

**A QUALITATIVE STUDY IN FINANCIAL  
LITERACY PRACTICES AMONG  
PRESCHOOL ENTREPRENEURS  
IN URBAN COMMUNITY**

**MOHAMED ASRI MAT JUSOH**

**ASIA e UNIVERSITY  
2022**

A QUALITATIVE STUDY IN FINANCIAL LITERACY PRACTICES  
AMONG PRESCHOOL ENTREPRENEURS  
IN URBAN COMMUNITY

MOHAMED ASRI MAT JUSOH

A Thesis Submitted to Asia e University in  
Fulfilment of the Requirements for the  
Doctor of Business Administration

April 2022

## ABSTRACT

Entrepreneurs who lack of understanding on business financial means that they do not have the financial literacy to manage their financial activities, hence they find it difficult to achieve steady growth and sustainability in their business. The study was undertaken during Movement Control Order (MCO) in Malaysia, to explore the financial literacy practices among preschool entrepreneurs in urban community in order to sustain in the operations and achieve long term sustainability while fulfilling their social responsibility obligations. The study was a qualitative in nature using homogeneous purposive sampling. Three preschool entrepreneurs whose businesses are similar in characteristics and operates in the State of Selangor, Malaysia, participated in semi-structured interviews which they shared their financial practices. A thematic analysis of the interview data through hand-coding identified six fundamental themes of financial practices: business strategy and action plan; budgeting and reporting; accounts payable and receivable management; operating costs management; monitor key performance indicators (KPIs) and assess internal control systems. The findings may influence positive social change by improving other preschool entrepreneurs' financial literacy and business sustainability, rising higher business incomes and providing a better quality of life to their employees. In addition, the proposed research model and recommendations from this study can also be utilized by other preschool entrepreneurs and entrepreneurs in general from other developing countries. Adding to that, the study found further evidence that good financial habits and financial compliance by preschool entrepreneurs enabled their businesses to sustain in their operations for longer years, as the results of continuous learning culture cultivated within entrepreneurs' business organizations. The results of the study may be of great use to various stakeholders such as scholars, Malaysian preschool entrepreneurs and the government, among others, in

providing a basis for future research to be conducted in the same field as well as on other business sectors that could help to reduce high business closure rates in Malaysia.

## **APPROVAL**

This is to certify that this thesis conforms to acceptable standards of scholarly presentation and is fully adequate, in quality and scope, for the fulfilment of the requirements for the degree of Doctor of Business Administration

The student has been supervised by: Associate Professor Dr. Wan Sabri Wan Hussin

The thesis has been examined and endorsed by:

Professor Dr. Nor Azila Mohd Noor

**Professor in Marketing**

**School of Business Management**

**Universiti Utara Malaysia**

Examiner

Associate Professor Dr. Fariza Hashim

**Senior Lecturer in Marketing**

**University Kuala Lumpur Business School**

**University Kuala Lumpur**

Examiner

This thesis was submitted to Asia e University and is accepted as fulfilment of the requirements for the degree of Doctor of Philosophy.

.....  
Professor Dato' Dr. Sayed Mushtaq  
Asia e University  
Chairman, Examination Committee

## **DECLARATION**

I hereby declare that the thesis submitted in fulfilment of the PhD degree is my own work and that all contributions from any other persons or sources are properly and duly cited. I further declare that the material has not been submitted either in whole or in part, for a degree at this or any other university. In making this declaration, I understand and acknowledge any breaches in this declaration constitute academic misconduct, which may result in my expulsion from the programme and/or exclusion from the award of the degree.

**Name: Mohamed Asri Mat Jusoh**

**Signature of Candidate:**

**Date: 30 April 2022**

Copyright by Asia e University

## **ACKNOWLEDGEMENTS**

Many people have helped and supported me through this journey. First and foremost, I offer my sincerest gratitude to my family for the constant support throughout my doctorate journey, my Business Advisory Team at ABA Malaysia or Action Business Advisors Malaysia for their contributions on the ideas and discussions, my supervisor Associate Professor Dr Wan Sabri Wan Hussin of School of Management for the reviews and instructions I had to make to my study and preschool entrepreneurs who participated in this study. I would also like to extend my appreciation to Professor Dr Juhary Ali, Dean of School of Management and Professor Dato Dr Sayed Mushtaq of School of Management for their words of encouragement. My thanks also goes out to my study group friends for the valued feedback.



## TABLE OF CONTENTS

<b>ABSTRACT</b>	<b>ii</b>
<b>APPROVAL</b>	<b>iv</b>
<b>DECLARATION</b>	<b>v</b>
<b>ACKNOWLEDGEMENTS</b>	<b>vii</b>
<b>TABLE OF CONTENTS</b>	<b>viii</b>
<b>LIST OF TABLES</b>	<b>xi</b>
<b>LIST OF FIGURES</b>	<b>xiii</b>
<b>LIST OF ABBREVIATION</b>	<b>xiv</b>
<b>CHAPTER 1 INTRODUCTION</b>	<b>1</b>
1.1 Introduction to the Study	1
1.2 Background of the Study	1
1.2.1 A Glimpse of Private Preschool Development in Malaysia	3
1.2.2 A Glimpse of SMEs Development in Malaysia	7
1.2.3 A Glimpse of the Impact of COVID-19 Pandemic on SMEs in Malaysia	13
1.3 Statement of Problem	16
1.4 Research Objectives	18
1.5 Research Questions	19
1.6 Structure of the Thesis	19
1.7 Operational Definitions	20
1.8 Assumptions of the Study	20
1.9 Scope of the Study	21
1.10 Significance of the Study	22
1.11 Chapter Summary	24
<b>CHAPTER 2 REVIEW OF LITERATURE</b>	<b>25</b>
2.1 Introduction	25
2.2 Financial Literacy Defined	25
2.3 Review of the Past Studies	27
2.3.1 Financial Literacy and Financial Knowledge	33
2.3.2 Financial Literacy and Financial Awareness	33
2.3.3 Financial Literacy and Entrepreneurs	34
2.3.4 Financial Literacy and Small Business Performance	36
2.3.5 Financial Literacy and Entrepreneurship	37
2.3.6 Financial Literacy and Entrepreneurial Efficiency	40
2.4 The Importance and Benefits of Financial Literacy	41
2.5 Chapter Summary	45
<b>CHAPTER 3 METHODOLOGY</b>	<b>47</b>
3.1 Introduction	47
3.2 Research Method	47
3.3 Research Design	48
3.3.1 Recap of the Research Questions	50
3.3.2 Population and Locality	50
3.3.3 Sampling Procedures and Sample Size	52
3.3.4 Research Instrument	56

3.4	Data Collection Techniques	59
3.4.1	Interviews	61
3.4.2	Audio Recordings	62
3.4.3	Field Notes	62
3.4.4	Secondary Sources	62
3.4.5	Field Test	62
3.5	Interview Transcriptions	63
3.6	Thematic Analysis: Interviews	79
3.6.1	Step #1: Open Coding	80
3.6.2	Step #2: Axial Coding	90
3.6.3	Step#3: Selective Coding	98
3.7	Reliability and Validity	100
3.7.1	Reliability	100
3.7.2	Validity	101
3.8	Ethical Procedures	102
3.9	Researcher's Roles	102
3.10	Chapter Summary	103
<b>CHAPTER 4 DATA ANALYSIS AND FINDINGS</b>		<b>104</b>
4.1	Introduction	104
4.2	Demographic Characteristic of the Participants	105
4.2.1	Descriptive Analysis: Participants	105
4.3	Background Characteristics of the Preschools	106
4.3.1	Descriptive Analysis: Preschools	107
4.4	Discussion on the Findings	114
4.4.1	Theme of Practice #1: Business Strategy and Action Plan	115
4.4.2	Theme of Practice #2: Budgeting and Reporting	119
4.4.3	Theme of Practice #3: Accounts Payable and Receivable Management	123
4.4.4	Theme of Practice #4: Operating Costs Management	125
4.4.5	Theme of Practice #5: Monitor Key Performance Indicators (KPIs)	128
4.4.6	Theme of Practice #6: Assess Internal Control Systems	131
4.5	Findings Assessment	133
4.6	Ties of Existing Literature	134
4.7	Chapter Summary	137
<b>CHAPTER 5 CONCLUSION AND RECOMMENDATIONS</b>		<b>137</b>
5.1	Introduction	137
5.2	Recapitulation of the Study	138
5.3	Discussion on Research Objective #1: To examine the financial literacy among preschool entrepreneurs	141
5.3.1	Financial Records Keeping	141
5.3.2	Scheduled Review of Financial Reports	142
5.3.3	Adherence to Regulatory Compliance	142
5.3.4	Business Strategy and Action Plan	143
5.3.5	Annual Business Plan	143
5.4	Discussion on Research Objective #2: To identify the financial activities being practiced that enabled preschool to sustain beyond 5 years	144

5.4.1	Cash Flow Budgeting and Reporting	144
5.4.2	Budgeting	145
5.4.3	Hiring Business Advisors	145
5.4.4	Assess Internal Control	146
5.5	Discussion on Research Objective #3: To investigate the impact of COVID-19 Pandemic on preschools' survivability	146
5.5.1	Operated within Structured Cists and Liabilities	146
5.5.2	Managed to Retain Employees	147
5.5.3	Sustained with No Requirement Mon Capital Injection and Borrowings	147
5.6	Limitations of the Study	148
5.6.1	Scope of the Study	149
5.6.2	Qualitative Nature of the Study	149
5.6.3	Sampling Method	149
5.6.4	Targeted Population	150
5.6.5	Findings Performance	150
5.6.6	Uncomfortable Feeling	150
5.6.7	Consistency of the Numbers	151
5.6.8	In-Depth Questions	151
5.6.9	Decisions Made	151
5.6.10	Method of Interview	151
5.6.11	Time Constraints	152
5.7	Delimitations of the Study	152
5.8	Proposed Research Model	153
5.9	Conclusion	154
5.10	Recommendations: The Financial Literacy Enhancement Strategy	156
5.11	Areas for Future Study	158
	<b>REFERENCES</b>	<b>159</b>
	<b>APPENDICES</b>	<b>171</b>

## LIST OF TABLES

<b>Table</b>	<b>Page</b>
Table 1.1: Growth Establishments Statistics of Private Preschools in Malaysia (2013 to 2019)	5
Table 1.2: Impact of COVID-19 Pandemic on Malaysian Businesses	16
Table 1.3: Gaps in the Literature	18
Table 3.1: Population and Locality Selection	52
Table 3.2: Samples Selection	55
Table 3.3: Face-To-Face Interview Questionnaires	57
Table 3.4: Interview Transcriptions: Participant #1 (P1)	63
Table 3.5: Interview Transcriptions: Participant #2 (P2)	70
Table 3.6: Interview Transcriptions: Participant #3 (P3)	75
Table 3.7: Thematic Analysis: Open Coding	80
Table 3.8: Thematic Analysis: Open Coding	83
Table 3.9: Thematic Analysis: Open Coding	86
Table 3.10: Thematic Analysis: Open Coding	88
Table 3.11: Thematic Analysis: Open Coding	88
Table 3.12: Thematic Analysis: Axial Coding	91
Table 3.13: Thematic Analysis: Selective Coding	98
Table 4.1: Demographic Characteristics: Participants	105
Table 4.2: Descriptive Analysis: Participants' Demographics	106
Table 4.3: Background Characteristics: Preschools (1/2)	108
Table 4.4: Background Characteristics: Preschools (2/2)	108
Table 4.5: Preschools – Summary of Financial Performance	110
Table 4.6: Descriptive Analysis: Participants' Business Background	112

Table 4.7: Study Findings	114
Table 4.8: Findings Assessment – Credibility and Transferability	133
Table 4.9: Findings Assessment – Dependability and Confirmability	133

## LIST OF FIGURES

<b>Figure</b>	<b>Page</b>
Figure 2.1: Elements of Financial Literacy	26
Figure 3.1: Thematic Analysis Process	79
Figure 5.1: Proposed Research Model	153

## LIST OF ABBREVIATION

CCM	Companies Commission of Malaysia
BNM	Central Bank of Malaysia
DOSM	Department of Statistics Malaysia
FMCO	Full Movement Control Order
KPIs	Key Performance Indicators
SAMENTA	SME Association of Malaysia
SMBs	Small and Medium-Sized Businesses
SMECORP	SME Corporation Malaysia
SMEs	Small and Medium-Sized Enterprises
GABEM	Federation of Malay Economic Bodies
GDP	Gross Domestic Product
GLCs	Government Linked-Companies
INFE	International Network on Financial Education
MASB	Malaysian Accounting Standard Board
MCO	Movement Control Order
MITI	Ministry of International Trade and Industry
MOE	Ministry of Education, Malaysia
MSMEs	Micro Small and Medium Enterprises
OECD Development	Organisation for Economic Co-operation and Development
PBT	Profit Before Tax
SOPs	Standard Operating Procedures

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Introduction to the Study**

Today's businesses are characterized by varieties of financial issues which require the entrepreneurs to increase their level of financial literacy. It is very clear that financial mistakes are the results of poor financial decisions of which the effects may be impossible to rectify within a short period. Entrepreneurs are practically have to make sound decisions on a daily basis to avoid severity caused by the damages in order to survive, and unfortunately large percentage of entrepreneurs are still ignorant to the need to evaluate their financial skills. It is evident that ability in making good decisions on financial matters is the only choice to avoid business closures especially during infant stage.

The research's main objective was to explore financial literacy practices among preschools in order to sustain in the operations and achieve long term sustainability. This chapter provides background of the study as well as highlighting the statements of problem. The chapter also spells out research objectives and provides justification for the study, as well as highlighting the benefits on the findings to the stakeholders. Research questions and study scope are presented.

### **1.2 Background of the Study**

Main question for the research guided this study – what financial activities being practiced by preschool entrepreneurs in order to sustain in the operations and achieve long-term sustainability while fulfilling their social responsibility obligations. According to Ye et al. (2019), immense contributions by SMEs in economic development are through employment creation, wealth distribution, technological



advancement, innovation and poverty reduction, and establishing and having stronger SMEs are vital in making a solid industrial sector in countries' economy. The researcher also agreed that well-functioning SME sectors are vital to achieve continuous and steady economic growth, which is essential for developing economies like Malaysia. Although we don't fully realise the maximum benefits of being a strong sector, the development of SMEs in general, is always a huge factor. Therefore it has been the researchers' interest and anyone that directly involve in SMEs development, to establish ways in increasing the SMEs' sustainability in Malaysia.

According to Derbyshire (2016), although SMEs form an integral part of any economies, its significance displays a very low survival rate for the first few years of operations, and a lack of literacy in financial has been identified as the main reason behind any SME failure. This has become a known factor that hinders the SMEs' growth and development. The researcher also explained that a lack of literacy in financial is believed to be associated with a lack of business management skills displayed among the entrepreneurs. Several studies, according to the researcher, have highlighted the importance of literacy in financial within the SMEs, however limited research available on the area of study hinders the meaningful development and interventions in enhancing the sustainability and growth of SMEs.

Preschools are part of the SMEs in early education sector. According to Salleh et al. (2016), private preschools have mushroomed all over the country since the last decade due to increased needs by the society, which is multicultural in nature. On the trend, there has been an increased in the number of private preschool establishments despite high failure rate among SMEs in Malaysia. Given the importance of preschool for a child's overall development, the care of our children must be in the hands of preschools that are profitably and sustainably managed, which according to Abdullah

et al. (2015), higher gearing and lower profitability entail higher probability of failure. Partly due to these reasons, Deepa (2018) agreed that it become the researchers' interest to understand and uncover the reasons for growth and survival of preschool businesses. In line with an increased in preschool establishments from 2013 to 2109 (MOE, Malaysia), the practices among preschool entrepreneurs points to the need for them to understand the financial literacy concepts more clearly so that prudent and consistent activities can be carried out diligently. Generally, low financial literacy among the entrepreneurs, which according to Thabet et al. (2019), may lead to SMEs business failure.

This study focused to identify the financial activities preschool entrepreneurs have been practicing in order to sustain and operate for longer period despite COVID-19 Pandemic, and how the crisis impacted their business' survivability. Based on preliminary observations conducted on private preschool business practices in Malaysia, little had been reported on the financial success of this service sector, particularly on the financial literacy activities and practices in achieving long-term sustainability in preschool business. Hence, it convinced the researcher that there is a gap to be filled which deserve more study.

### **1.2.1 A Glimpse of Private Preschool Development in Malaysia**

Preschool is an institution where children are prepared to enter a social and educational-based environment (Mustafa et al., 2014). According to Mustafa et al. (2013), privately-run preschools are always seen to be an option in providing quality education to children. In the last decade, according to Mustafa et al. (2014) and Salleh et al. (2016), privately-run preschools have mushroomed all over the country, and due to the country's multicultural society, the establishments are so diversified.

In Malaysia, the demand for early education has increased, which according to Foong et al. (2018), it started firstly due to country's rapid economic development, and secondly due to general awareness on the importance of early learning. Chiam (2008) and Foong et al. (2018) described the economic development has resulted in an increased in the number of mothers joining the workforce. Foong et al. (2018) also described that apart from the desire to shape young minds from the early formative years, strong initiatives by the government have empowered a larger percentage of Malaysian women entrepreneurs to involve in the preschool business where female involvement in the workforce has rose steadily to 54.1% in 2015 (46.9% in 2010). Based on Education Blueprint 2013 to 2025 by Ministry of Education Malaysia (MOE), the importance of education has been in place for implementation. According to Foong et al. (2018), among others, the government has targeted for 100% enrolment by 2020, with 40% of the preschools are privately operated.

Kamaruddin et al. (2017) described the parents chose a privately-run preschool for their children, which is consistent with Mustafa et al. (2017) where they had mentioned that positive development of the private preschool establishments in Malaysia indicated that the demand from parents is high, and an overwhelming majority of the parents prefer to send their children to private preschools in order to gain quality education. Farah (2013) also mentioned that the growth of the industry indicated that early education is vital to the society. Mustafa et al. (2017) further mentioned that rapid growth was due to the parents' concerns to pursue for the quality and better services from privately-run preschools.

Dahari et al. (2011) stated that it is for preschool businesses to meet the needs of both parents and children in order to attract and retain their customers. Kamaruddin et al. (2017) again explained that the trust given by the parents to privately-run preschools

are due to preschools' positive business strategies and plans. However there has been growing concern among the parents whether the preschools business operations are profitably and sustainably managed, despite of positive development on the establishments of private preschools in Malaysia. In general, the impact resulted from unsustainable private preschools are low quality education, low satisfaction among staff and parents, reduced registrations, less friendly learning environment and facilities provided for the children. However, according to Mustafa et al. (2013), government should be taking some actions to make preschool education more accessible for all backgrounds of children, although competition among preschools is a way to promote their institutions.

Preschool establishments in Malaysia has seen rapid growth from 2013 to 2019 as shown in **Table 1-1**, with 7,778 employers provided employment for 31,587 employees. The establishments increased by 1,061 (14%) in six years period with average growth of 177 centres (2.3%) per year. There has been increased in the number of classes by 5,914 (20%), as well as number of teachers by 14,559 (46%). The need for the preschools had increased across the country in response to changing social and economic conditions. The increased in the numbers of private preschools increases the awareness among the operators on the importance of financial literacy in achieving longer years in operations and long-term sustainability in the business.

**Table 1.1: Growth Establishments Statistics of Private Preschools in Malaysia (2013 to 2019)**

Reference Year	Private Preschools (Number)	Increased Trend (Number)	Increased Trend (%)	Classes (Number)	Teachers (Number)
2013	6,717	N/A	N/A	23,644	17,028
2014	6,859	142	2	25,360	32,725
2015	7,086	227	2	26,384	25,793
2016	7,238	152	2	27,141	27,180
2017	7,374	136	2	27,946	34,344
2018	7,702	328	5	29,147	35,491
2019	7,778	76	1	29,558	31,587

(Source: Extracted from Quick Facts 2013 to 2019: Malaysia Educational Statistics, Ministry of

Education Malaysia) Note: N/A – Not Available

Ali et al. (2019) described the availability of microcredits has empowered women economically through providing them with the capital that are needed to start-up their businesses. Omar (2016) stated that there are many banks in Malaysia which provides loans to establish kindergartens. High profit, extensive market trends, and population and demographic changes in demand contributed to the establishment factors. Ye et al. (2019) however acknowledged that insufficient attention has been given to how financial literacy affects their sustainability.

Entrepreneurs with strong business skills are innovative business leaders. In business, literacy in financial has become the requirements for business success. Literacy in financial, in general, is ability to understand the terms of financial, all the financial related transactions and other financial aspects of business success. The financial practices are different from one business to another due to its complexities, investments, return on investment and operating costs. According to Omogunsoye (2020), major business challenges can be overcome by having sound financial knowledge and education by the entrepreneurs.

Like other businesses, preschool entrepreneurs require a new level of financial literacy to succeed so that they can fit into the new business environment with minimal challenges. The need for the private preschools has increased across the country in response to changing social and economic conditions, thus crafted an intensified competitive advantage. The increased in the establishments has called for a proper understanding of the literacy in financial among the preschool entrepreneurs in order to sustain longer years in the operations.

Qin et al. (2018) mentioned that today, early education has been classified as vital for the future of children across the globe, however, it is difficult to determine the quality level of service that the institutions provide. Preschool business is part of SMEs under service sector, and it is like any other small businesses, preschool is an activity or enterprise entered into for profit. The rise or fall of an entity will very much depend on the entrepreneurs' financial literacy and what financial activities being carried out consistently by them.

### **1.2.2 A Glimpse of SMEs Development in Malaysia**

According to Roslan et al. (2018), SMEs in Malaysia are overseen by SME Corporation Malaysia (SME Corp Malaysia), an Agency under the Ministry of International Trade and Industry (MITI) that formulates overall strategies and policies of SMEs and coordinates the implementation of SME development programs nationwide. Companies Commission of Malaysia's statistics (CCM) until June 2018 as per **Appendix 1** shows a total of 7,105,896 businesses in several sectors were registered in Malaysia.

Ngek (2015) stated the researchers around the world are concerned in determining the variables that can enhance the performance of SMEs, as they play an important role in fostering economic development and growth. According to Okanta (2018), the definition of SMEs varies in different countries depending on the stage and pattern of development, policy of the government and administrative set up. In Malaysia, SMEs play a crucial role in the socio-economic development through generation of employment, business opportunities and alleviation of poverty. Kandasamy et al. (2018) also added that SMEs in Malaysia play a critical role in generating employment for the country.

In Malaysia, a common definition of SMEs has been adopted to facilitate SMEs identification in the various sectors and the subsectors. Sole-proprietorship is generally considered an SME in each of the respective sectors based on the annual turnover or number of employees, and are classified into two major categories - one is manufacturing sector and other one is service sector (Arunagiri et al., 2015). The researchers added that their role in the Malaysian economy will strengthen the resilience of the country to face a competitive and challenging global environment as they have been the backbone of economic growth in driving industrial development. SMEs have been the key driver of employment and economic growth in Malaysia, and has gone through a considerable transformation, from agricultural-based to industrial-based, over the last few decades. Musa et al. (2015) added that Malaysian SMEs is a vital component of the country's economic development and with the largest business establishment. Based on SME Corporation Malaysia Annual Report (SME Corp, 2018/2019), almost 99% of SMEs contribute 38.3% and 70% of the country's GDP and employment, respectively, with around 89.2% of the establishments are involved in the service sector.

In the modern economy, competitiveness means fast and accurate information with know-how rather than capital and assets. The key for any organization to become competitive is to strategically use their information resources and knowledge. The ability of business organizations to compete steadily in the market and sustain for longer years is increasingly seen as depending on the knowledge and literacy of its owners, managers and employees, and appropriate and consistent financial activities they used. As described by Yusoff et al. (2018), the importance of SMEs to the nation's economies in the world is an debatable fact. Abdullah et al (2015) and (Deepa, 2018) added that SMEs are acknowledged as significant contributors to development and economic

growth of nations. However, deployment of appropriate and consistent financial literacy activities to achieve long-term sustainability are their main challenges. Cummings (2018) stated that due to their predominant role, the performance of small business is an important topic as they are predominant figure in economic setting in the entire world. The researcher also highlighted that they represent a large proportion of job creation, economic growth and innovation in the world economy, by developing new products, stimulating the economy and creating new jobs. Daisy et al. (2019) described that a start-up plays a significant role in the economic growth, incubators for eco-innovation, employment opportunity and create a new market. In general, SMEs raise the standard of living.

Yusoff et al. (2018) stated that SMEs have a big impact on the Malaysia's economy through job creation and innovation. Foong et al. (2018) also described that rapid economic development in Malaysia has resulted a huge percentage of women entrepreneurs to involve in preschool business. Chief Statistician of Malaysian Statistics Department reported in The Star (2017) that the contribution of women to the national economy grew to 187,264 active companies or 20.3% between 2010 and 2015, from 19.2% or 127,422 active companies from previous years. The survival and competitiveness of any business organization in current business environment is linked to its ability to manage the challenges especially on financial management. Emrich (2015) highlighted profitable businesses for over 5 years indicate the ability to grow profits, the ability to sustain high profits and the ability to deploy effective strategies. According to Financial Stability and Payment Systems Report (BNM, 2018), 71% of SMEs recorded profit margins of above 10% and were able to maintain positive cash flows, despite of the challenging business environment in the first quarter of 2018.