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A Tactical Management Method on Challenges of Financial Management in Small and Medium-Sized Enterprises

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ABSTRACT

Little and medium-sized enterprises (SMEs) are perceived as the financial development drivers in both developed and developing countries. The importance of these enterprises is mainly attributed to their huge role in creating new jobs, increasing the GDP, and making business progress. SMEs face various difficulties, such as issues emerging from poor monetary administration, which are significant reasons for business disappointments in SMEs. After 2010, tactical financial management (SFM) has been considered a main administrative space of SMEs because of its fundamental role in the endurance, development, and execution of SMEs. This paper is aimed to analyze the focal job of financial administration and recognize the financial management approaches and challenges affecting the organizational performances in SMEs from a tactical management point of view. Also, the significance and difficulties of SMEs and the connections between key SME execution and financial management approaches are examined in this study.

Keywords: Financial management; SMEs; Tactical financial management (SFM) approaches; Tactical management.

1. Introduction

Nowadays, the significant role of small and medium enterprises (SMEs) in monetary advancement has been acknowledged in developed and developing nations (Abor & Quartey, 2010; Jindrichovska, 2013; Karadag, 2015; Selvanayaki et al., 2016; Muneer et al., 2017). In past studies, SMEs have been presented differently for bigger organizations, great and dependable work makers, and a significant supporter of economic development and advancement (Abor & Quartey, 2010; Muneer, 2017). Research has shown that the SMEs area in many developing nations utilizes most metropolitan inhabitants and workforce and gives wages to the public authority similarly through taxes and their families (Ouma and Kilonzo, 2015). SMEs supplement the exercises of the bigger scope businesses through their reconciliation into the standard of industrial advancement by furnishing the ventures with basic parts and segments and venturing into the worldwide business sectors (Madurapperuma et al., 2016; Ahiawodzi & Adade, 2012). Poor financial management has been regarded a primary driver for the failure of SMEs (Arinaitwe, 2006; Muchira, 2012). According to Mazzarol et al. (2015), there is a positive relationship between the execution of a business and the degree of preparing and information in accounting and financial management approaches.

Pandey (2004) characterizes financial management as a discipline that arranges the monetary choices that a firm makes using some monetary tools of examination. Gitman (2011) characterizes financial management as the idea of time, cash, and risk and their identification with one another. Financial management approaches in SMEs are not the same as those found in bigger firms because of the idea of their income cycle, working capital administration difficulties, and SMEs' trouble in raising outer money through debt or equity (Mazzarol et al. 2015). Different investigations confirmed that most SMEs have insufficient monetary administration and bookkeeping frameworks, not quite the same as those utilized by larger firms. According to these studies, SMEs likewise have the talented workforce shortcoming to deal with those funds (Muneer et al., 2017; Kilonzo & Ouma, 2015; Turyahebwa et al., 2013). One significant justification for the breakdown of SMEs is the poor or absence of appropriate accounting and bookkeeping approaches that are parts of financial management approaches (Bowen et al., 2009; Germain, 2010; Kitonga, 2013).

2. Literature Review

2.1. Tactical Management Approaches

Strategy can be characterized as dealing with attaining corporate objectives as effective on a drawn-out premise (Kreikebaum, 1993). Strategy is the plan or example that coordinates an association's significant objectives, arrangements, and activity grouping into a firm whole (Mintzberg & Quinn, 1991). Such a plan expresses how an association will accomplish its set objective (Burnes, 2004). Tactical management is a difficult task coordinated toward future development possibilities, significant, comprehensive, and prevalently connected with the most elevated administration level to decide the enterprise's mission, culture, and vision (Pillania, 2008). It is a continuous interaction that assesses and controls the business and the enterprises where the organization is included. This type of management searches for rivals of a given organization and defines objectives and procedures to satisfy all current and possible contenders. Eventually, it reevaluates every methodology routinely to decide how it has been carried out and regardless of whether it has succeeded or required substitution by another system to meet the altered conditions, new innovation, new contenders, another monetary climate, or another social, monetary, or world of politics (Lamb, 1984). The association's tactical management approaches are determined by how tactical management is executed among SMEs.

Tactical management processes comprise fostering a tactical mission, setting goals, circumstance examination, fostering a strategy, and strategy execution and assessment. In this dynamic and persistent process, adjusting one part may require adjusting the whole strategy (Finkl & Ploder, 2009). Overseeing strategy in real life is concerned with guaranteeing that the chosen strategies are really set in motion by advancing fitting strategies, organizing an association to help fruitful execution, resourcing policies in the different asset regions, and overseeing tactical alteration (Johnson et al., 2008).

Theoretical and empirical studies show the requirement for SMEs to participate in tactical management approaches to accomplish higher execution (Schraeder, 2002). The proof that selecting tactical management among SMEs prompts higher association execution infers that the type of tactical management tools used by the top 100 SMEs could be liable for their prevalent exhibition.

2.2. Tactical Management Challenge in SMEs

The SME sectors have consistently expanded quantities of enterprises and workers in the European customary market economies for a long time and in the novel market economies since the demise of the Iron Curtain in 1989 (ENSR, 2002). Business visionaries, delegates of independent venture affiliations, and lawmakers complain more about dangers than promising circumstances in many European districts. Certainly, there has consistently been turbulence inside the domain: Entry and exit rates (estimated as far as stock turnover) are around 10% by and large (ENSR, 2000). Few fast-developing new organizations and countless independently employed business people and micro-enterprises have given numerous novel positions while scaling down and streamlining have diminished the number of jobs in large organizations. Ventures which gave out secure revenue for ages in conventional market economies (small exchange, crafts, farming) have now diminished. In contrast, new organizations and business visionaries have appeared throughout new advances and new business sectors.

Financial analysts are regularly asked to figure out which areas or kinds of SMEs will be beneficial, which will essentially endure, and which ones will be supplanted by huge supply chains, more forceful advertising ideas, or Another question in this regard is which elements will affect the SMEs' accomplishments in the future. Both business people and legislators expect a simple and solid answer. In any case, the answer would either not be correct or exceptionally conceptual, leaving space for a wide scope of conceivable outcomes. Neither one of the choices is especially useful to business people expecting or even requiring substantial plans for direction. Notwithstanding, business people who just need to follow plans are defined as false business visionaries. Indeed, even imitators of compensating business thoughts do not just duplicate well-demonstrated plans and rather adjust such ideas into new conditions.

Large market share is a basic achievement factor that has been well established both empirically and theoretically (Kreikebaum, 1995). Thus, firms are encouraged to make progress toward a monopolistic market position. However, SMEs are generally very small for such free, open, and sometimes already globalized markets. Thus, they would require small market specialties assuming to accomplish a large market share. Be that as it may, a large number of them experience the ill effects of an absence of particular advancements and lack the information on the most proficient method to move toward specific markets.

Administration schools and masters have fostered various tactical activities prescribed to SMEs and large organizations (Ansoff, 1965; Porter, 1980). The target group of the interview for tactical management fundamentally incorporates the individuals who can bear the cost of the expense: large organizations, business affiliations, and governments, but not specific SMEs. For the most part, they cannot bear the cost of enterprise-explicit tactical analysis and customized strategy improvement. Does this imply that SMEs should depend on similar standard techniques as large ventures and have no choice but to duplicate them? This question would have two peculiar ramifications:

In the first place, SMEs would follow proposals for tactical improvement that are not intended for their hierarchical attributes, expecting that small firms are unique and not simply smaller forms of large firms. Second, the entrepreneurship capacity would subsequently be consigned to arranging specialists, contradicting the genuine entrepreneurship mission in a market economy. Entrepreneurship could even be portrayed as the elective way to discover an enterprise's way into what is to come. This accomplishment is realized by finding new business sectors, designing and spotting new items and administrations in these business sectors, and creating advancements for delivering these items, intangible and tangible.

Consequently, SME counseling needs to emphasize procedures more than materials duplicated or moved. Knowledgeable and innovative entrepreneurs will continue in a more self-governing manner and successfully than independently employed financial specialists. Also, it involves less entrepreneurial ability and whose monetary activity emerges more out of requirements, as on account of joblessness, or out of the longing to satisfy the expectations of family members or different partners, than speculative conduct dependent on inherent inspiration.

From a broader point of view, decentralized entrepreneurship is a particular asset for direction in intricate and dynamic conditions. Decentralizing the tactical decision-making is supposedly more qualified to real direction challenges than conventional centralized planning mastery. Nonetheless, this contention for decentralization does not imply that there could no longer be a requirement for public financial strategy. What does not appear to be clear enough is how much and which financial approach is most appropriate. Business analysts are as yet struggling for a better way to deal with the association of the economy. It will subsequently rely upon the decision of economic theory methods whether government officials are viewed as pretty much liable for sufficient structures of innovative tactical decision-making.

2.3. Cash Flow Management and SMEs' Working Capital and Performance

As Mazzarol et al. (2015) indicated, working capital administration and cash flow management are the main parts of financial management. It was contended that an association could not work with no liquid assets or dependable cash flow, which are the significant segment of working capital administration. Cash flows are produced from deals. Also, in the long run, receivables recommending cash flow issues can be followed by declining sales or expansion in irretrievable debt, which will influence the association's exhibition (Muneer et al., 2017). Here, the proprietor/director should infuse new money into the business or borrow to fund liabilities due or, in the best-case scenario, to lower the costs to endure (Mazzarol et al. 2015). Thus, an SME's cash cycle, which is the synopsis of its working capital, is exceptionally basic for the achievement of the business. The central purpose of such studies is that the more proficiently an SME oversees its working capital appropriately, the better its shots at increasing the association's productivity.

2.4. Profitability of SMEs and Capital Structure Management

The capital structure is identified with the wellspring of money for the business and has a few ramifications on the firm's performance (Mazzarol et al., 2015). Capital structure addresses the right blend of equity and debt to back the activities of a business. The achievement of SMEs in Ghana's dynamic business climate, for example, relies upon their ability to have the option to decide the right blend of capital structure that will guarantee that investors' esteem is boosted and other stakeholder interests. Additionally, studies revealed that the capital structure management of SMEs, particularly in non-industrial nations, relies to a great extent upon their capacity and ability to oversee the risk that comes along with their business cash flows wisely (Karadag, 2015; Kennedy et al., 2006). The SMEs sector in Ghana keeps on dominating business activities regardless of the various difficulties they experience and the natural difficulties faced. As stated by Musah (2017), the kind of finance selected by SMEs influences their capital structure which has implications for their primary concern. Abor (2007) analyzed what SMEs' capital structure means for their monetary execution. The research involved a quantitative methodology utilizing secondary data. The result showed that the withdrawn debt was emphatically connected with the gross profit margin of SMEs. Likewise, a negative relationship was detected between transient finance and a gross profit margin of SMEs in South Africa and Ghana. Different studies on financial management approaches, including capital structure management, revealed a positive relationship between the two factors. Overall, such studies report that SMEs will enhance their monetary exhibition by picking the right blend of equity and debt to diminish risk and simultaneously partake in some tax shields from the interest obligations.

2.5. Management of Capital Budgeting and Profitability of SMEs and Non-Current Assets

According to Kilonzo & Ouma (2015), Capital investment choices are basic business choices in view of the monetary result of those choices. Brigham's (1995) capital budgeting choices are more essential for SMEs than for larger associations since an off-base choice can influence the endurance of the business. On account of the significance of capital investment decisions to firms, finance literature proposes different methods that ought to be utilized to assess the monetary feasibility of this investment before submitting the association's assets to it (Muneer et al., 2017). Different procedures that can be utilized to assess investment in capital resources include a compensation period with its specialist varieties in discounted payback techniques, accounting rate of return or return on investment, internal rate of return, and net present value. The general goal of an association's financial management strategy is to amplify the value of shareholders' wealth. The cash for this investment in developed nations with appropriate financial business sectors depends on long-haul debt, but not for Ghana, for example, because most SMEs do not approach such long-haul capital in Ghana. The Ghana Stock Exchange (GSE), in its endeavor to resolve the issues confronted by SMEs in posting or raising funds through this trade, applied an elective trade. Such a measure may assist in overcoming the difficulties faced by SMEs in raising funds through the trade, known as the Ghana Alternative Exchange (GAX).

Afrifa and Tauringana (2013) doubt that numerous SMEs with a few components of working capital administration approaches can upgrade the money conversion cycle and thus enhance their productivity and profitability. All studies reviewed concur that successful working capital administration approaches are decidedly connected with the profitability of SMEs; however, even though this task acted for quite a while, the GSE still confronts hardships in getting SMEs to increase the fund through GAX. A few SMEs have benefited from the new chance to rundown and raise equity capital. However, the difficulty for SMEs to have the option to list even on the Alternative 28 Stock Exchange still remains. Most investigations on financial management approaches of SMEs report that the vast majority of SMEs utilize the payback technique or the discounted payback strategy in assessing projects contrasted with larger associations where the net present value technique is liked (Kilonzo & Ouma, 2015; Jindrichovska, 2013; Turyahebwa et al., 2013). Overall, most studies report a positive association between successful budgeting and capital investment and SMEs execution on financial management approaches, including capital budgeting and investment as a significant segment of financial management practice.

3. Methodology

The methodology utilized in this work is content analysis to define the existence of definite words, concepts, or themes within some presented qualitative data. This analysis allows calculating and assessing the existence, significance, and connections of such certain terms, themes, or notions (*Content Analysis*, n.d.). Therefore, we have used this methodology for analyzing the challenges of financial management in SMEs.

3.1. Tactical financial management approaches and the SMEs performance

According to a study carried out by Karadag (2015), in Turkey, similar to most developing economies, fundamental financial challenges for SMEs include no capital and helpless access to finance (Şahin, 2011; Koyuncugil & Özgülbaş, 2008; Çetin et al., 2011; Öndeş & Güngör, 2013; Güler, 2010). Even though Turkey had the best extension in SME lending in OECD countries during 2007- 2011, the SME share extent within total credits is still highly less than the SME credit uses of developed countries (OECD, 2012).

Commercial banks are Turkey's most important SME finance sources due to underdeveloping the credit guarantee and venture capital systems. Thus, SMEs' effective utilization of banks loans problems associated with credibility, collateral, and financial statements. Accordingly, most Turkish SMEs, using either equity financing (Şahin, 2011) or other outside sources like family financing or individual loans, fund their working capital needs (KOSGEB, 2011). As for other financial management challenges, inadequate working capital management based on cash inventory and receivables management constructs and inefficient use of financial resources (Uluyol, 2013) are the key financial problems. In this regard, cash-flow problems include a unique situation. The reason is that by deteriorating the cash flow in an enterprise, the owners are caused to daily finance operations with personal or equity capital funds. Also, enduring longer, the survival of an enterprise is threatened by melting equity capital (KOSGEB, 2011). An effective inventory management also leads to enhanced competitiveness in SMEs (KOSGEB, 2011). In Turkey, some main problem areas of SMEs are insufficient financial and overall planning, poor keeping of financial records, absence of feasibility analyses before making decisions in investment, and no financial reports analyses owing to the inadequate financial knowledge of SME owners/managers about financial management (Arslan, 2003; Kutlu & Demirci, 2007; Güler,2010; Kaya & Alpkan, 2012; Temizkan & Alkış, 2013).

Even though commercial banks are the most well-known wellsprings of SME finance in Turkey, due to under-developing the credit guarantee and venture capital frameworks, issues identified with credibility, security, and financial statements restrain SMEs' effective use of loans. As a result, a more significant part of Turkish SMEs finances their working capital requirements by either utilizing equity financing (Şahin, 2011) or other outside sources, for example, individual loans or family financing (KOSGEB, 2011). The difficulties identified with financial management, inappropriate utilization of monetary assets (Uluyol, 2013), and deficient working capital administration based on receivables management and cash inventory constructs are key monetary difficulties for SMEs in Turkey. In this regard, cash flow issues include a special circumstance, as the disintegration of cash-flow in a venture makes the proprietors finance everyday operations with personal funds or equity capital. In addition, when the present circumstance proceeds for long, the dissolving equity capital compromises the endurance of an enterprise (KOSGEB, 2011). Furthermore, an efficient inventory administration is expressed to prompt further developed competitiveness in SMEs (KOSGEB, 2011). Similar to other significant constructs, deficient overall and monetary arranging, absence of plausibility analyses before settling on investment choices, lack of keeping of monetary records, and absence of analyses of monetary reports because of inadequate monetary information on SME proprietors/directors are among the primary problem spots of SMEs in Turkey (Arslan, 2003; Kutlu & Demirci, 2007; Kaya & Alpkan, 2012; Temizkan & Alkış, 2013; Güler,2010).

In the following, some outcomes of a portion of the empirical studies concerning financial management approaches of SMEs in Turkey are presented:

Çakır (2013) investigated 58 industrial companies in Turkey and discovered an association between a high cash conversion cycle and high profitability.

Öndeş and Güngör (2013) studied 30 SMEs in Erzurum, Turkey. According to their results, the absence of financial information on management and gathering the receivables in working capital administration are among the most well-known monetary issues in SMEs. Also, 97% of these SMEs utilized equity financing rather than debt financing. Moreover, the capacity usage proportion in these SMEs was discovered to be extremely low, leading to the critical quantities of monetary losses and diminishes in the employment rate (Güngör and Öndeş, 2013).

In another study, Güler (2010) explored the working capital administration and other financial management approaches in 111 SMEs in Ankara, Turkey. They revealed that SMEs, for the most part, utilize the payback period strategy when settling on fixed-asset investment choices. The discoveries likewise demonstrate that SMEs possess the most important respect for collecting cash flow management and receivables as working capital administration approaches.

Çetin and Bıtırak (2009) empirically studied the financial administration, investment budgeting, and working capital approaches of 40 SMEs in Antalya, Turkey. They showed that follow-up of doubtful receivables and overseeing cash are SMEs' essential working capital administration approaches. However, the payback period technique is the most generally utilized strategy in fixed-asset investments.

Çetin et al. (2008), studying the SMEs in Usak, Turkey, discovered that 80% of the SMEs had no finance division, and a larger part of them confronted challenges at gathering their receivables and using bank loans, while 85% needed to defer their plans of investment while the 2008-2009 economic crisis.

Topal, Erkan, and Elıtaş (2006) investigated the financial management methods of 48 SMEs in Afyonkarahisar, Turkey. According to their results, equipment acquisitions and machinery inspired the development of business volumes and thus are the essential fixed-asset investments. Also, they showed that SMEs use benefit and payback analyses in evaluating their fixed-asset investments. Additionally, SMEs revealed regular employments of working capital administration approaches, the most significant ones being receivables and inventory administration and follow-up and cash budgeting of periodical financial target.

Overall, the studies on SME tactical administration propose that SME proprietors/administrators do not generally utilize the cycles of tactical management when maintaining their organizations (Thomas & Scarborough, 2005). Nevertheless, the empirical studies on financial management concepts of Turkish SMEs provide markers of using an “emergent” approach of tactical administration at the execution period of the financial management approaches, especially while overseeing day-by-day monetary tasks and during cycles of large investments. Then again, the proprietors/supervisors of SMEs experience issues in taking a “deliberate” method of tactical administration with respect to the strategic plan and control periods and feedback of financial administration. Such a method brings about poor monetary and organizational execution findings. The progress in financial management approaches and the stages intentional and emanant outlined in the tactical management model of financial management approaches in SMEs are displayed in Fig. 1. Among the three fundamental periods of tactical financial administration, SME proprietors/supervisors in Turkey will generally have a higher respect for the execution period of financial management approaches. For example, they can focus harder on the day by day transactions identified with different working capital administration works, including receivables, cash, inventory and the management of accounts payables, or they can make detailed assessments before making fixed-asset investments. This result shows that the “emergent” tactical management approach that additionally works with discovering prompt answers for unforeseen monetary issues with its unstructured and adaptable nature is normal among Turkish SMEs in their financial management lead. Hence, the “deliberate” tactical management method, with regards to the components of technique definition and control, is observed in further lower levels. The reason is that most SME proprietors/administrators do not represent a huge deal of interest or do not have the technical information linked to the financial planning and the financial reporting and control conducts.

The interrelationships and flow of the tactical financial administration approaches regarding SME execution are represented in the tactical management model of financial management approaches in Fig. 1. For the model, the tactical financial management components are specific financial planning, receivables and inventory management, working capital management with three sub-constructs of cash, fixed-assets management, and financial control and reporting. Next, the importance of their correlations with the general exhibition of the organization is presented as viewed by SME proprietors/supervisors. Different components of financial management, like accounting information frameworks, are excluded from the model because they are accounted for by the SME proprietors/directors as corresponding to SME execution in Turkey.

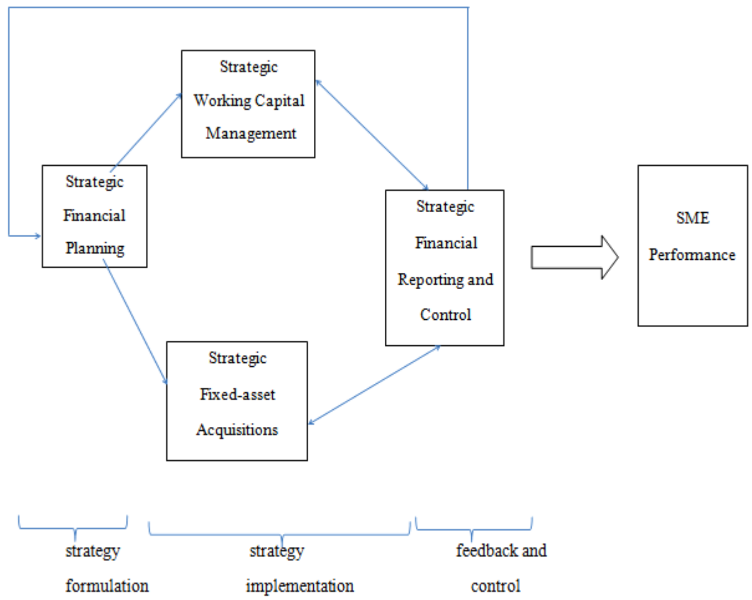

Fig.1. The tactical management model for the financial management approaches in SMEs (Karadag, 2015)

The conceptual model (Karadag, 2015) is used to distinguish the vital acts of financial management and infer recommendations about how the model can be utilized as a "tactical tool" for solving the financial administration issues to accomplish a higher organization exhibition in SMEs.

Tactical financial planning: The challenges related to admittance to monetary assets are fundamental for Turkish SMEs. Financial planning and the advancement of a strong financial plan (Thomas & Scarborough, 2005) are regarded as the solution for dispatching and working an effective enterprise. Inside the overall financial management framework, financial planning can have a few significant capacities, like raising the necessary capital for the start-up period of the enterprise or proficient and powerful administration of the enterprise's day-by-day operations. Any interaction of tactical management begins with formulating a strategy, where contextual examining is held for recognizing the elements that can influence the enterprise's endurance and achievement, followed by defining strategies for arriving at organizational objectives. Although the financial planning is performed while overseeing day-by-day operations of the organization (e.g., making decisions on the receivables collection period or bank credit maturities and sums), a more tactical standpoint adds a "long-ranged view" and objective-oriented components to an overall administrative viewpoint. As a result, it leads to the course and centering of the restricted financial assets toward the necessary ends. Subsequently, observing the large picture and defining financial plans and activities appropriately adds greatly to improving the organization's monetary and overall execution. This stage is extremely crucial for each organization. In this respect, the absence of strategy formulation results in an "accepting the way things are" style of administration. Therefore, it is an insufficient and wasteful use of resources and poor organizational execution in the long run. The formulation of monetary strategies is significant for both SMEs and large companies, as SMEs need to rival extremely restricted assets in settings of high risk and vulnerability. In this manner, it may be stated that a viable and productive tactical financial planning brings about further developed execution in SMEs.

Proposition 1: Tactical financial planning positively affects SME performance.

In Turkey, like in most developing economies, cash, inventory administration, and receivables are the critical domains of financial management. In such economies, SME proprietors/directors apportion a vast majority of their time as they view these approaches as "tactical" for their enterprise. As the follow-up and collecting uncertain receivables and bad debts, the administration of lacking or abundant cash and the keeping and finding the ideal degrees of inventory are highly significant for the endurance and execution of SMEs, SME proprietors/administrators make quick responses for immediate emergencies in these domains. In this way, they will generally apply a newer tactical administration approach when managing clashes and issues regarding working capital administration. The central issue that would separate an effective and exceptionally conducting SME from an ineffective one is how adequately and productively the cycle of tactical management is done by the SME proprietors/administrators. Productivity and adequacy in inventory administration is the last basic element in the management of working capital in SMEs. The reason is that inventories, for the most part, make the biggest asset on the balance sheet. As stated by Topal et al. (2006), in Turkey, managing inventories has the most un-administrative priority contrasted with the management of cash and receivables establishing the other significant justification of higher inventory expenses, diminishing profitability, and at last poor financial execution. Regarding the impact of the three key elements of working capital administration over SME execution, it should be added that an SME with a higher respect for a tactical method while dealing with its working capital would be more effective based on monetary and general execution.

Proposition 2: Management of tactical working capital positively affects SME performance.

Tactical fixed-asset or capital budgeting: Even though the choice regarding making a fixed-asset investment is essential to SMEs in terms of the effect of this choice on the drawn-out cash flow of an SME, the absence of a well-organized tactical method when settling on fixed-asset decisions is a significant trouble area for SMEs working in Turkey (Çetin & Bıtırak, 2009; Guler, 2010). As the funds attached to the fixed-assets acquisitions, like lands or machinery, are in huge sums with longer maturity durations, issues in fixed-asset investment choices conceivably convey the danger of compromising the cash necessities of the day by day production or service activities. This issue is especially important when the cash flow effect is examined unclearly before the investment. A cautious and point-by-point specialized assessment is a significant prerequisite for making an effective fixed-asset procurement. The explanation is that most of the time, the role of the investment in the organization's general productivity and execution turns out to be exceptionally questionable without a practical investigation directed in advance. As an essential inspiration drive, fixed-asset investments in small companies build effectiveness. Therefore, the enterprise's productivity (Thomas and Scarborough, 2005), the mistakes and lacks in settling on these choices, and acting likewise hurt the profitability and so the monetary and overall execution of the organization. In contrast, insufficient investments to further developed production or service facilities restrict the association's development. This issue underlines the significance of a tactical viewpoint for fixed-asset investment choices. The results are probably the more positive if these crucial choices are based on the organizational objectives. For instance, some of these objectives are the profitability, productivity, and coordinating the restricted resources, beginning with the fundamental questions of "what amount of that investment is required for a better overall execution?" and "how might our limited resources can be distributed to this investment in an ideal manner conceivable, when that investment is a prerequisite for our short- and long-haul objectives and goals?" Along these lines, the means and ends would be viewed more legitimately based on expanding the viability and productivity of fixed-asset procurement.

Proposition 3: Asset management based on a fixed tactical approach positively influences SME performance.

Tactical financial analysis and reporting: A study in Turkey well reported the financial literacy insufficiency of SME proprietors and its effect on SMEs' weak administrative and overall execution (Kaya & Alpkan, 2012). Generally, due to the insufficiency of accounting and money information on SME proprietors/administrators, research has shown that just 11% of entrepreneurs/directors investigate their financial statements as a component of the decision-making and administrative planning cycles (Thomas & Scarborough, 2005). Examining the monetary reports reveals the patterns and depictions of the organization's current and past financial execution as the "control and input" capacity of tactical financial management procedure. Consequently, the absence of data on the monetary circumstance and pivotal execution markers compromises the general consciousness of the company director needed for a sound policy formulation and execution. The exhibition of the enterprise is certainly affected when this significant subsequent capacity is executed on a suitable, logical, and information-based premise. Hence, it is recommended to apply a “deliberate” tactical administration method because the logical and formal nature of the input and control period of the tactical management would altogether enhance SME execution. This improvement is realized by bringing up the green and red signs about the profitability or debt or total assets ratio, current and past major monetary execution pointers like sales growth, and regarding the actual and optimum degrees of critical balance sheet items like receivables, cash, fixed assets, inventory, and payables when dealing with the monetary activities of the organization.

4. Conclusion

The importance of SMEs has been perceived in the social and financial setting around the world, especially after the 1980s. From that point onward, factors influencing the growth and development of SMEs are among the vital worries of academicians, public specialists, and business circles. Even though various empirical research examined the different financial management approaches and their effect on organizational execution in various nations, the principle focal point of past SME finance studies, especially in non-industrial nations, has been the difficulties SMEs face when accessing monetary assets. Nonetheless, the effective use of the acquired funds (e.g., with a sound cash management framework) is similarly significant for the endurance of SMEs. Subsequently, the shift in exploration on monetary administration in SMEs from the one-dimensional “subsidizing focus” to a more thorough “tactical financial management” point of view can give positive ramifications to scholastics and policymakers and specialists of SME monetary administration in terms of acquainting new measurements and elements with the idea of further developing SME execution.

The conceptual model intended to introduce the interrelation of tactical management approaches and the general organization execution. They also show which sort of tactical management method is more suitable for a particular financial management method, underlining the significance of a tactical point of view for the monetary administration’s productive and compelling behavior to accomplish an effective business execution. The investigation of explicit components of tactical financial management approaches of the model, specifically tactical fixed-asset management, tactical financial planning, tactical working capital management, and tactical financial reporting and control approaches, and how much executing a “deliberate” or “emergent” tactical management method in the performance of these financial management approaches would prompt better execution results. Therefore, they play a critical role in the financial management of SMEs.

This novel method can potentially result in future empirical studies on the effect of the tactical financial management approaches on SME performance indicators, like profitability or growth. Thus, it can have a role in the former studies on the factors of failure and success in SMEs, from a financial management perspective, integrated with a tactical management viewpoint. The key approaches are different about financial management in every context. Thus, the tactical management approaches variance in SMEs acting in various contexts, or larger companies would be other interesting study areas.

This new method can additionally lead to future empirical research directed to examine the effect of the tactical financial management approaches on markers of SME execution, like development or profitability. Therefore, it can add to the past research examining the components of the accomplishment and failures of SMEs from a financial management point of view joined with a tactical management viewpoint. The key works regarding financial management approaches can be different, starting with one setting than the other. Hence, other intriguing research domains would be examining the tactical management approaches in SMEs working in various settings or bigger organizations.

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