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BUDGETING AND FINANCIAL TECHNIQUES USED BY SMES DURING CRISIS

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Abstract *The COVID-19 pandemic topped the financial and economic crisis faced by small and medium-sized enterprises (SMEs) in Lebanon. The purpose of this article is to explore the budgeting and financial techniques used by the Lebanese SMEs during the crisis, using an exploratory and qualitative approach to discuss the impact of the crisis on the techniques used. Data collection involved sending questionnaires to the managers of 133 different SMEs. Results have shown that a low number of financial management techniques are used, while most SMEs tend to abandon their prior budgeting techniques. The usage of financial techniques is related to financial literacy and could be explained by the tendency to focus on short-term profitability and liquidity. We found that younger and more educated managers have a higher tendency to use more techniques. Managers are encouraged to rely on budgeting and financial techniques to increase their survival chances. Long-term planning can be a powerful tool to avoid reactive strategic behaviour. Managers need to anticipate environmental constraints using different scenarios or by testing the robustness of strategic initiatives using diverse tools like financial planning and control.*

Keywords: *Management Accounting, SMEs, Crisis*

INTRODUCTION

In modern economies around the world and particularly in developing countries, small and medium-sized enterprises (SMEs) play a crucial role by generating employment and adding value, and contributing to innovation. In emerging economies, formal SMEs contribute up to 60% of total employment and up to 40% of national income, that is, gross domestic product (GDP), while these numbers are much higher when the informal SMEs are included. However, these SMEs are more vulnerable to the intense pressures caused by a financial crisis, and they often struggle to survive. As a result, an increased number of SMEs risk bankruptcy (OECD, 2017). The recent COVID-19 pandemic, the financial crisis, and the economic instability were a major challenge for all types of organisations. The problems in managerial accounting labelled "undeniable" by Van der Stede in 2016, are discussed while elaborating on the shortfalls in terms of culture and structure. A readjustment of management accounting practices is becoming a necessity (Hopwood, 2009). It is important to know what techniques are used by those vulnerable SMEs.

Because of their nature and instability, SMEs have less access to bank loans than large firms do. To overcome this weakness, the SMEs rely on internal funds and on the cash from friends and family in order to run their enterprises. About 50% of formal SMEs don't have access to formal credit, and if the micro, small and medium-sized enterprises (MSMEs) are summed into one pool, approximately 70% of all in emerging markets lack access to credit (World Bank, 2015). The challenges, particularly in terms of management accounting practices, are important, taking into consideration that the usage of management accounting information has a vital impact on the survival and success of SMEs (Mitchell & Reid, 2000). According to the study conducted on Lebanese SMEs by the International Rescue Committee in 2016, 72% of the SMEs are self-financing, 14.4% take loans from friends and 7.5% from banks. Because of the lack of capital, it is important for their survival to improve their capital management and maintain proper control.

The current study intends to gain a deeper understanding of the budgeting practices and financial techniques used by Lebanese SMEs. More specifically, we intend to study the management accounting practices and budgeting techniques used during the financial crisis and the current economic instabilities. It is important to study the Lebanese SMEs that are operating in a hyperinflationary economy. The country and all of its operating organisations are facing extremely intense

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pressures due to the turbulence surrounding the country and the devaluation of its currency. In Lebanon, SMEs represent 97% of the total number of formal enterprises, employ more than 51% of the working population, and are mostly family-owned. Most Lebanese are fighting a daily battle for survival, and only a few profiting from the skyrocketing exchange rates for the US dollar. This "many-sided" crisis has been in the making for many years. Even before the spread of the COVID-19 pandemic, Lebanon was in turmoil, as shown by the Lebanese revolution on 17th October, 2019. According to the Lebanese government and a number of local NGOs, the Syrian crisis has led to an influx of more than 1.5 million refugees into Lebanon, creating severe economic, political and social pressures (ECHO, 2017). Due to the extended nature of the crisis, Syrian refugees and local Lebanese communities are already struggling with high unemployment rates and a weak economy that is making them increasingly vulnerable (IRC, 2016). The research question that arises is: what financial techniques are used by SMEs in order to survive in this turbulent situation?

This study adds to the international literature by investigating and discovering the budgeting and performance measures used during crisis. This understudied area of research requires further analysis, especially the limited research related to SMEs. Despite the fact that further research with an international orientation is required before reaching general conclusions, our study could be considered an expansion of the research agenda to include the countries that are facing financial crisis and are affected by the inflow of refugees. An in-depth future study to check the link between the usage of these metrics and favourable results for the companies once the performance figures are available is of great importance. In this study, we will discuss the theoretical linkage between budgeting and performance and examine the budgeting and financial techniques used by Lebanese SMEs during crisis.

In this article, will start by exploring the relevant literature related to the issue presented. Afterward, we discuss the relationship between budgeting and performance, the methodology and the results and we propose some explanation. Finally, we conclude and discuss the limitations, and we draw an agenda for researchers where more information and research are required.

LITERATURE REVIEW

The SMEs Sector in Lebanon

The Lebanese economy is dominated by trade and services, which employ the highest percentage of workers (Hendieh, 2016). This structure is a consequence of several factors, mainly historical, in addition to the fragmentation of markets because of the civil war, abrupt urbanisation, and others. Services constitute the sector with the highest share of enterprises employing less than five individuals (93.8%), followed by agriculture (92.5%). In addition, it appears that services and leisure are the sectors with the highest share of enterprises employing less than 50 employees (97%) followed by industry (96%) (Makdissi & Tannous, 2020).

Since 1996, most of the enterprises in Lebanon engage in trading activities, and their numbers are increasing while those of industrial enterprises are declining. This has implications for the types of investments and prospects for internationalisation for Lebanese SMEs. Trading enterprises are very important for job creation but have less importance in terms of innovation or the introduction of new technologies, and hence economic development. Since productivity is to a certain extent linked to technology diffusion, the productivity of Lebanese SMEs is likely to be low (Aoun et al., 2019; Hendieh et al., 2019).

Compared to non-GCC (Gulf Cooperation Council) SMEs, the Lebanese SMEs are doing average. However, when compared to upper middle income countries with the (same GNI per capita), the Lebanese SMEs perform the worst. Studies show that there are low incentives for new SME or start-ups (Lebanon performs badly with respect to typical SME constraints: finance, close or start business, export), and the risk is very high to innovate and export. The bankruptcy laws, commercial disputes, and the unfavourable business climate in general do not encourage risk-taking and entrepreneurship, and hence SME development. The majority of private companies are family businesses. These businesses are young, emerging, SMEs run by the first or second generation of owners. The family plays a leading role, often serving as the primary source of start-up capital. The cost of labour and expertise is low, and the family and its network are the central elements powering the socio-economic system in the Middle East. To conclude, entrepreneurial-led family firms only have an average life span of 24 years (Hoekman et al., 2019).

Definition of SMEs in Lebanon

The classification of SME varies by country, but in relative terms (to GDP), opportunities and challenges are about the same. The classification criteria are number of workers (often used), fixed assets and turnover (in region, often use number of workers). SMEs definition is a controversial issue for example, a medium enterprise can have 499 employees, as is the case in the USA, or 249 employees, as is the case in Europe (Hoekman et al., 2019).

The SMEs dominate the developing and Arab countries: for example, Egypt (98% of firms, 80% of GDP are SMEs < 100 workers), Jordan (99% are SMEs < 249 workers), Lebanon (~ 95% of firms < 50 workers), Morocco (SMEs are < 250 workers). However, SMEs face numerous challenges and market failures, which necessitate measures and policies to ensure their sustainable growth (Ishrakieh et al., 2020).

In Lebanon, no formal definition exists so far for SMEs; various informal definitions have been used so far. In order to judge whether the company is an SME or not, most studies rely on the scope of activity and the cash turnover of the company. In the majority of the government statistics, the breakdown of enterprises is according to the number of employees, with businesses employing between 5 and 49 persons. According to the 1996 census of establishments, conducted by the Central Administration for Statistics, the total number of existing enterprises is around 198,000. In addition, small enterprises employing fewer than 50 individuals make up 96% of the total. In Lebanon, enterprises with fewer than 50 employees generate many of the employment opportunities, employing 530,000 employees or 51% of the total working population. The definition we used is similar to the EU definition, but we did not consider the sector of activities or turnover issues (Hoekman et al., 2019). The Table 1 below provides a classification of SMEs in Lebanon in terms of size as expressed by the number of employees.

Table 1: Classification of SME in Lebanon

Size	Employees
Micro	1-4
Small	5-49
Medium	50-200
Large	>200

Studies show that the Lebanese market is dominated by microenterprises. While small and medium enterprises are a minority in the economy, they contribute substantially to the value added of the economy, employment and income generation. The limited data available indicates a certain stagnation or decrease in the numbers of SMEs and an increase in the numbers of microenterprises.

Budgeting Process in SMEs

Budgets are defined as a detailed and quantitative plan that shows the information about the company's planned activities over a specific future time period; it could be over a long-term period (two- to 10-year) or a short-term period (one- to two-years, monthly, weekly or daily based). Budgets require management to forecast the expected sales, cash inflows and outflows and costs and provide rational and quantitative data that facilitate and support the decision-making in the organisations (Zor et al., 2019).

The budgeting functions are planning, coordinating, communicating, control and evaluating. If used wisely, a good budget requires management planning, provides specific targets that will be used for judging subsequent performance, and promotes effective communication and coordination between the various departments/parts of an organisation (Lohr, 2012).

Existing large-scale research discusses budgeting, its functions and its application to large, publicly listed organisations in developed countries. Jones and Dugdale in 1994 found that high benefits derived from the use of budgeting planning in UK companies. Bonn and Christodoulou (1996) showed that 72% of the largest manufacturing companies in Australia use formalised strategic planning systems.

In this article, we will study the budgeting of SMEs in a developing country. Joshi et al. (2003) studied the budgeting functions in a developing country; they conducted a survey on 54 medium- and large-sized, listed and non-listed firms in Bahrain. As expected, they found that most of the firms prepare both long-range plans and operating budgets, and use budget variances to measure a manager's performance, and for timely recognition of problems and to improve the next period's budget. Additionally, there is some existing studies that discuss the relationship between strategic planning and performance of SMEs (Akolo et al., 2018), but researchers have not paid significant attention to the possible relationship between the budgeting process and performance in SMEs (Shields & Shelleman, 2016). Merchant (1981) mentioned that due to the restrictions of limited size and the resources, budgeting process in SMEs is probably different from that of large companies.

Most studies focus on two basic roles of budgets, called "dual purpose", planning and control (Bukh & Svanholt, 2020). In the management accounting literature, the budgeting process is generally classified into budgeting planning and budgetary control.

Budgetary Planning

Budgetary planning refers to setting quantitative targets for the organisation and preparing various budgets (Bodie & Merton, 2000). Business organisations use long-term budgets to lay out the planned financial goals and actions over periods ranging from two to 10 years that guides the firm towards strategic goals (Gitman et al., 2015). Capital budgets, an example of long-term budgets, are defined by Garrison et al. (2015) as an investment decision-making tool used to describe how managers plan expenses on long-term projects. On the other side, short-term budgets are used to guide day-to-day operations. Short-term, also called operating budgeting, identifies the acquisition and use of financial and other resources over a short-term period, which most often covers a 1- to 2-year period. Short-term budgeting consists of a number of separate and interdependent budget preparations. These budgets, when added together, form the master budget.

Budgetary Control

When there is a difference between the actual amount realised, and the budgeted target, there is a budget variance that can be divided into favourable and unfavourable variances. Friedlob and Plewa in 1996 point out that favourable variances are "generally signs of efficient, effective cost management and increases in net income", while unfavourable variances are the result of "inefficient, ineffective cost management, and reduced net income." Daumoser et al. (2018) discussed four reasons for variance's existence. "Firstly, variance can be the result of inaccurate data. Secondly, an upward change in costs or production conditions (quantity) can result in an unfavourable variance. Thirdly, variance can be the result of random happenings. Finally, variance can be the result of especially efficient or inefficient operations."

Control is the process of ensuring that a firm's activities are running according to its plan and that its objectives are achieved (Drury, 2012). This process is commonly referred to as "budgetary control." The mechanism of budgetary control can be traced back to the framework of Anthony (1965) who stated that "control activities in an organisation are categorised into three major types, namely strategic planning, management control and operational control. Strategic planning is concerned with setting overall corporate strategies and objectives over the long-term. Operational control is the process of ensuring that specific and short-term tasks are carried out. Management control is the process that links strategic planning and operational control. Emmanuel et al. (1990) also discussed four conditions that must be satisfied before any process can be said "to be controlled." Firstly, objectives for the process being controlled must exist. Secondly, the output of the process must be measurable. Thirdly, a predictive model of the process is required, and the proposed corrective actions should be evaluated. Finally, there must be a means for taking action to reduce deviations from targets.

In this article, we will use two factors the financial budgets to explore the planning side and the operation budgets to explore the control side—to explore our sample.

The Relationship between Budgeting and Performance

Budgets must comprise the quantities of economic resources to be allocated and used; they have to be expressed in monetary terms; they have to be planned and they must be made within a certain period of time (Mohamed & Ali, 2013). Budgets are vital for financial success. To be effective; a budget should be accepted and used by all levels of management (Weygandt et al., 2019). The studies showed that the difference between successful and unsuccessful SMEs is that businesses that develop and follow budgets increase their chances of survival and success (Burrow et al., 2007). For SMEs, cash management is vital and important to the success of a company. When a cash shortage occurs, the business will be unable to pay its debts and risks bankruptcy. A cash budget should be prepared in order to anticipate any cash shortages or excess.

Previous research found a moderately positive relationship between strategic budgeting and companies' performance when the companies set realistic and attainable targets as part of their strategic planning process (Qi, 2010). The clarity of goals strongly affects the performance of small and medium sized enterprises (Peel & Bridge, 1998). Through budget, the company gains a clarity of roles that enhances their performance (Sulthana & Subrahmanyam, 2022; Hall, 2008), especially in turbulent times where organisations face strategic change (Abernethy & Brownell, 1999). Finally, there is strong evidence that links budgetary control to improved financial performance in all types of firms (Nelima, 2019).

Budgeting during Crisis

The budgets are defined as a plan for the future (Garrison et al., 2015). There is a lack of research on the link between budgeting and crisis. In the existing literature, we found contradictory results. Chendall in 2005 argued that during turbulence and uncertainty, organisations tend to reinforce their traditional management accounting practices, such as budgeting. On the other hand, Ekholm and Wallin (2011) showed that organisations tend to abandon their traditional budgeting when faced with increasing turbulence.

The purpose of our study is to explore this link in a specific context, the Lebanese market, which is facing an economic and financial crisis during the COVID-19 pandemic.

Financial Techniques Used in SMEs

After discussing the SMEs definition and the budgeting process in SMEs, the study will discuss the components of financial management and the techniques used in SMEs. We will be discussing the components of financial management in this section. The literature review identified six components of financial management: financial planning and control, financial accounting, financial analysis, management accounting, capital budgeting, and working capital management. There are two techniques for financial planning and control used by SMEs: financial budgets and operating budgets. We could also find six techniques of financial analysis that are used by SMEs: current ratio, quick ratio, operating profit margin, return on asset (ROA), return on equity (ROE) and debt ratio. As for the management accounting there are four techniques used by SMEs: standard costing, just in time (JIT), activity based costing (ABC) and balanced scorecard (BSC). Finally, There are four techniques of working capital management used by SMEs: cash management, accounts receivable management, inventory management and accounts payable management (Biswas & Bhattacharya, 2020; Chand & Ambardar, 2013; Das, 2013; Kumar, 2007; Koyuncugil, 2006; Locke & Scrimgeour, 2003).

METHODOLOGY

This study used a structured questionnaire to obtain data and information about financial management tools being used by SMEs. To answer the research objectives, we built a questionnaire based on the 17 factors, and the targeted sample is the SMEs operating in Lebanon. In the present study, SMEs are defined based on the criteria provided by the Ministry of Economy in Lebanon. According to the criteria, SMEs can be defined according to the total number of full-time employees (between 5 and 200 employees). The survey was conducted through phone or video conference interviews with the managers between December 2020 and June 2021, in order to collect the data within the shortest time possible, as we were unable to meet during the multiple lockdowns. 133 SMEs accepted the invitation to participate and were selected.

The factors used in the questionnaire are similar to those in the existing literature. We identified four relevant components of financial management: financial planning and control, financial analysis, management accounting techniques, and working capital management (Mohd Harif et al., 2010). For the financial planning and control, we selected the operating budgets and the financial budgets (McMahon & Holmes, 1991). For the financial analysis, we selected current ratio, the quick ratio, the return on assets (ROA), the return on equity (ROE) and the debt ratio (Koyuncugil & Ozgulbas, 2006). For the management accounting techniques, we selected the standard costing, just-in-time costing, activity-based costing and the balanced scorecard (Ghosh & Chan, 1997). For working capital management, we selected cash management, account receivable management, inventory management and account payable management (Khoury et al., 1999).

We added a fifth factor, the budgeting practices used during crisis; we selected the reinforcement or the abandonment of traditional budgeting.

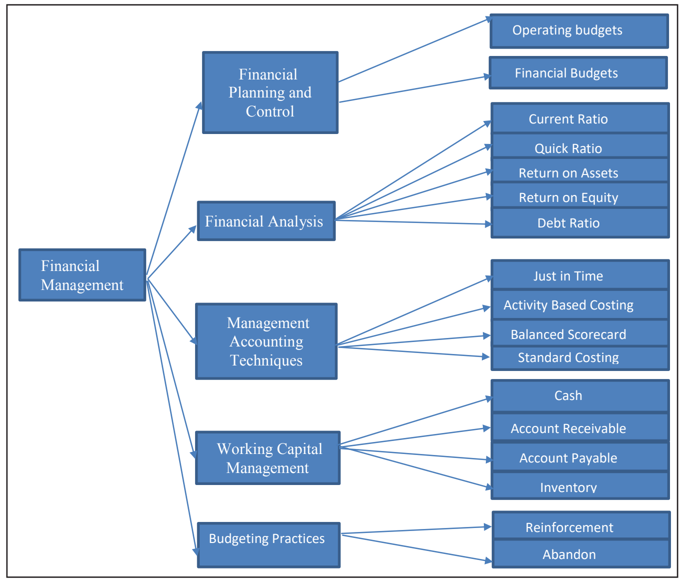

Fig. 1: Selected Factors

The survey questionnaire used consists of three sections. The first section contains questions concerning the age, gender, and educational level of the respondents. The second section contains the questions used to identify the financial management tools currently used by SMEs. And the third section is concerning the budgeting practices during crisis. We present the summary data in a cross-tabulated format, as all of our variables are categorical. We also use Excel to calculate chi-squared distribution and significance (Momeni et al., 2017).

RESULTS AND DISCUSSION

This study tends to explore the budgeting and financial techniques used by Lebanese SMEs during the COVID-19 pandemic's recurrent lockdowns in 2020 and 2021, coupled with an economic crisis. Based on the data analysis of this study, we discovered that during the crisis 11 financial management techniques (operating budgets, the current ratio, the quick ratio, the return on assets, the return on equity, the debt ratio, the standard costing, the cash management, the account receivable management, the inventory management and account payable management). Surprisingly, none of the 133 respondents used the financial budgets, the JIT, the ABC or the BSC. As expected during the crisis, all of the Lebanese SMEs abandoned their current budgeting practices. Our explanation is that companies will focus on the short-term as the long-term is unexpected and difficult to forecast during a crisis.

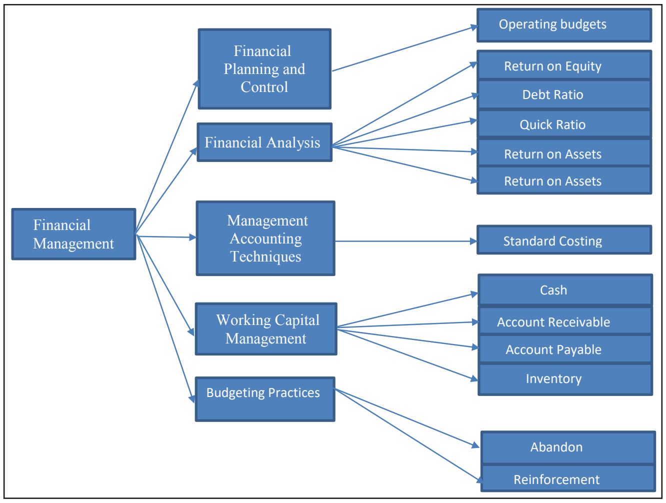

Fig. 2: Factors Used by Lebanese SMEs

Our findings indicate that most SMEs during a crisis focus on short-term liquidity techniques. Our explanation is that most businesses are focused on the short term in order to survive and sustain their profitability, especially since the local currency is depreciating against the American dollar on a daily basis.

Most of the respondents focused only on working capital management techniques. Out of the four components of financial management, only one is used by a high percentage of SMEs in the survey: the working capital management. A total of 123 out of 133 SMEs, 92.48% used the four techniques. This could be explained by the fact that companies tend to focus on the short term and sustainability during crisis. The remaining 10 companies did not use any of the techniques; one of the reasons could be that these companies are operating on a daily cash basis, or it could be due to a lack of financial literacy.

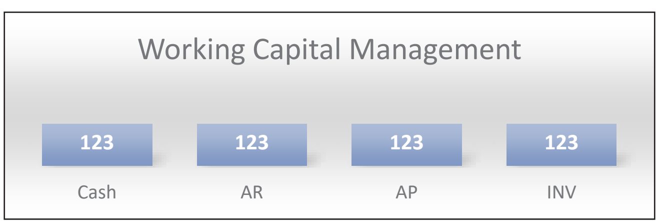

Fig. 3: Working Capital Management

The financial analysis ratios are used by 106 out of 133 respondents. 79.69% used the debt ratio; 101 out of 133, 75.94% for the ROE; 61 out of 133, 45.86% for the ROA; 81 out of 133, 60.9% for the current ratio; and only 39 out of 133; 29.32% for the quick ratio. We notice that the companies that chose to use all of the ratios employed full-time accountants; financial literacy could be the reason for these results. We could explain the high usage of the debt and ROE ratios in comparison to the others by the fact that most of our respondents are merchandisers that deal with suppliers on a credit basis. They need good control over debt and equity, especially during the currency devaluation, as most of them invested their life savings in their businesses.

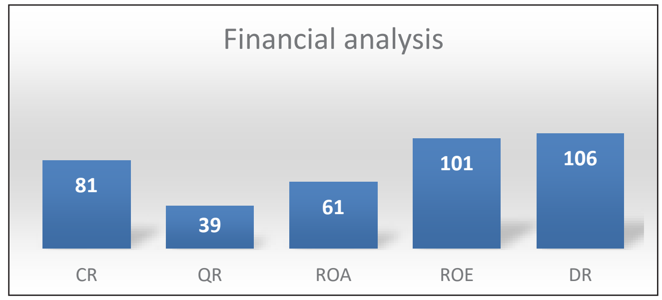

Fig. 4: Financial Analysis

For the management accounting techniques, surprisingly all of the respondents used standard costing and none of them used the other factors. We argue that SMEs are vulnerable by nature. During a crisis, they tend to focus on the short term and liquidity. They are using standard costing to set prices in order to cover the expected expenses and maintain a proper level of profit simply to survive.

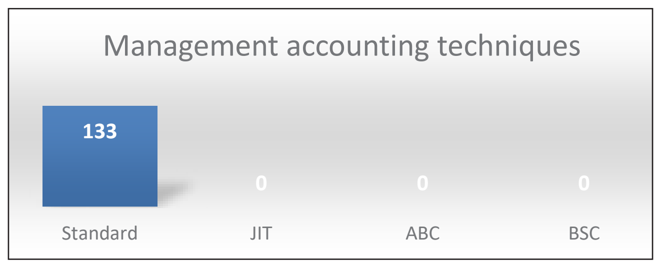

Fig. 5: Management Accounting Techniques

Concerning financial planning and control, 28 out of 133, 21.05% used the operating budgets, while none used the financial budgets. One of the reasons could be that the majority of the SMEs abandoned their budgeting practices at the beginning of the crisis and focused on their survival in the short term.

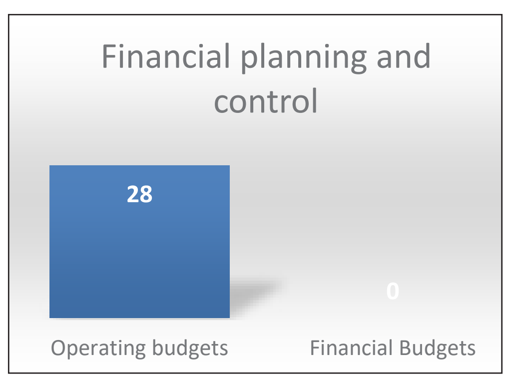

Fig. 6: Financial Planning and Control

Finally, concerning budgeting practices, our finding is similar to the results of Ekholm and Wallin (2011); we found that most of our sample, 80.5%, tend to abandon their traditional budgeting when faced with increasing turbulence. One of the reasons could be the daily changes in the inventory prices due to the local currency devaluation, which resulted in a lower purchasing power for the population.

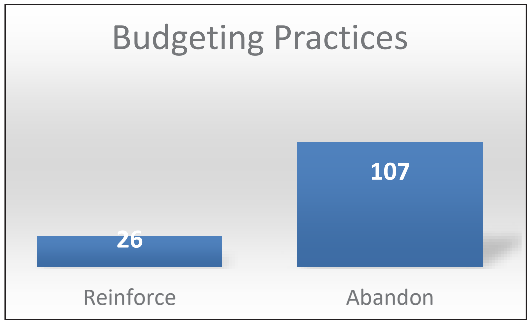

Fig. 7: Budgeting Practices

In the table below (Table 2), we categorised the respondents according to the usage of operating budgets.

Table 2: Classification of SME According to the Operating Budgets

Financial Planning and Control		Financial Analysis					Management Accounting Techniques				Working Capital Management				Budgeting Practices		Gender	Age	Degree
Operating budgets	Financial Budgets	CR	QR	ROA	ROE	DR	Standard	JIT	ABC	BSC	Cash	AR	AP	INV	Reinforce	Abandon			
Yes 21.05%	0%	100%	100%	100%	100%	100%	100%	0%	0%	0%	100%	100%	100%	100%	92.86%	7.14%	14.28% Females; 85.72% Males	38.66 Males; 35.5 Females; 38.21 Overall	100.00%
No 78.95%	0%	50.48%	16.19%	57.14%	74.29%	74.29%	100%	0%	0%	0%	90.48%	90.48%	90.48%	90.48%	0%	100%	44.76% Females; 55.24% Males	49.02 Fema-less; 43.81 Males; 45.98 Overall	90.48%

All of the respondents used only standard costing from management accounting techniques.

SMEs (21.05%) that used the operating budgets used all of the financial analysis and working capital techniques. Most of them (92.86%) tend to reinforce their budgeting practices. We found that 85.72% of the managers are male and 14.28% female, the average age is 38.21 years (38.66 for the male and 35.5 for the female) and all of them have a post-secondary degree.

In contrast, most of the SME (78.95%) that did not use the operating budgets used all of the working capital techniques (90.48%). In terms of the financial analysis, they focused on the ROE and debt ratio (74.29% for both). All of them abandoned their budgeting practices. We found a closer distribution in terms of gender: 55.24% of the managers are males and 44.76% females, while the average age of 48.02 is 10 years above that of those who used the operating budgets (43.81 for the male and 45.98 for the female) and most of them have a post-secondary degree (90.48).

The results show a strong focus on the liquidity and the short term. Young managers are more likely to use most of the techniques, while an older generation tends to focus mostly on liquidity and survival, reaching a significance of ($P < 0.0001$).

In Table 3, we redistributed the samples according to the age of the managers using three categories: below 40 (32.3% of the sample), between 40 and 50 (44.4% of the sample) and above 50 (23.3% of the sample).

We noticed clear differences between these categories.

The first category (below 40): 41.86% of the managers used operating budgets; a high number (93.02% on average) used financial analysis techniques. They used all of the working capital management techniques and only the standard costing from the management accounting techniques. 37.21% decided to reinforce their budgeting techniques and the remaining to abandon them and all of them have a post-secondary degree.

The second category (40–50): only 16.95% of the managers used operating budgets and around two-thirds (65.42% on average) used financial analysis techniques. Similar to the first category, they used all of the working capital management techniques and only the standard costing from the management accounting techniques. 16.95% decided to reinforce their budgeting techniques, the remaining abandoned them and 98.31% have a post-secondary degree.

The third category (above 50): none of the managers used operating budgets, and only 21.29% used financial analysis techniques. Same as for the first two categories, they used all of the working capital management techniques and only the standard costing from the management accounting techniques. All respondents decided to abandon their budgeting practices, and 70.97% have a post-secondary degree.

We can argue that both education and age have an important impact. The younger and more educated the manager, the higher the likelihood that he will be using more techniques, reaching a significance of ($P = 0.0116$). A remarkable finding is that the quick ratio is the least used of the ratios chosen in the financial analysis technique, which could be explained by its similarity to the current ratio, which is used by the majority of the managers.

Table 3: Classification of SME According to the Age of the Manager

Sample size	Financial Planning and Control		Financial Analysis					Management Accounting Techniques				Working Capital Management				Budgeting Practices		Gender	Age	Degree
	Operating budgets	Financial Budgets	CR	QR	ROA	ROE	DR	Standard	J I T	A B C	B S C	Cash	A R	A P	I N V	Reinforce	Abandon			
43	41.86%	0%	95.35%	69.77%	100%	100%	100%	100%	0%	0%	0%	100%	100%	100%	100%	37.21%	62.79%	8 Females 35 Males	below 40	100%
59	16.95%	0%	61.02%	25.42%	67.80%	86.44%	86.44%	100%	0%	0%	0%	100%	100%	100%	100%	16.95%	83.05%	25 Females 34 Males	40-50	98.31%
31	0%	0%	12.90%	0%	16.13%	38.71%	38.71%	100%	0%	0%	0%	100%	100%	100%	100%	0%	100%	18 Females 13 Males	50 and above	70.97%

In Table 4, we re-allocated the respondents according to their gender.

Table 4: Classification of SME According to the Gender of the Manager

Sample Size	Financial Planning and Control	Financial Analysis					Working Capital Management				Budgeting Practices		Gender	Age	Degree
	Operating budgets	CR	Q R	R O A	R O E	D R	Cash	A R	A P	I N V	Reinforce	Abandon			
51	7.84%	31.37%	9.80%	35.29%	56.86%	56.86%	86.27%	84.31%	84.31%	84.31%	3.92%	96.08%	F	47.63	86.27%
82	29.27%	80.49%	48.78%	85.37%	93.90%	93.90%	97.56%	97.56%	97.56%	97.56%	29.27%	70.73%	M	42.30	97.56%

Our sample is composed of 39.3% females and 61.7% males. Both categories did not use the financial budgets, JIT, ABC or BSC, while they all use standard costing.

The results show that a lower number of females use operating budgets (7.84% versus 29.27%). There is a big gap in the usage of the financial analysis, 80.5% of males versus 38% of females use the ratios. A high percentage of firms in both categories used working capital management techniques (97.56% of male and 84.8% of female). Nearly 39.27% of male decided to reinforce their budgeting practices against 3.92% of female. And 96.27% of female have a post-secondary degree against 97.56% of male.

These differences are related to the results found in Table 3. We notice that on average the female respondents in our samples are five years older than males, while 13.73% of the female managers versus 2.44% of the male managers did not complete a post-secondary degree. We can argue that the younger and more educated the manager, the higher the likelihood that he will be using more techniques, reaching a significance of (P = 0.007).

CONCLUSION, LIMITATIONS, AND FUTURE RESEARCH

The aim of our research was to provide some insight and evidence regarding the financial management tools used by SMEs in Lebanon during crisis. Our findings suggest that the usage of financial techniques by SMEs is low, with the exception of working capital techniques, and that most SMEs tend to abandon the traditional budgeting during times of crisis. The focus on the short run and sustainability is clear in our sample; all SMEs in our sample focused on working capital management techniques. For the four chosen components, the working capital management tools account for the highest percentage followed by the financial analysis in our sample. Future research is needed to search for the reasons for this variance in ratio usage.

Standard costing was the only management accounting technique used by SMEs. This is mainly due to the daily currency devaluation, where most companies focus on maintaining a good level of return and liquidity in order to survive.

Financial planning and control were the least used by the SMEs. Only 19.54% of the SME companies in our samples reinforced their budgeting practices. SMEs solely focused on the management of the working capital and ignored the importance of long-term planning and innovation; the reasons for this are to be studied in future research.

When we re-allocated our sample according to the age of the respondents, we found that younger and more educated managers tend to use more techniques. A third allocation of our sample according to gender provided the same results. A future study that links the age and gender of managers to the performance of SMEs will provide additional insights.

This low usage of the techniques will have an impact on the performance and survival of the SMEs, especially when the prices are changing on a daily basis due to the devaluation of the local currency. Due to the uncertainties surrounding their businesses, the managers of SMEs should prioritise and use all of the financial management techniques to improve their overall management and increase their chance of survival in the short and long term. Building awareness and financial literacy among managers about the importance of these techniques for their survival is a suggested solution. Finally, we stress the importance of the long-term planning and strategies. Long-term planning can be a powerful tool to avoid reactive strategic behaviour, managers need to anticipate environmental constraints using different scenarios or by testing the robustness of strategic initiatives using diverse tools like the financial planning and control.

The limitation of this study is that it focused on one type of company in one country. Potential future research could overcome this limitation. The results could be improved further if the survey could also be extended to cover the financial performance of these SMEs and to compare the practices of SMEs in different countries. In this study, we only selected four components of financial management; a future research could cover other techniques not selected in our study. Finally, our findings could be supported by an empirically based study.

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