

# Cost Management in Cash Flow: The Survival of Five SMEs In Klang Valley, Malaysia

**Muthyaah Mohd Jamil**

*Faculty of Accountancy, Universiti Teknologi MARA, Cawangan Selangor, Kampus Puncak Alam, 42300 Puncak Alam, Selangor, Malaysia  
Email: muthyaah@uitm.edu.my*

**Syeliya Md Zaini \***

*Faculty of Accountancy, Universiti Teknologi MARA, Cawangan Selangor, Kampus Puncak Alam, 42300 Puncak Alam, Selangor, Malaysia  
Email: syeliya@uitm.edu.my*

**Rina Fadhilah Ismail**

*Faculty of Accountancy, Universiti Teknologi MARA, Cawangan Selangor, Kampus Puncak Alam, 42300 Puncak Alam, Selangor, Malaysia  
Email: rinafadhilah@uitm.edu.my*

**Salsiah Mohd Ali**

*Faculty of Accountancy, Universiti Teknologi MARA, Cawangan Selangor, Kampus Puncak Alam, 42300 Puncak Alam, Selangor, Malaysia  
Email: salsiahma@uitm.edu.my*

*\*Corresponding author*

## **Abstract**

**Purpose** – This paper explores how SMEs utilise resources to maintain their business during COVID-19 and direction post-COVID-19.

**Design/methodology/approach:** The study employed a qualitative approach through five interviews in Selangor. The interview sessions were recorded and transcribed. The thematic analysis used to find the theme for the study is based on Social Cognitive Theory.

**Findings:** SMEs adopted the simple cash flow record without considering the market and economic situation. The main aim for all SMEs is to manage the debt through internalisation. These owners of SMEs utilised the internal resources available to strategise the business's direction after the movement control order. The study stated that these SMEs adopt various strategies, such as zero-based debt, diversification of products, and collaboration with partners to run their business after the MCO.

**Research Implications:** This study can help SMEs understand the importance of proper cash flow and stock management in their business operation to recover the companies' imbalanced cash position. The interaction with the SME owner and the opportunities available can be a tool for the SMEs to grow, considering all aspects such as business, financial and strategic management.

**Originality/value:** This study provides empirical analyses of the differences between SME approaches of pre- and post-movement control orders carried out by the government. Adopting the Social Cognitive Theory Framework is a new perspective in this discussion.

**Keywords:** Small and Medium Enterprise, Cost Management, Social Cognitive Theory

**Paper Type:** Research Paper

## Introduction

Small and medium-sized enterprises (SMEs) play vital economic roles by increasing competition, employment opportunities, and productivity, substantially benefiting the country's economy. They make up the largest proportion of businesses worldwide and play tremendous roles in providing goods and services, creating a better standard of living, and immensely contributing to the gross domestic product of many countries (OECD, 2022). The tremendous global expansion of the SME sector has brought attention to the distinctiveness of SMEs. However, the development of SMEs has attracted a lot of attention because there are situations in which SMEs are unable to endure over an extended period of time (Ihua, 2009; Ambad et al., 2020).

SMEs made up 97.2% of all business establishments in Malaysia, produced 38.2% of the country's GDP, and provided jobs for 7.3 million people (OECD, 2022). Malaysia is also focused on growing its small and medium-sized businesses, acknowledging their contribution to the nation's economic activities and their potential to become essential tools for workforce and economic growth. Even though these SMEs have made a substantial contribution, earlier research by Ambad et al. (2020) and Haron et al. (2014) revealed that SMEs face a variety of problems and obstacles, including funding, a shortage of human resources, innovation and technology, and infrastructure for marketing and operating their businesses. Further, most studies revealed that SMEs failed to sustain their businesses due to financial issues. While financial management is a crucial element of managing a business as a whole, efficient cash flow handling is the most important within this context. Over time, ineffective cash flow management on the part of business owners can cause their companies to fail. Compared to large enterprises, SMEs are more prone to fail in this aspect. This is a result of the entrepreneurs' difficulties in managing both the financial and non-financial sides of the business. From a financial aspect, entrepreneurs cannot manage the cash inflow and outflow cycle in revenue and sales, whilst the non-cash flow aspect includes stakeholder engagement, such as entrepreneurs' knowledge and experiences.

Sound cash flow management is a part of functional strategies which provide benefits to the business in terms of revealing cash performance, measuring liquidity, managing resources efficiently, and predicting the potential risk in certain circumstances. Consequently, it helps entrepreneurs to evaluate their business performance. A research conducted in China by Yang, Wang, and Du (2006) indicated that a significant cash shortage has caused 80% of businesses in developed nations to file for bankruptcy. In the same vein, according to Haron et al. (2014), there were over 80,000 failures of SMEs in the US in 1991. It was discovered that roughly 20% of the companies shut down in the first year of operation, 60% in the fifth, and 75% in the tenth. Approximately 65% of small and medium-sized enterprises (SMEs) in New Zealand failed during their first year of existence.

The Malaysian government has issued a Movement Control Order (MCO) to limit COVID-19 cases in light of recent, extraordinary events. Due to COVID-19, the last two years have been seen as a challenging time for Malaysian SMEs to manage company. According to data, between 2020 and July 2021, SMEs saw a 7.3% reduction (Jaafar, 2022). The main obstacle to the declining trend is cash flow disruption. It results in problems with business disruption and the smooth operation of the company's sustainability. Drawing from the facts, this study compares how SMEs managed their costs before and after the MCO announcement. This study acknowledges the SME's cost management practices before, during, and after the MCO.

This paper provides evidence of how SMEs utilise their resources in maintaining their business from the lens of financial performance. The paper extends the discussion on the resource-based view of the cost management literature. The findings of this paper contribute to drafting the suitability of the strategies to help SMEs to sustain their business.

Section 2 discussed this paper's literature review, which comprises past studies on cost management and social cognitive theory as the theoretical framework for this study. Section 3,

research methodology, highlighted the interpretative research method. The findings are presented in Section 4. Section 5 provides the discussion, and Section 6 concludes the study and recommends future studies.

### **Literature Review**

The cash flow statement shows cash generated from the operating, investing, and financing activities. The interpretation of cash flow depends on the users understanding of the information provided in the final statements (Lightstone et al., 2014; Li & Song, 2018; Omopariola et al., 2020). The purpose of the cash flow is to show the cash movement within the organisation (Watson, 2010; Dimitropoulos et al., 2020).

The information from cash flow helps the financing organisation determine the financing eligibility. The cash flow is used to determine the growth (Markus & Rideg, 2021; Dimitropoulos et al., 2020), market value (Karadag, 2017), and liquidity of the organisation (Dimitropoulos et al., 2020; Wasiuzzaman, 2018; Jooste, 2006). The cash flow portrays the operating, investing, and financing costs discussion.

This study focuses on managing the operating costs of the business. Cost management articles evolved from the general basic discussion on costing (Bodendorf et al., 2022; De Micco et al., 2022; Wang et al., 2022) until the study on the techniques for predicting some cost such as quality costs (Biadacz, 2020; Masoudi & Shahin, 2022; Psomas et al., 2022), maintenance cost for aviation (Chen et al., 2023) and supply chain cost (Ramos et al., 2021).

In the other studies, the paper examined the factors that influence the cost management, such as risk (Almarri et al., 2023; Masoudi & Shahin, 2022) and the enterprise management system using IT (Jayamaha et al., 2023). The other extends to discussion on cost management by discussing effective control techniques (Oyegoke et al., 2022). These studies utilised the available costing data.

Managing the cost within the organisation requires attitude (Almarri et al., 2023; Biadacz, 2020; Ooi & Chelliah, 2022; Sari et al., 2023) and culture (Almarri et al., 2023; Biadacz, 2020; De Micco et al., 2022). These studies propose that cost management articles should highlight how attitudes and cultures influence cost management in the organisation. However, this study fills up the gap in the earlier discussion. This study explores how the organisation manage the cost.

This study focuses on SMEs because they are small businesses in nature. The management of costs is an important factor for the company to sustain (Biadacz, 2020). Due to that, the SMEs must closely monitor the business's cash flow (Verma et al., 2021; Watson, 2010; Dimitropoulos et al., 2020). This study provides evidence for explaining how they manage their cost in detail. This study employed the social cognitive theory as the guidance for this study.

Social cognitive theory (SCT) is a psychological theory that explains the interaction between people and environments (Betty Feng et al., 2023; Salunkhe et al., 2021). According to Betty Feng et al. (2023), this theory elaborates on people's capacity to develop dynamic capabilities, which include the capacity to integrate, construct, and reconfigure internal and external competencies in response to environmental changes. The way in which business owners implement financial strategies can vary depending on the development of the corporate sector and the financial practices that are more common or of greater strategic significance in the overall financial management of small and medium-sized enterprises (SMEs) (Butt et al., 2010). Nevertheless, there has not been much research on how this dynamic capability might be recognised in their respective environments and applied as strategic tools for overcoming financial obstacles. For the purpose of this study, the dynamic capability refers to the study's different phases: the pre-MCO phase, the MCO phase and the post-MCO phase.

SCT further explains how people react after the evaluation process of the event and the effects of their actions (Li et al., 2023). It is also known as the thought process. For the SME, the thought

process involves the owners of the SMEs. There are three elements in the thought process. The first element is the interaction between the people and environments (Ancelin-Bourguignon et al., 2013; Salunkhe et al., 2021; Sari et al., 2023; Chuen & Topimin, 2023). This is the process of evaluating the techniques for managing the cost for every phase in this paper.

The second element is the interaction due to the learning process (Ancelin-Bourguignon et al., 2013; Salunkhe et al., 2021; Chuen & Topimin, 2023). This is the internalisation process, which involves examining the situation and the possible actions based on the environment. The owner of SMEs plans to manage the cost based on market conditions. The third element is that the learning process happens through observation or experience (Ancelin-Bourguignon et al., 2013; Salunkhe et al., 2021; Chuen & Topimin, 2023). The owners of the SMEs did not guarantee any outcome of the practices. The practices are considered as trial and error.

SCT is used in accounting research when businesses have to adjust to new rules or standards (Ancelin-Bourguignon et al., 2013; Modell, 2015). Organisations may use different practices to adjust to the changes. This alludes to "subjectification," in which case the organisation may use various strategies to adjust to changes. Even if they are in the same industry, SMEs operate differently.

### **Research Methodology**

This research employed a qualitative method using a case study approach that comprehensively described how and why SME entrepreneurs manage their cash flow (Yin, 2003). The research was designed as one content analysis with multiple unit analyses. The data was gathered through interviews with all the respondents related to SME entrepreneurs.

This study used four-type questions in the interview sessions. Four questions are generated based on the respondent's opinions (Tracy, 2013). However, this study identified the fundamental questions based on the literature review. The interview questions were submitted to the UiTM Ethics Committee. The university requires the interview questions to be submitted in Malay language and English.

The committees approved the interview questions in September 2022. The Research Ethics Committee (REC) approval number is REC/11/2022 (ST/MR/235). The researchers identified 30 respondents who were eligible for the interview process. The selection of respondents were the respondents who owned SMEs in the trading and service industry. The business must be around the Klang Valley. The researchers contacted the respondents through email and WhatsApp applications.

Only five respondents agreed to be interviewed. The interview process was done from October 2022 until January 2023. The selection of the sample was based on a judgemental sampling process. Judgmental sampling identifies the appropriate interviewees for the study (Maseeh et al., 2023). In this study, the interviewees were selected from the SMEs who operated businesses before the MCO and were still in the business until recently.

The size of the qualitative studies is not limited; it depends on the saturation of data (Maseeh et al., 2023; Alam, 2021). It is the point where the information gathered has received common explanations. This study adopted the semi-structured interview to guide the interview sessions, and the interviewees can ask deep questions about the financial condition during the pandemic. The summary durations of the interviews are depicted as follows:

Table 1: Duration of Interview

Respondents	Duration	Year founded
Rose	60 minutes	2012
Lily	30 minutes	2012
Begonia	28 minutes	2000
Erica	22 minutes	2015
Ixora	60 minutes	2018

After each interview session, the researchers taped the conversations with respondents. Then, the researchers transcribed the data. To maintain the reliability of the data, the researchers divide the interview process and transcribe the data. Most of the interview session was in Bahasa Malaysia. The researchers translated data into the English language using language experts.

This study analysed the data based on Attride-Stirling's (2001) suggestion. There are three stages of analysis: reduction of text, exploration of text and integration of prospecting. In order to perform the reduction of text, the researchers used the qualitative software Atlas.ti. The data were grouped based on four themes. This study focused on cost management. The researchers further streamlined the data in the exploration stage according to the phases. Three phases are involved, pre-MCO, during the MCO and post-MCO.

During the integration of the investigation, this study utilised social cognitive theory to illustrate how the SMEs managed their cost during the three phases. The study integrates the findings into three main elements of social cognitive theory: interactions, learning process and decision experience. The details about the five respondents are depicted as follows:

#### ***Rose as First Unit Analysis***

Rose holds a master's in marketing from the local university. She registered as a private company in 2010. At that time, she was doing her business part-time in 2012 while performing her duty as a lecturer for private institutions. She turned her resignation as a full-time lecturer in 2018 and fully concentrated on the business. The most prominent good she sold was a door gift. She does not own any shop for the business. Roses started her business as a part-time hobby.

#### ***Lily as Second Unit Analysis***

Lily holds her Doctorate in Business Administration in 2021 from the local university. She registered her business in 2012 as a trading company selling women's clothing. In 2016, she focused more on selling electronic gadgets until now. She owns the shop and is managed by the family members. Her family background of Lily is a business family. She used to help her father work in a tailor shop during her early childhood.

#### ***Begonia as Third Unit Analysis***

Begonia graduated from a local university with a bachelor's degree in business administration. She established her trading business, which operates a cooperative, in 2000 when she was still working as an administrative officer in one of the higher learning institutions in the southern region. After retiring ten years later, she decided to fully concentrate her business with three children by expanding the business into several food stalls and cooperative operators.

#### ***Erica as Four Unit Analysis***

Erica began her town planning consulting in 2015 after working for various reputable companies for many years. She holds a Town Planning Studies Diploma, qualifying her as a consultant. She operates a small consulting business with 5 employees that provides advice on land acquisition

proposals, prepares applications for planning permits, and supports applications to local authorities through decision-making and post-decision processes.

### ***Ixora as Five-Unit Analysis***

Ixora holds a Ph.D. in management from a local university. Ixora initiated her business in 2010 as a dormant company to start with the idea for consultation purposes. At that time, the consultation services provided were part-time since she still works as a lecturer for a private university. In 2018, she resigned from her full-time position as a lecturer and actively concentrated on her company business. Since then, the business has embarked on consultancy services through strategic collaborations with local and international organisations.

### **Findings**

The study's findings are divided into three phases, before movement control order, during the movement of control order and post-movement control order to describe the details of the cost management between these two industries.

#### ***Before the Movement Control Order***

All the companies started their business in trading industries before the Covid-19 pandemic. The cost of Lily and Begonia derived from preparing the inventory and maintenance of the shops. It differs from Roses; the cost is mainly for managing inventory since it is a home-based business. As for Erica and Ixora, their business concerns consultancy. Thus, there is no issue regarding inventory. Nevertheless, the maintenance of the premises is still required.

In maintaining the sources of inventories received from outside Malaysia and local suppliers. The outside suppliers are comprised of internal and external parties such as China, Vietnam, and Indonesia for Roses and Lily. The products from Roses purchased from small handcraft are stated as follows:

*“Directly purchase from suppliers from Indonesia, Vietnam, and Malaysia. Rose focuses on the traditional bamboo boxes from Kelantan and Indonesia.”*

Meanwhile, Lily’s business focuses more on electronic gadgets, mainly from China. Her statement stated as follows:

*“Normally, I maintain two suppliers from China to maintain the inventory of the products for the business.”*

Begonia had different practices than the other two-unit analyses since the unit trades groceries for the higher learning institutions’ staff and students. The suppliers of the products are local. Besides managing the inventory, Lily and Begonia are also required to manage their premises, i.e., the shop, which incurs the cost of salaries and electricity. Both units are described as follows:

*“This shop is run and operated by my younger brother, so basically, the shop is managed by my brother while I handle the stocks” (Lily)*

As for Begonia,

*“Previously, Aunty had two shops in the higher learning institutions. Aunty hired staff to manage the shops” (Begonia)*

Lily sells electronic products, which acquired more space. The nature of this business requires Lily to rent a premises as a warehouse. This enables Lily to maintain a small number of stocks inside her shop. Her statement is as follows:

*“I have a small warehouse. All the inventories will be kept before we send them to the shops. We cannot have an inventory pileup inside the shop. We need to maintain the reserve stocks in our warehouse”.*

The differences in the business size also contribute to the extent of the cost incurred. Unlike Rose, since Rose is selling her products and services through orders, she keeps the stocks in the house. She does not need to incur additional costs for keeping her inventories because the stock order will be made at least two months before delivery. Thus, she can manage her timeline for ordering the stocks and keeping them at home, in the available area. Her statement is as follows:

*“My stocks usually will be inside level two of my house.”*

Since Lily and Begonia have shops, they pay staff salaries monthly. Begonia hired two staff to manage the shops. The salaries of the staff are paid every month. Her brother maintains Lily’s shop. She acts as the manager to his brother and pays him a monthly salary with a retirement allowance. Sometimes, she pays bonuses and takes the staff on holiday. Her statement is as follows:

*“If I do not help my brother, who else. Rather than my brother work with someone else, let him work with me. I paid him a salary with EPF (Employee Provident Funds). Sometimes, I gave him bonuses and brought them for vacation”.*

The cost in the services industries mainly concerns managing the staff and offices. As for Erica, retaining the staff in the business is important. Her statements are as follows:

*“I have two permanent staff, one part-time staff..... the company pays them RM 1,200 per staff”.*

Different practices for Ixora, she hired the staff based on the scale of projects. The payment of staff’s salaries is often from the initial payment, i.e., advance payment of 30% of the value of the project from her customers. Compared to Lily and Begonia, the cost constraints for Ixora are lower for staff salaries. It is based on the statement below:

*“Hiring people based on the scale of the project or by getting a pool of trainers or consultants engaged with us and when they are required.”*

From the above findings, this study concludes that the business is smoothly operating and developing during this phase. The need for business owners to rent or own a premise for stock keeping and retaining their staff was important to ensure the business was continuously operating. Given that the economy was encouraging before the movement control order, the cost of stock keeping and staff salaries were manageable. At this point, the business owners are less concerned about their cash flow management, and their main objective is to ensure the business operates as usual. Many of these SME owners recognised that focal business resources such as stocks and employees are significant in determining the competitive advantage and performance for business sustainability. The combination of stock keeping and employees significantly impacts the business's economic potential. Nevertheless, the lack of awareness about cost and cash flow management obligations greatly impacts these businesses when COVID-19 strikes, leading to economic compression and limited activities.

### ***During Movement Control Order***

Managing costs was challenging when the Malaysian government imposed the Movement Control Order (MCO) as mandatory, resulting in a change in the economic landscape. All the unit analyses faced the impacts from the movement control order, either positive or negative. All respondents

admitted that the cost management differed from the earlier phase. The unit analysis's main challenge for trading industries is managing the inventory or stock keeping. Rose admitted that she needed to keep the stock inside her house. She kept the stocks of the customers for close to 2 years.

*"I hold the stocks for two years inside all my rooms at level 2".*

There are incidents whereby the customers want to have refunds. Rose also mentioned no refund for the products based on the earlier agreement. Sometimes, she allows a refund when other new customers purchase the stock. Her statement is as follows:

*"We had an early agreement that the order cannot be cancelled. It depends on certain conditions; however, I allow a refund in case another customer wants to purchase it".*

Unlike the business conducted by Begonia. She had to shut down the operation. The company could not pay the outstanding operational cost during that period. Her statement is as follows:

*"During MCO, I did not pay the cost although the suppliers requested payment. I told them that the business does not have income".*

Despite the hardship faced by Begonia, she realised that she needed to keep the staff to help her. One reason for this is the trust element that has been developed between the owner and staff. This is because creating trust and a good relationship between business owners and staff is difficult throughout the business cycle. As a result, business owners tend to retain their existing staff by venturing to another business as an alternative for business survival and retaining the staff in the company. As for Begonia, her statement is as follows:

*"That is the main reason Aunty opens the small café without profit. Pity to the staff who works with us".*

A different scenario for Lily, she faced a shortage of stocks. Electronic gadgets have become hot-selling products. All business activities were carried out during the MCO through advanced technology, known as digitalisation. Technology devices, gadgets, and other electronic mediums were widely used for communication and business transactions. The demand for technology and electronic devices has become the push factor for Lily to continue her business. Nevertheless, little do we know about her constraints. Due to the high demand for her products, she cannot restock the products. The closing down of the port in Malaysian and China has resulted in low stock-taking for her business, thus low in sales generating. It is based on her statement as follows:

*"We face difficulties in maintaining the stocks. Sometimes, we do not have stocks because the times of MCO were uncertain; the products from China could not arrive in Port Klang (a port in Malaysia). The port had to close. The local suppliers also did not have any stocks in hands".*

For the service industries, different practices can be seen. Although Erica's business does not require her to keep any stock on the premises, she still keeps her staff in the company. Having a similar view to Begonia, Erica maintained her staff because of trust and sympathy. She understood that the staff needed a source of income as they were the family's breadwinners. Erica chose the available option since the government announced the salary payment incentives. Erica paid the salaries of the staff in full despite there being no income on their end. She paid the salaries after she pawned all the gold jewellery. Her statement stated as follows:

*"I pawned all my jewellery two years; there has been no income for two years, and I paid the staff salaries in full".*

As for Ixora, her business was paused temporarily for several months. While technology and electronic mediums were drastically introduced and enforced, she took the initiative to learn and fully employed her technical knowledge. During the pandemic, her business did not incur any salary costs because the staff were hired on a part-time basis and project engagements. She had incurred the cost of maintaining a stable and strong Wi-Fi connection and subscription costs for meeting platforms such as Zoom and Webex. Nevertheless, the operating cost is minimal, and she believes that this cost is part of her investment for future business enhancement. Despite the challenges of economic conditions, the costs to keep the business running were manageable.

Ixora's statement is as follows:

*“We believe the webinar does not require anything since our company has a good Wi-Fi connection and internet. The thing that you need to do is use the ZOOM platform. So, the investment or the cost is only the platform and Wi-Fi”.*

Although Ixora is in the servicing industry, she believes that competing with other companies was not the focus during the pandemic. She believes that collaborating with other companies and providing free online services using the platform is essential. In the meantime, Ixora believes that her approach was a good strategy to build the company's brand and image.

She added in her statement:

*“We take the opportunity to do webinar online for branding. Series by series of webinars have been carried out with other collaborators. We do not charge the participants because we know that during the pandemic, no one is willing to pay for a webinar when they can get it for free. Thus, we regard this as a marketing initiative”.*

Based on the findings obtained, this study uncovered that business owners acknowledged that the method and approach of managing their costs are essential. Awareness, skills, knowledge, and altruistic characteristics have shown that these business owners have taken into consideration when dealing with a downturn in the economy. The costs to ensure the staff and stocks perpetuate during the pandemic were depressing for business owners. Although the operating costs can be reduced or otherwise, the business owners have taken a drastic decision and scrutinised the options available to them. Given that in a limited remediation and rescue strategies condition, the SME owners must restructure the cash and available resources to ensure the business can operate after the movement control order.

### ***Post-Movement Control Oder***

Starting in 2021, the economic condition highlighted the business's growth. All the respondents in trading industries admit they will continue diversifying their products. Rose extended the business to selling the custom gift box and Lily for the new gadget. Meanwhile, Begonia is involved in the food and beverages industry. The approach taken by these business owners has led to incremental costs for the business. To ensure the business is recovering from the financial distress during the MCO, the business owners seek cautious action and strategy to mitigate the cost risks. After the MCO, Rose decided to hold fewer stocks to avoid the same incident that happened during the MCO. Holding stocks lead to a high cost for Rose. Rose admits as follows:

*“I have my suppliers who owned and kept the stocks. She can supply the products at any time. If I request it in the morning, the stocks will arrive by the afternoon. If I hold so many stocks, the capital used to purchase the stocks cannot be circulated”.*

She also admitted that the cost of the goods is increasing. To remain competitive, she lowered the margin derived from the products. Her statement is as follows:

*“I am aware that the cost has increased. Thus, I lowered the margin. It still gives me some profit”.*

On the other hand, Lily does not have issues managing the cost because Lily can make a profit during the MCO. Nevertheless, she still pays the cost incurred during the MCO. Moving forward, she will focus on having “zero-based debt”. She will cautiously manage the debt. Her statement is as follows:

*“I try not to have debt when I am about to retire. I do not want to have more debt after retirement”.*

Different scenario for Begonia, Begonia bore more debts after MCO. She had to settle all the debts. She paid the suppliers continuously to settle the debt. She needs another two years to settle the payments to suppliers. On top of that, she had to dispose of all the expired inventory, which would be bad debts to the organisation. Her statement stated as follows:

*“Aunty pay the supplier in a small portion. There is no choice but to continue to pay the supplier. I have no income during MCO. It probably will take two years to settle. Aunty had to dispose of the expired stocks at the same time. The cost incurred a lot.”*

The services industry had different experiences. The service industry respondents admit they did not expand their business in different industries. However, they focus more on generating revenue with existing services and minimising the cost to the business. Erica admitted that she had to maintain the staff’s salary to ensure the operation could run smoothly. She stated that the business can survive for three to four months if the business increases its salaries. She claimed that the staff were aware of these matters. Her statement is:

*“If we pay the total salary, it will be RM 4,000 to RM 5,000. If I increase the salary to RM 7,000, the business can sustain not more than four months. If we maintain like the existing, the business can sustain one year. Staff are aware of this because they are managing the accounts.”*

As for Ixora, her strategy during the MCO phase allowed her business to obtain more projects. Although the business runs slow and several projects must be cancelled and put on hold because of their clients’ financial issues, Ixora remains positive with the MCO situation. She fully utilised the available opportunity for the company prospect. In her statement:

*“The company managed to survive during a pandemic and created much traction for future investment through meeting platforms”.*

Furthermore, Ixora expanded her business through various collaborations and partnership arrangements at national and international levels. Based on these business engagements, Ixora started to charge the clients after they had confirmed the collaborations. The cash payment for projects assigned will indicate the upfront payment to confirm the engagement between parties. According to Ixora, she always ensures that her company has sufficient cash float to cover an emergency. Since the operation, the company has maintained at least six months of cash flow to sustain the business.

These findings illustrate how the SMEs in Malaysia utilised social cognitive theory to explain their strategies to survive in all economic phases. The unit analyses faced the hardship phase during MCO and responded positively in the post-pandemic phase. Rose and Lily have learnt that stock and staff cost management in the post-pandemic phase is essential. They have executed appropriate strategies and approaches for stockkeeping and staff salaries to ensure the stock turnover is manageable upon request and the staff’s salaries can be consistently paid. It is important to note that in the servicing industry, Ixora took the opportunity to use the available

resources to generate profit in the future. In this context, she tried to develop the company's image through wider networking. In other words, she mitigates the possible risks after MCO so that the cash float is sufficient for the company while the economy is recovering.

### **Discussion**

Employing the social cognitive theory, this study explains how people react after evaluating their surroundings (Betty Feng et al., 2023; Salunkhe et al., 2021). The findings indicated that managing debt is the focus of this study in all the phases. Before the MCO phases, the SMEs in trading industries focused more on inventory management. It is based on the demand from the customers. The interactions between the SME owners and the customers are classified as the interaction process in choosing the best methods for managing cost (Ancelin-Bourguignon et al., 2013; Salunkhe et al., 2021; Sari et al., 2023).

Due to that, the SME business in trading industries expands the business by having many stocks in the internalisation process. The demands from the customers are the basis for the SMEs to make that decision. These findings are the indicators for internalisation and deciding the cost management strategies (Ancelin-Bourguignon et al., 2013; Salunkhe et al., 2021; Chuen & Topimin, 2023). In servicing industries, cost management is for maintaining the customers. For Erica, it is evaluating a suitable strategy to maintain the cost stipulated on the size of the projects. In different scenarios, when it comes to the phases of MCO, the interaction process focuses on minimising the cost. The interactions existed due to the evaluating process of the economic condition (Ancelin-Bourguignon et al., 2013; Salunkhe et al., 2021). SMEs in industries have different interactions. For example, Rose focused on minimising inventory costs. Meanwhile, Begonia focused on small café businesses as the source of income to pay their cost. Lily had no issues because the company managed to pay the debt due to high product demand. For the services industry, Erica had to pawn her jewellery to cover the expenses during MCO. The above strategies illustrate the strategies' subjectification concept (Ancelin-Bourguignon et al., 2013; Modell, 2015). Due to the experiences during the MCO, the SMEs in trading services were cautious in deriving the next strategies. The SMEs focused on minimising costs through several strategies, such as product diversification (Rose and Begonia). Lily aims to have zero-based debts. For the services industries, Erica tends to increase sales in order to increase the salaries of staff. Meanwhile, Ixora is focusing more on collaboration with partners for branding and image potential in deriving business opportunities. The experiences during MCO also revealed that Begonia, Rose and Lily continuously supported their staff despite their difficulties. Interestingly, the emotional and altruistic factors profoundly impact these respondents during the MCO phase. It is revealed that cultural factors shaped the social behaviour of these unit analyses. The actions of all respondents when encountering cost burdens, business interruptions, and employment issues have demonstrated a positive moral value along with the needs and expectations of the business's survival. The findings explain that all respondents were engaged in the situation with rational behaviour through self-regulation and self-organising in specific parameters to ensure the cash management works accordingly.

### **Conclusion and Recommendation**

This study seeks SME owners' thoughts, experiences, and strategies for managing cash flow in three different phases of circumstances. In summary, SME owners can be characterised as having less concern about cash management before the MCO phase since their focus is making a profit and having a business competitive advantage. During the MCO phase, the owners face challenges, and problems to cushion their resource shortage due to lack of cash available to support the operation disruption, supply chain disruption and future business direction.

There is a consensus among the respondents that the awareness and knowledge of managing cash, utilisation of opportunities such as digitalisation, and other skills are crucial for survival strategies or new business opportunities. Additionally, one important note to remember is the ability of SMEs to obtain external financing based on their credit analysis. In a recent newspaper article, The Star, the SMEs in Malaysia still have a major problem with getting financial assistance from commercial banks and other financial institutions because of their credit rating.

This study is beneficial for the industry because it will highlight SMEs' practices in managing costs. The SME association may draft how SMEs manage their debts to help business owners sustain their businesses. SMEs must plan and develop long-term positive cash flow strategic resources and mobilise cash in every circumstance.

This study contributes to the academic by incorporating the social cognitive theory in cost management. This study utilises qualitative data, which cannot generalise the findings to the population. This study concentrates on the Klang Valley, which is unsuitable for explaining under-state Malaysia's cost management. Therefore, this study proposes to examine how SMEs in other states manage their cost. As for recommendations, this study emphasises that all SMEs are encouraged to equip themselves with appropriate business and financial knowledge, particularly to have strong cash management and strategic management knowledge in every business cycle. Therefore, future research can focus on conducting a comparative analysis of cash flow management knowledge among SME owners from different perspectives, such as SME segments, industries and country levels.

### **Conflict of Interest Statement**

The authors agree that this research was conducted without any self-benefits, commercial or financial conflicts and declare absence of conflicting interests with the funders.

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