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The Impact of Ethics on the Availability of Trade Credit to New Small and Medium Sized Enterprises (SMEs) in South Africa

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ABSTRACT The failure rate of new SMEs in South Africa is one of the highest in the world. Non-availability of external finance is one of the primary causes of failure. This study investigates whether the ethical challenges faced by new SMEs are a constraint on the availability of trade credit, a major source of external debt finance. Data was collected through self-administered questionnaires in a survey. Data analysis included descriptive statistics, Chi square goodness of fit test, T-test and ANOVA. The results indicate that ethical challenges faced by new SMEs impact on the availability of trade credit. Recommendations to improve ethical behaviour of new SMEs are suggested.