

An Investigation into the Financial Management Practices of New Micro-enterprises in South Africa

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ABSTRACT The research investigated the financial management practices of new micro-enterprises in South Africa. The research focused on six financial management practices namely financial planning and control, financial analysis, accounting information, management accounting, investment appraisal and working capital management. Data was gathered through the use of structured face-to-face interview in a survey. A combination of dichotomous and Likert scale questions were used for the survey. Statistical analysis was descriptive statistics in nature. The findings indicated that most new micro-enterprises do not engage in financial planning and control, financial analysis and investment appraisal. For accounting information most new micro-enterprises keep certain accounting books such as sales book and purchases book but do not keep other books such as drawings book indicating a mixed result. The pricing strategy of new micro-enterprises is mainly cost plus and pricing similar to competitors. Recommendations to improve financial management practices include training of the owners of new micro-enterprises.