collected from 320 SMEs using convenience sampling technique. Self-administered questionnaire was used to gather data.
Findings: The study revealed that majority of the SMEs hardly offered credit sales to their customers. It was also obtained that majority of the SMEs did not offer cash discounts to their customers. Almost all the SMEs screened their customers undertook customer background check before goods were sold on credit to them. The study further revealed that the SMEs hardly had credit policy. On the other hand, the SMEs mostly paid within credit period and also had credit limit for each customer. Similarly, debtors of majority of the SMEs mostly defaulted payments. Likewise, the SMEs never factored their debtors and again, the SMEs never took legal action against their defaulting customers.
Conclusion: It is concluded that the cash and accounts payable management practices by the SMEs were relatively good and effective whilst the accounts receivables management practice was weak and largely ineffective.
Recommendations: It is recommended that the SMEs must desist from financing long term capital projects with short term finance. Again, the staff in the SMEs especially the accountants should be given training on efficient and effective liquidity management in SMEs.

Keywords: *Liquidity management, cash management, accounts receivables management, accounts payables management, SMEs*

1. Background of the Study

Recently, the development of small and medium enterprises (SMEs) is emerging as a major economic development and growth schemes targeted at poverty alleviation, employment and wealth creation in many world economies. Because of this, Ndagijimana and Okech (2014) contend that many countries around the world with support from development partners have consistently initiated programs reserved towards the strengthening and development of the sector. The authors maintain that the areas of support include management and technical training, extension services, provision of physical structures, provision of utilities, marketing and credit facilities. Quartey (2008) also asserts that concerns in the role of SMEs in the development process has taken the forefront of policy debates in most countries especially, developing countries. Ghana government being aware of this, has made attempt at developing a legal, and regulatory framework, the tax regime, markets and marketing, business linkages, skills and technology and financial services for SMEs.

At the heart of SME development is the issue of liquidity management. Small and medium enterprises are however required to maintain a balance between liquidity management and profitability while conducting its day to day operations. According to Deloof (2003), liquidity management is a significant component that ensures that firms are able to meet their short-term obligations and its continued flow can be guaranteed from a profitable venture. Deloof further asserted that the significance of liquidity as an index of continuing financial health should not be surprising in view of its crucial role within the business. As a requirement, businesses must be managed both efficiently and profitably. In the process, a disproportionate between an asset and liability may happen which can increase firm's profitability in the short run but at a risk of its insolvency. On the other hand, Bhattacharya (2001) argues that too much focus on working capital and liquidity will be at the expense of profitability.

In the opinion of Agyei-Mensah (2012), liquidity represents a significant constituent of a SME's financial management. According to the author, a large number of SMEs in Ghana have a significant amount of cash invested in liquidity in addition to a substantial amount of short-term payables as a source of financing. The author cautioned that short-term assets and liabilities are crucial elements of total assets and needs to be carefully analyzed. Azeem and Marsap (2015) also indicate that the management of liquidity demands a careful analyses since liquidity management has an important role to play for the profitability and risk of a firm as well as its value. Efficient management of liquidity is a fundamental part of the overall corporate strategy to create the shareholders' value. The issue of liquidity management is especially importance to the small businesses (Quartey, 2008). The author further explained that SMEs have limited access to the long-term capital markets and therefore normally tend to rely more heavily on owner financing, trade credit and short-term bank loans to finance their needed investment in cash, accounts receivable and accounts payables.

The discussion above suggests that the need to maintain effective liquidity management within small and medium enterprises remains pivotal to the survival of SMEs as suggested by Kehinde (2011). Kehinde (2011) further observed that most SMEs are not concerned about their liquidity position: most of the SMEs have inadequate regard for their liquidity position and most do not even have standard credit policy. Wire (2015) also noted that many SMEs also care little about their financial position, thus interested only in running their business, and mostly focusing cash receipt and what their bank account position is. This is a worrying trend, particularly in Ghana, where SMEs play a key role in the growth and development of the country. Quartey (2008) reported that small enterprises provide about 85% of manufacturing employment, contribute to about 70% to Ghana's GDP and account for about 92% of businesses in Ghana.

Afrifa (2013) argues that the SME sector is confronted with several constraints especially poor liquidity management practices. Afrifa (2013) added that, lack of an efficient and effective liquidity management system is a core problem area for SMEs in Ghana. This constraint is likely to affect negatively the laudable objectives of SMEs. According to Lipson and Mortal (2012), it is widely assumed that the efficiency and profitability of an enterprise largely depends on the manner in which its liquidity is managed. Again Danjuma et al. (2015) showed that both excessive and inadequate liquidity is harmful to a firm. The authors indicated that excessive liquidity leads to unprofitable use of scarce resources and interrupts the normal operations of SMEs.

In fact, some research have been conducted on liquidity management practices by SMEs (e.g. Lipson and Mortal, 2012; Danjuma et al., 2015; Kehinde, 2011; Wire, 2015 etc.), however, they were exclusively undertaken in the developed countries. Close studies related to this topic in Ghana are that of Quartey (2008); Agyei-Mensah (2012) and Afrifa (2013). However, their studies were related to working capital management. The context in liquidity management might be different and probably the findings in the developed economies might not be applicable to the Ghanaian situation. To put differently, there is a study gap in liquidity management practices among SMEs in Ghana. This study therefore aims to fill that gap by investigation into the liquidity management practices among SMEs in Ghana.

1.1. Objectives of the Study

The main objective of thestudy is to provide empirical evidence on liquidity management practices among SMEs in Ghana. The specific objectives are:

1. To evaluate the cash management practices among SMEs in Ghana.
2. To examine the accounts payables management practices among SMEs in Ghana.
3. To evaluate the accounts receivable management practices among SMEs in Ghana.

2. Literature Review

2.1. Liquidity Management

Liquidity is very important for day-to-day operations of every business. According to Opoku (2015), liquidity is the relative ease, cost, and speed with which an asset can be converted into cash. On the other hand, Danjuma et al. (2015) defined liquidity management as all management decisions and actions that influence the size and effectiveness of liquidity. The authors explained that the management of liquidity involves managing inventories, accounts receivable and payable, and cash. Additionally, Lipson and Mortal (2012) explained that the main aim of liquidity management is to provide for adequate availability and safekeeping of corporate funds under varied economic conditions in order to help achieve the desired corporate objectives of shareholders wealth maximization. According to authors, liquidity management emphasizes the management of current assets, current liabilities and the relationship that exist between them. Wire (2015) also contend that the effect of liquidity management involves planning and controlling current assets and current liabilities in such a manner that eliminates the risk of the inability to meet due short term obligations.

As Azeem and Marsap (2015) noted, a decision taken on one of the components of liquidity has an effect on the other components. Fatoki (2012) also submits that liquidity can be invested in short-term sources of finance, such as cash, account receivables, and accounts payables. The author further explains that liquidity is reduced in terms of payments made to account payables (creditors), account receivables (debtors) and other accrued liabilities. Similarly, Arnold (2008) contends that there is the need to have optimal levels of costs and benefits. This requires the liquidity components of working capital must be managed with appropriate practices through raising or lowering cash, account receivables and account payables. Literature indicates that the various components of liquidity management in many SMEs are: cash manaegement; account payables management and account receivables management.

2.2. Liquidity Management in SMEs

It is undeniable that liquidity management is necessary for all firms, however, it is the small firms that have to address this issue more seriously, given their susceptibility to the instability in the level of liquidity. Danjuma et al. (2015) observed that small firms are inclined to have a comparatively high proportion of current assets, less liquidity, volatile cash flows, and a heavy reliance on short-term debt. This means that efficient liquidity management is critical for the success of small and growing businesses. As has been observed by Lipson and Mortal (2012) that liquidity management practices have an effect on companies' profitability. Since SMEs have inadequate access to the long-term capital markets, they therefore rely more greatly on owner financing, trade credit and short-term bank loans to finance their needed investment in cash, accounts receivable and accounts payables (Wire, 2015).

Empirically, a study conducted by Opoku (2015) found that majority of Ghanaian companies adopts the conservative strategy, whilst only few follow the aggressive strategy. It was however revealed by Fatoki (2012) that, as the degree of fierceness of liquidity management strategy increases, the returns are likely to decrease. Smith and Sell (1980) was one of the first studies that comprehensively surveyed the liquidity management practices of SMEs in the U.S. In their study, they employed a survey instrument made up of 35 questions. They concluded that liquidity management practice was far more than just a series of independent technologies. Belt and Smith (1992) also conducted a research into the liquidity and working capital management practices in USA with a sample of 448 largest industrial companies. Using longitudinal data of a ten-year period, the authors suggested a pattern of more formality and sophistication in how current assets and liabilities are managed in practice.

A survey undertaken by Williams and Cowling (2009) also cited lack of liquidity and working capital as the top factor among five short-term constraints by SMEs. Similarly, Howorth and Westhead (2003) revealed that small firms have lower intake of liquidity management practices. Recently, Orobia et al. (2013) also pointed to a number of factors including strategic errors, weak financial skills, and poor management reporting as causes of poor liquidity management. Nyamaol et al. (2012) also conducted a study to explain the liquidity and working capital management practices of SMEs in Kenya. Using a sample of 113 SMEs, the authors concluded that the liquidity management practices were low amongst SMEs as majority had not adopted formal liquidity and working capital management routines. In the Ashanti region of Ghana, Agyei-Mensah (2012) also conducted a research into the liquidity and working capital management practices of SMEs. With a sample size of 800 randomly selected firms, the study discovered weak liquidity and working capital management skills within the sector.

3. Research Methodology

3.1. Research Design

The research design adopted for the study was the descriptive design. According to Saunders, Lewis and Thornhill (2007) descriptive analysis is a research method that involves asking a large group of people questions about a particular issue. The study further adopted a survey approach. This design is regarded as the most appropriate for the study because survey studies, utilizes questionnaires, observations, tests, and interviews as tools to gather data.

The study employed a quantitative data collection technique to gather data from the SMEs. Both primary and secondary data were collected. Saunders, Lewis and Thornhill (2007) explain that primary data is the data which the researcher assembles directly from the field through various methods like surveys, questionnaires, interviews, telephone and focus groups discussions. The primary data were gathered through questionnaires distributed to the accountant and/or management of the SMEs and the secondary data were collected from the financial records of the SMEs.

The population for the study consisted of all SMEs with a staff between six and thirty within the Accra and Kumasi metropolis. These cities were chosen because they are noted to be the commercial cities in Ghana and the majority of the SMEs in Ghana are located in these cities. A study in these two cities are thus deemed appropriate to represent the general liquidity management practices in Ghana. An initial enquiry from the National Board for Small Scale Industries (NBSSI) in Accra and Kumasi indicated that the cities had an estimated SME population of 2100 and 1800 respectively as at 30st October, 2016. For the purpose of the study, the population was made up of the following businesses: retailers, wholesalers and manufacturing businesses. For the selection of the SMEs, convenience sampling method was used. This method was employed to select respondents who were available and were willing to take part in the study. The sample size was chosen based on the guidelines of Krejcie and Morgan (1970). The authors argue that a population of 3900 requires a sample size of 351. This means that the sample size from the study must be 351 respondents. Thus, 351 SMEs were chosen, however 320 SMEs responded to the questionnaires distributed.

3.2. Data Collection Instrumentsand Analysis

In this study, self-administered questionnaire was used. The use of questionnaire enables researcher to collect large amount of data in a relatively short time (Kaln & Best, 2006). Three hundred and fifty one (351) questionnaires were distributed to the managers or accountants of the selected SMEs and 320 were filled and returned. The researchers visited the offices or shops of the selected SMEs to distribute the questionnaires and allowed a period of one week for collection. The whole data collection took a period of one month and two weeks. The questionnaire was pre-tested with SMEs in the Tema metropolis in order to check and ensure that no irrelevant questions were present in the questionnaire and hence assessed the content validity. Their suggestions were incorporated. The pilot project was basically to test the respondents' understanding of the questions. After the collection of the data, the data was analyzed and interpreted. In order to compare and analyze the liquidity management of micro, small and medium enterprises, descriptive analysis tools such as mean, standard deviation (SD), maximum and minimum numbers were used to present the results in tables. Statistical Package for Social Sciences (SPSS), version 21 was used to analyse the data.

4. Data Analysis

4.1. Cash Management Practices among SMEs

Table 1 shows that majority (54.4%) of the SMEs did not regularly prepare cash budget for their business. On the other hand, 45.6% of the SMEs did prepare cash budget. Despite the fact that few of the SMEs prepared cash budget, it was realised that the cash budget were not comprehensive. The respondents were further asked to indicate how regular these cash budgets were prepared. The study ascertained that majority (50.0%) of the SMEs prepared their cash receipts and payments on weekly basis. On the other hand, 26.7% of the SMEs prepared cash budget monthly whilst 4.1% also prepared cash budget yearly. It must be indicated however that this practice with regards to the preparation of cash budget is encouraging. Nonetheless, most of these cash budgets were done on sheets of papers or were just a mere forecasts in the heads of the managers or accountants.

The result presented in Table 1 indicates that majority (82.5%) of the SMEs did send their cash receipts to bank. On the other hand, 17.5% of SMEs did not send cash receipts to bank. The findings imply that cash is well accounted for among the SMEs because controls over cash is available and it would serve as checks and balances. The respondents were further asked to indicate how often cash were send to the bank. As can be ascertained from Table 1, majority (53.0%) of the SMEs did send cash to bank every two days. Again, 21.6% of the SMEs did make cash deposit to bank daily whilst 10.4% deposited cash at the bank weekly. It can further be ascertained from Table 1 that 15.0% of the SMEs did not have any specific time interval of sending their cash receipts to the bank. The SMEs indicated that they did deposit cash to the bank at any time they found appropriate. This result about the deposit of cash at the bank by SMEs shows a good cash management practices. It is understandable that some of the SMEs did not send cash receipt to the bank daily or weekly. The nature of their businesses demanded that they could not send cash to the bank daily or every two days or at regular interval.

From Table 1, it can be seen that 58.4% of the SMEs invested excess cash whilst 41.6% did not invest any excess cash arising from their business. The respondents that did not invest the excess cash indicated that the excess cash were kept in their bank accounts for possible investment opportunities. Again, these excess cash were also kept for future eventualities. Looking at the fact that majority of the respondents invested excess cash or were looking for possible investment opportunities suggests that the SMEs were committed to make effective and efficient use of their cash. Further, the respondents were asked to indicate the areas where the excess cash were invested.

From Table 1, it can be ascertained that majority of the SMEs invested excess cash back into the business. As can be ascertained from Table 1, slightly more than half (55.6%) of the SMEs invested the excess cash back in their businesses in the form of expansion. These expansions involved acquisition of a new store or branch or moving from a small shop or office to a spacious and large offices. As can further be ascertained, 21.9% of the SMEs used the excess cash in their businesses to acquire personal properties. These properties were not used for business related activities. Examples of such personal properties are cars, buildings, household appliances etc. On the other hand, 8.6% of the SMEs invested the excess cash in their businesses on fixed deposits or treasury bills. This can be seen as a wise move because fixed deposits and treasury bills are cash equivalents that attracts interests to the holder. They can be withdrawn when the needs arises at a discounted rate.

4.2. Account ReceivablesManagement

Table 2 shows how the SMEs managed their account receivables. First, the respondents were asked to indicate if they always had credit policy. The mean rating and standard deviation for the respondents that indicated that they had credit policy in their businesses were 1.39 and 0.34 respectively, thus depicting that majority of the SMEs did not always have credit policy to guide the management of their accounts receivables. The SMEs were further asked to indicate whether they offered credit sales to their customers. The result (mean = 1.21 and SD = 1.24) indicates that the SMEs hardly offered credit sales to their customers. It was also obtained from the study that majority (mean = 1.08 and SD = 0.69) of the SMEs hardly offered cash discounts to their customers. Here, it must be noted that the refusal to offer cash discount would not encourage bulk purchases and prompt payments.

Consequently, the SMEs were asked to indicate whether the customers were able to pay within the credit period. As Table 2 indicates (mean = 2.95 and SD = 1.14), the customers of the SMEs mostly paid their indebtedness within time. The SMEs were also asked whether their debtors defaulted in payments. The result (mean = 3.42 and SD = 1.03) of the debtors of the SMEs mostly defaulted payments. This result has shown that majority of the debtors of the SMEs mostly defaulted in the payment of their debt. As a result of this, the SMEs were asked whether they took legal action against the defaulters. Table 2 shows (mean = 0.57 and SD = 0.15) that SMEs hardly took legal action to recover the amount owed them.

Table 2 also indicates that (mean = 3.01 and SD = 0.91), the SMEs mostly screened their customers or undertook customer background check before goods were sold on credit to them. Effective liquidity management requires that credit limits are set for customers. Consequently, the SMEs were asked to indicate whether they had limit to which credit was given to their customers. Table 2 clearly indicates that majority of the SMEs mostly had credit limit policy for their customers. The SMEs that indicated that credit limit were put in place for their customers had a mean rating of 2.95 and standard deviation of 1.24, which shows that credit limits were mostly available in majority of the SMEs. Again, the SMEs were asked to indicate if they 'factored' their debtors. As can be seen from Table 2, (mean = 0.21 and SD = 0.13) of the SMEs never 'factored' their defaulted debtors.

4.3. Account PayablesManagement

Accounts payable management is one of the critical components of liquidity management. As a result, the respondents were asked to indicate whether their suppliers offered cash and quantity discounts. Table 3 indicates that majority (mean = 2.17 and SD = 1.38) of

the respondents indicated that their suppliers offered cash discounts to them some times. Further, the SMEs responded (mean = 2.84 and SD = 2.52) that their suppliers mostly offered them quantity discounts.

The SMEs were further asked to indicate whether they took advantage of both the cash and quantity discounts offered by their suppliers. The respondents that took advantage of both the cash and quantity discounts offered by their suppliers obtained a mean rating and standard deviation of 2.03 and 1.54 respectively, thus suggesting that sometimes, the SMEs took advantage of both the cash and quantity discounts offered by their suppliers. Further, the SMEs were asked to state whether all their creditors were paid in time. Table 3 shows (mean = 3.19 and SD = 1.14) that the SMEs mostly paid all their creditors in time. Finally, the respondents were asked if they regularly monitored their trade credit. With a mean of 3.28 (SD = 1.09), it clearly shows that majority of the SMEs mostly monitored their trade credits.

4.4. Trade Receivables and PayablePeriods

The trade payables and receivables periods of the SMEs were also ascertained. The result presented in Table 4 clearly shows that majority of the SMEs allowed a credit period of less than 1 month to their customers. Table 4 shows that 46.3% of the SMEs allowed a credit period of less than one month to their customers whilst 40.9% granted credit to their customers for a period between 1 and 2 months. Again, 10.0% of the SMEs allowed a credit period of between 2 and 3 months whilst only 2.8% of the SMEs allowed a credit period of more than 3 months to their customers. On the surface, it appears that the period within which credits were offered to the customers of the SMEs were not long. It is however important to ascertain the period within which the suppliers of the SMEs also allowed them to settle their debt. This will be able to facilitate an informed comparison of the efficiency of the SMEs in managing liquidity.

From Table 4, it can be seen that credit period granted to the SMEs by their suppliers was mostly up to 2 months. Table 4 shows that 36.9% of the SMEs were granted a credit period of less than 1 month by their suppliers whilst 48.8% of the respondents were also given a period of between 1 and 2 months to pay their suppliers. Again, 10.9% of the respondents obtained credit period of between 2 and 3 months whilst 3.4% of the SMEs were given a period of more than 3 months to pay their suppliers. Here, it can be obseved that the credit period offered to the customers was more than the credit period obtained from their suppliers within the first two month. This has the tendency of putting financial pressure on the SMEs.

The foregone analysis does paint a good picture about many aspects of the management of liquidity in these SMEs'. The analysis of the financial statements of the SMEs has shown that it took longer period for the SMEs to collect cash from their customers than they did pay their suppliers in the first two months. The evidence obtained also pointed out that some of the SMEs invested excess cash in business expansion. However, it was evidenced that majority of the SMEs were financing long term investment with short term finance. In some of the SMEs, the excess cash which were supposed to be used to procure more inventories and implement strategic goals were being used by these SMEs to undertake long term capital projects like branch expansion, purchase of cars, office decorations and others that did not directly generate revenues.

The findings of this study support the findings of Opoku (2015) who revealed a relatively good liquidity management practices among SMEs in Ghana. However, the findings of this study do not support the findings of earlier studies. For instance, a study by Agyei-Mensah (2012) in the Ashanti region of Ghana into the liquidity and working capital management practices of SMEs revealed a weak liquidity and working capital management practices within the sector. Again, in Kenya, Nyamaol et al. (2012) also concluded that the liquidity management practices were low amongst SMEs as majority had not adopted formal liquidity and working capital management routines. What this means is that the SMEs are probably learning how to manage liquidity and have improved with time.

5. Conclusion

Using questionnaire and the analysis of the financial records of SMEs in Ghana, the study examined the liquidity management practices among SMEs in Ghana. The study disclosed that though, the cash management practices were not robust, however, the practices were good. Minority of the SMEs did prepare cash budget and mostly this was done weekly. Again, majority of the SMEs deposit cash receipt at banks every two days. Similarly, excess cash were invested by the SMEs, mostly in business expansion.

The findings also showed that majority of the SMEs hardly offered credit sales to their customers. It was also obtained from the study that majority of the SMEs did not offer cash discounts to their customers to encourage bulk purchases and prompt payments. Almost all the SMEs screened their customers or undertook customer background check before goods were sold on credit to them. The study further revealed that the SMEs hardly had credit policy. On the other hand, the SMEs mostly paid within credit period and also had credit limit for each customer. Similarly, debtors of majority of the SMEs mostly defaulted payments. Likewise, the SMEs never factored their debtors and again, the SMEs never took legal action against their defaulting customers.

The study further ascertained that suppliers offered cash discounts to SMEs but about half of the SMEs did not take advantage of the cash and quantity discount offered to them. The study further found that the credit period offered to the customers in the first two months was more than the credit period obtained from their suppliers.

On the basis of the findings, it is concluded that the cash and accounts payable management practices by the SMEs were relatively good and effective whilst the accounts receivables management practice was weak and largely ineffective.

6. Recommendations

The following recommendations are put forward based on the findings of the study.

The study revealed that some of the SMEs financed long term capital projects with short term source of finance. The SMEs must desist from financing long term capital projects with short term finance.

The staff in the SMEs especially the accountants should be given training on efficient and effective liquidity management in SMEs. This will sharpen their skills in liquidity management and will consequently help improve the performance.
As a matter of urgency, the management of SMEs must formulate liquidity policy for their businesses. The liquidity policy will help the staff and the management to understand the meaning of liquidity and how the institutions intend to manage their liquid resources.
The study have extensively explored the liquidity management practices among SMEs in the Ghana. Due to time and resources constraints, the study could not establish the effects of liquidity management on the performance of SMEs. It is thus recommended that further studies be undertaken to establish whether liquidity management affect the performance of firms.

Response Items	Number	Percent (%)
Preparation of Cash Budget		
Yes	146	45.6
No	174	54.4
Regularity of Preparing Cash Budget		
Weekly	73	50.0
Monthly	39	26.7
Yearly	6	4.1
Anytime	28	19.2
Deposit of Cash at the Bank		
Yes	264	82.5
No	56	17.5
Regularity of making Cash Deposits		
Daily	29	21.6
Every two days	71	53.0
Weekly	14	10.4
Anytime	20	15.0
Investment of Excess Cash		
Yes	187	58.4
No	133	41.6
Areas of Investing excess cash		
Fixed deposit or Treasury Bills	16	8.6
Expansion	104	55.6
Acquisition of Property	41	21.9
Household upkeep	26	13.9

Table 1: Cash Management Practices among SMEs
Source: Researcher's Field Work, 2016

Statements	Mean	SD	Maximum	Minimum
The firm has and use of credit policy	1.39	0.34	3	1
The firm offers sales on credit	1.21	1.24	3	0
The firm offers cash discounts	1.08	0.69	2	0
Debtors stick to the credit period	2.95	1.14	4	1
Some debtors default in payment	3.42	1.03	4	2
Legal action is taken against defaulters	0.57	0.15	2	0
Customers are screened before credit offered	3.01	0.91	4	1
There is credit limit to each customer	2.95	1.24	4	1
The firm factors debtors	0.21	0.13	1	0

Table 2: Account Receivables Management
Source: Researcher's Field Work, 2016
Mean Scale: 4 = Always; 3 = Mostly; 2 = Some Times; 1 = Hardly and 0 = Never

Statements	Mean	SD	Maximum	Minimum
Suppliers offer cash discounts	2.17	1.38	3	1
Suppliers offer quantity discounts	2.84	2.52	4	1
The firm take advantage of discounts	2.03	1.54	3	2
All creditors are paid on time	3.19	1.14	4	1
Trade credit are monitored	3.28	1.09	4	3

Table 3: Account Payables Management
Source: Researcher's Field Work, 2016
Mean Scale: 4 = Always; 3 = Mostly; 2 = Some Times; 1 = Hardly and 0 = Never

Response Items	Number	Percent (%)
Trade Receivable Period		
Less than 1 month	148	46.3
1 to 2 months	131	40.9
2 to 3 months	32	10.0
More than 3 months	9	2.8
Trade Payable Period		
Less than 1 month	118	36.9
1 to 2 months	156	48.8
2 to 3 months	35	10.9
More than 3 months	11	3.4

Table 4: Trade Receivables and Payable Periods
Source: Researcher's Field Work, 2016

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