

Doctoral Dissertation Abstracts

Working Capital Management Practices: A Study of Small and Medium Enterprises (SMEs)

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Small and Medium Enterprises (SMEs) play a very important role in all economies worldwide. However, it seems that although SMEs have enormous potential, their performance still falls below expectation in many countries. Because of this financial management-related issues become vital to ensure the success of businesses, especially the management of working capital

Therefore, this study aims at capturing contemporary working capital management (WCM) practices of SMEs in India by incorporating behavioral biases. This study also aims at identifying the different determinates of working capital requirements of SMEs in India. To gain an insight into the WCM practices of SMEs a primary survey of 269 SME owners was conducted in the state of Rajasthan. This study found that focus of SMEs on WCM is limited and these SMEs lacks in term formalization of WCM. In addition to that it is also found that decision making of SME owners related to WCM is not fully rational. SMEs owners are found to be prone to self-attribution, overconfidence and loss aversion bias. The findings of this study significantly contribute to both theory and practice. This study is probably the first to capture the WCM practices of SMEs in the Indian context.

Keywords: Working Capital Management, Small and Medium Enterprises, Inventory Management, Cash Management, Receivable Management, Behavioral Biases