VIII. SUGGESTIONS AND CONCLUSION
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The changing economic circumstances have pushed our economy from "infant protection strategy" to the stage of economic liberalisation to meet the challenges of globalisation. Under these circumstances, it is but natural that the government is shifting its focus in terms of incentives and concessions to small scale industry by curtailing the fiscal concessions and other benefits doled out to this sector in 70's and 80's. This new but non-protective culture for small businesses, a different outlook with a competitive attitude to mobilising and utilising the resources, is needed by the small entrepreneurs in their struggle for existence in the age of 'survival of the fittest'.

Financial recording system adopted by the small business should be according to their requirement on the basis of prudent accounting norms and easy to follow, so that it can provide foundation for financial management applications in small business.

The result of the study highlights the wide gap between theory and practice of financial management in small business organisation's. Small Business owner-managers may hardly find the existing financial management techniques of use. At the same time, little efforts has been made in the field of research on developing tools and techniques for small business (Soral and Jain, 1994). With their peculiar problems
and limited resources, this small business sector generally “relies more on traditional accounting namely financial and taxation matters, rather than financial management. The theories of financial management, so far developed, has little relevance in catering to the specific needs of the small business. Thus, the theory and the practice of financial management being interdependent may form a vicious circle hindering the growth of this vital sector. In this age of cut-throat competition, more sophisticated financial management tools cannot be a luxury for small business units to flourish. However the onus of designing suitable kit for financial management for small business lies on the academics, which in turn calls for the need of a “real life research” (Choudhury, 1987).

Review of the effectiveness and uses of the management thought, in most of the previous analyses is recorded in the context of large corporate sectors. But if we want to unearth the correct perspective, it is observed that only 500, out of 5,00,000 active business enterprises are recognised corporate setups. Ironically, more than 90 per cent of our industrial units, with turnover in the range of a few thousand, continue to function in an apparently, unprofessional way. So any isolated attempt to improve the efficiency of these few giants may be futile, without improving the rest of the business sector. Following the
examples of ASEAN tigers, we must concentrate on the medium and small scale business enterprises, for all round development including financial management aspect. A separate Ministry/Department at the centre and in the states level may be created to formulate appropriate policy measures for development of small business administration covering small trading, manufacturing and all other types of small businesses in the line of USA, UK, Japan etc..

The management techniques initially most valuable to the small business are apparently those which will enable it to conserve its financial resources in liquid form. Prudent and skilful purchasing and pricing, careful planning and control of expenditure of all kinds, proper maintenance of inventory without interrupting production, expanding work through the shops to avoid accumulating work-in-progress, standardisation of its products or services are of immense value to any business firm. They are vital to the small business wishing to maintain some financial freedom of action.

At the present stage, it is sad to observe that young technical manpower is shifting to white collar and office jobs, instead of being groomed in factory shop floors. As a result, the think tank of our industries are starved of essential tech-force nourishment and the outcome is self restraining. On the other hand, our management
The curriculum has not really looked into the requirements of these medium and small scale sector of businesses. Also, trained managers are rarely interested in working for this sector and generally do not understand or contribute, even if capacitated. Largely, the scope of professionalism does not get an entry in small business sector.

To cope up the situation few action plans may be taken up for urgent implementation. First, is to devise effective low cost management training programmes, particularly suitable for small business sectors/industries, and thereby groom young competent managers for their future involvement in this sector. Even tailor made in plant training courses may be organised. Exposure should be carefully designed to impart beneficial working. Second, is to facilitate low cost turnkey total management consultation, to be offered from sincere, like-minded, experienced professionals. This consultancy services can also be provided by professional management schools, universities and technical institutions, through setting up of ‘Management Consultancy Wings’ at the institutional level.

The small business survival planning requires well thought out strategies by the entrepreneurs regarding the following crucial and challenging aspects:
Finance: Lack of adequate and timely finance has been rated as the foremost problem of the Small Businesses. The problem is of both working capital funds and long term loans. The sector is in dire need of term capital in order to upgrade and for modernisation. To meet this challenge a proper fund management programme through financial management practices with a cost conscious approach is required by the small business entrepreneurs. Temptation to divert the fund to unrelated activities should be avoided.

Location advantage: Small business units cater generally to small geographical areas and they are in a rather better position to find opportunities suitable for the local people and market. Therefore, instead of scattering their efforts over large market areas, they can put concentrated efforts in defined areas.

Marketing: This has been identified as an important problem area affecting the growth of the sector by many research studies. The competitive marketing attributes like packaging, branding, distribution network storage, design, technology, promotion, quality control and after sales services are beyond the reach of small scale businesses. But with growing competition, the sector would need to strengthen its marketing system in order to survive and grow.

Due to their modest investment in plant and machinery and small level of output, small units are more adaptable to the dynamic condition of the
market place. Further, small units can tap the market of specialised (niche) products even if the total volume of demand is not very significant. In service sector satisfaction of the consumer to a large extent is dependent upon the personal attention paid to him. Small firms generally are in a better position to provide the personal touch so important for success in service industries. There are perishable products like bread, and other edibles which require extremely fast and efficient distribution system. Local small business units can get much better penetration into the market in such cases. Small entrepreneurs should, therefore, identify their major strengths and try to convert them into market opportunities.

- Timely and correct information has a significant place in a business. Generally, it is found that small business organisations are giving less attention to collecting proper information relating to various business activities in time. Lack of proper and timely information creates a serious problem before an entrepreneur in shaping ideas and proper planning. To sustain in a competitive field of activities, a serious effort is needed for collection and analysis of latest information (financial and non-financial) for long term planning for the organisation.

- An accounting system which is the basis of financial management as all the financial data is first of all recorded according to the rules of accounting in the business books of accounts. The accounting system
is only useful for financial management if it is up to date and accurate. To prevent errors and to provide correct information of the business, the business accounting system must provide for certain internal checks. A standard method for protecting against errors or employee fraud is to have two or more individuals involved in the recording function. An alternative approach for ensuring accuracy is to employ the services of a public accountant or a book-keeper. Assistance may also be provided by a book-keeping service firm in filling out tax returns and in making periodic audits. Still another approach to handling the accounting function is to purchase one of a number of simplified book-keeping systems (software) that have been prepared for use by small business. Such systems are ideal for the business owner who knows little about accounting and has some workable knowledge on computer.

- The present study have identified few tools of modern financial management, which are very useful for the management of a business successfully. But there is no denying the fact that small business units in North Eastern Region of India including Assam are facing some problems, which makes the application of these tools difficult due to lack of knowledge, awareness and usefulness of the tools as most of the firm are marginal units. Difficulties are there, but they are not
insurmountable, given the determination and concerted efforts – problems of implementation can be overcome. There is no short cut to success in financial management. There is no alternative to the observance of proper discipline and financial ethics for ensuring the optimal and efficient use of financial resources like Capital for a business. Therefore, all-out efforts are needed for applying the tools of financial management to the small business enterprises in a simplified and scientific manner in the interest of injecting fresh confidence and restoring the financial health of the organisation in particular and the nation as a whole.

Small Business enterprises play a critical role in the development and growth of local and regional economies by creating employment and commercialising innovations that result in economic growth. Development factors for small enterprises include sources of innovations, opportunities for new products and/or services within defined market places and a supportive public and private infrastructure. It is through systematic direction of technical support and assistance that indigenous small-businesses can prosper.

Owner-managers of small businesses admit the usefulness of modern techniques of financial management, but express disappointment over the benefit from their application due to ignorance. Although, the owner-
manager of the small business units under study has shown some interest in modern techniques of financial management, yet they are not mentally prepared to adopt these tools. This is in many cases due to their inadequate knowledge of the subject inadequate manpower, insufficient practices of these tools by other organisation in the same line of business and so on. Therefore, the present attitude of the owner-manager of small business has to be changed and attempt should be made to develop a positive attitude towards the use of financial management tools. For this, measures should be taken to familiarise the owner-managers with modern tools, and their benefits to be derived from their use etc. through the provision of training, short term courses, conferences, seminars/workshops etc. by the development agencies.

➢ The present system of education in India, where pigeonholes individuals into a narrow range of disciplines and straightjackets them into rigid career tracks. Given the overwhelming emphasis on grades, creativity and independent thinking end up taking a back seat. Therefore, the need of the hour is an education system that foster exploration, questioning and debate. A system that can help each student/individual to pursue a path that best stimulates their creativity and to face challenges by him or her to become successful
entrepreneur. The objective should be to create citizens who have the ability to think laterally.

➢ As we understand, the present small business definition in India was framed to withstand the competition from the large scale industries within the country, in a protective environment of 60's and 70's. But at present Indian economy has underwent a ‘U’ turn from protection to a market economy where we need a broad based small business definition to withstand the competition. In the proposed new definition, where limits on investment have to be removed and include all the constituent of small business i.e. Trade, Industry and Commerce to meet the present challenges. Therefore, government policies have to shift its direction from investment criteria to employment in defining small business. The proposed shift in the policy shall act as a facilitator of economic activities – as small business may be promoted in the light of employment generation and to cultivate the spirit of entrepreneurship in the country’s economy.

➢ The result of the study shows that only 10.5% of the small businesses uses computer. At the level of the small business obtaining computer for book-keeping and financial management purposes for many such businesses is almost certainly not cost effective. However, many other businesses especially those who are using computers are discovering
the advantages of computer use for many purposes other than financial management and accounting, e.g. word processing, desk-top publishing, work schedules, stock records, etc. which change the equation by not only just saving on time or personnel but also making the business more professional and efficient. Therefore, it may be suggested that most small business owner-managers need more management training in computer literacy and use of computers for accounting, pricing and budgeting, office management etc. If more owner-managers are to feel confident enough to use the technology it may be that support systems need to be made available to help inexperienced users to deal with day to day problems which arise when using computer software and tools of financial management. This could be provided either through help-lines to suppliers or through appropriate local networking.

The result of the study support the conclusion that receivable management in Small Businesses requires an urgent attention. Following a liberal credit policy will tend to increase in sales and also lead to an increase in account receivable. Consequently, small firms shall require more financial resources to continue the existing level of business activities. The seriousness of the receivable problem is emphasised by the aggregate losses on bad-debt (lost sales) incurred;
most conservative estimate run into lakhs of rupees every year (Das and Dey, 2004). The longer a credit sale is carried on the book, the greater is the likelihood of its not being collected in full. The losses on bad-debts show the necessity of close follow-up on accounts which become part-due.

Therefore, the best way to avoid receivable problems is to avoid giving credit in the first place. It is said that, no sale, however large, is worth making if you cannot collect receivable in time. So, management must adopt judicious decision and cautious approach for granting credit.

Small Businesses should adopt a reasonable and tough credit policy. A sound credit policy is one in which:

(a) Limits are placed in the amount of credit to be extended.

(b) Terms of credit sales clearly specified.

(c) Receivables are systematically monitored and controlled.

(d) Follow-up action on delinquent account receivable should be taken up promptly.

(e) Aggressive collection procedure, should be initiated.

(f) Delivery of goods or services on credit should not be made until the previous balance of receivable has actually been cleared - if any.
So to increase the awareness level of Small Business owner/managers about accounting, record keeping and financial control, a concerted effort must be taken up by the Small Business development authorities like, DIC, SISI, SIDBI, Commercial Banks through EDP’s.

In conclusion, this study’s major findings will hopefully help focus the attention of researchers, business practitioners and policy makers on the needs and challenges facing small businesses. These small business units/firms can be formidable competitive forces both domestically and internationally, as they often are the sources of technological innovation and employment generation for developing country like India. Such findings should accelerate the search for ways to improve the capacity of small firms to match their high growth rates in sales with higher profitability levels.

Recommendation for Further Research:

(a) It must be noted that since our study was confined to situations at a particular point in time. The survey data could not explain what Financial Management practices in Small Businesses in North East India have changed over time. In certain period of time, however, some of these practices may have been different from those revealed by our study. Therefore, further research is needed to examine what
financial management practices in North-East Region of India have changed in the recent past and in what direction they are moving at present.

(b) Due to the exploratory nature of the study and limited scope, there remains considerable opportunity for further empirical inquiry into the small businesses financial management functions and practices. The researcher believe that it would be useful to extend this study into a wider empirical effort by developing a broader and more specified questionnaire and covering other parts of the country. This would be an important step for determining whether the relationships and findings identified in this study exist in other small enterprises. The results of such studies could, in turn, generate theories and research questions for more general testing and research.

(c) Decision behaviour of owner-managers of small businesses is largely the result of habit and experience. Further research should focus on techniques and ways to train entrepreneurs (owner-managers) to be more comprehensive in decision making. Such efforts are likely to result in increases in business performances.

(d) Other issues in the small enterprise Financial Management objective function which might require investigation include the longitudinal analysis of how the transferability of ownership stakes affects the
financial management of small businesses. The variation of the financial management practices between different kinds of small business units might require investigation.

(e) Within the limitations of the study the findings give some support to the proposition that small business financial management practices is not underpinned by wealth-maximizing assumptions alone. While, this conclusion cannot be generalised to the wider small enterprise population, the findings of the study are consistent with relevant literature and support the need for further research.

(f) Finally, there is a need to replicate our findings using different populations and measures and larger samples. For example, different measures of performance should be employed, firms in other regions of the country should be surveyed and larger sample sizes should be analysed. In addition, future extensions of this research should give thought to including medium sized firms. Finally, a comparison of Indian small business firms with their counterparts in other countries would be a fruitful future research avenue.