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Cash Flow Management Challenges Faced by Small Family-Owned Businesses in Zimbabwe

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ABSTRACT

Cash flow management has increasingly become a concept of interest in the context of small family-owned businesses in recent years. It is worth noting that the growth rate of family-owned businesses has continued to rise in recent years. The research aimed to explore the cash flow management challenges faced by small family-owned businesses in Zimbabwe. The research philosophy of constructivism was employed as it was more appropriate for explorative qualitative study. With the adoption of a qualitative approach, in-depth interviews and Focus Group Discussions (FGDs) were conducted. The research was conducted on 12 owners of small family businesses from diverse sectors of the economy. Then, thematic analysis was applied to analyze data from in-depth interviews and FGDs. The results show that small family-owned businesses face a myriad of cash flow management challenges. Those challenges are poor payables and receivables management, inadequate cash balances, lack of financial experts, absence of cash budgets, bad debts, cash instability, and Unhu/Ubuntu culture. The research outcomes have practical implications for financial institutions and governments when offering financial management capacity-building workshops. Interestingly, the management of family businesses can make evidence-based decisions related to cash management practices and cash operating cycles. The research can immensely enrich the extant mainstream literature on the family business.

Keywords: cash flow management, small family-owned businesses, Zimbabwe

INTRODUCTION

The growth rate of family-owned businesses has continued to rise in recent years. It is corroborated by their contribution to Gross Domestic Product (GDP), employment creation, and participation in the stock exchanges across the globe (Basco, Stough, & Suwala, 2021; Dana & Ramadani, 2015; KPMG Enterprise, 2018; Ramadani, Memili, Palalić, & Chang, 2020; Seaman, Bent, & Silva, 2019). Given the potency of family businesses, it is unsurprising to observe that most of the 500 companies' fortunes listed in the United States of America (USA) are owned by family members. Similarly, many businesses, especially Small and Medium Enterprises (SMEs) in Malaysia, Indonesia, and many other Asian countries, are considered family businesses (Cleary & Alderighi, 2018). Even SMEs in Africa are not an exception.

In the USA, family businesses constitute a considerable portion of the economy, contributing 64% to GDP and 78% to the creation of new jobs (PwC, 2019). According to Cleary and Alderighi (2018), family businesses account for over 50% of the GDP in both developing and developed economies. In the Asian context, family firms constitute more than two-thirds of all businesses in many countries in the region (Chahal & Sharma, 2020). Going forward, African family business leaders are optimistic and ambitious about growth and sustainable recovery, although the businesses face multiple challenges related to financial management (PwC, 2020; McDonald & Marshall, 2018). Moreover, widespread entrepreneurship awareness campaigns and high unemployment levels in many African countries for the past three decades have contributed to a sharp increase in the number of family businesses. Notably, a plethora of African family businesses have anticipated outstanding growth rates of business by 2022, assuming that the massive rollout of COVID-19 vaccines will eliminate the restrictive lockdowns and curfews (PwC, 2020).

However, it is worrisome to observe that the outbreak of Coronavirus exacerbates the already financially crippled small businesses. The inadequate technological infrastructure makes it difficult for family members to operate remotely online. Moreover, it has been observed that cash flow management for family firms has not been easy, especially after the outbreak of the deadly disease, COVID-19, around the world (Kraus et al., 2020; Ward, 2020). Critical scrutiny of the available family business studies reveals that many recent studies are done from corporate governance and succession planning perspectives (Ferrari, 2021; Karayianni, Hadjielias, & Glyptis, 2021; Udomkit, Kittidusadee, & Schreier, 2021; Wu, Coleman, Rahaman, & Edziah, 2020; Yu-Thompson, Lu-Andrews, & Fu, 2016). Shockingly, according to the researchers' best knowledge, meager scholarly attention has been observed when it comes to financial management challenges faced by family businesses. Against this background, the research attempts to answer the cash flow management challenges that Zimbabwean small family-owned businesses face.

The Resource-Based View (RBV) is adopted as the theoretical framework analysis for the research. The RBV is considered of utmost importance as far as firms' resources and performances are concerned (Chumphong, Srimai, & Potipiroon, 2020). Resources, in this regard, include everything that can be considered a strength or weakness of the business and financial aspects, including cash which is considered to be the lifeblood and valuable resource of the business (Omopariola, Windapo, Edwards, & Thwala, 2020). With this in mind, the researchers argue that available cash is regarded as a key financial resource that should be efficiently and effectively managed to outperform competitors. Hence, cash flow management is a topical issue when it comes to the assessment and evaluation of the effectiveness of a firm's operational strategies (Chumphong et al., 2020; Kroes & Manikas, 2014; Roostika, 2019; Yousefi, Saen, & Hosseininia, 2019).

There is no unanimous definition of cash flow management in the available body of knowledge. Different researchers define this term from different perspectives. According to Kroes and Manikas (2014), cash flow management is a process whereby the business plans and controls the cash inflows and outflows. It implies that a business can manage the movement of cash in a manner that allows it to meet its cash requirements. It is necessary to mention that a company can experience a positive or negative cash flow. In this regard, positive cash flow indicates strong financial health as it reflects greater cash inflows than total cash outflows, whereas the opposite is true when it comes to negative cash flow (Imhanzenobe & Adeyemi, 2020).

On the other hand, cash flow management is also defined as the art and science of managing the movement in cash circulation, including debit and credit (Ward, 2020). Consistent with this definition, it is salient to observe that managers especially finance managers, can manipulate the cash flow situation of an organization by reducing the debtors' payment period or negotiating for an increase in the creditors' payment period (Nagar & Raithatha, 2016).

Although there is no unequivocal definition of cash flow management, it is interesting to note that there is a growing consensus among researchers that sound cash flow management is at the epicenter of business success for both small and large organizations (Kroes & Manikas, 2014; Omopariola et al., 2020; Yousefi et al., 2019). Regardless of size or ownership structure, many businesses need to accumulate and maintain sufficient cash to finance their daily operations (McDowell, 2021). If credit customers fail to honor their credit terms, cash flow challenges appear as the business is faced with insufficient cash to honor short-term and other financial obligations (McDonald & Marshall, 2018; Ward, 2020).

Similarly, extant literature does not provide a standard definition for family businesses as diverse issues emanate from ownership and control. Various definitions of family business have been put forward. Some researchers describe these businesses as family entrepreneurial collaborations in which 51% or more ownership and control of the business are done by family members (Alonso, Kok, & O'Shea, 2018). Recently, it has been reduced to at least 25% ownership control for a public firm to be regarded as a family business (Calabrò et al., 2019). On the other hand, other researchers simply describe a family business as a firm comprising family members who come together to contribute resources to attain specific goals (Chahal & Sharma, 2020). According to Seaman (2015), a family business is a firm with one or more family members, whereas other owners regard it as a family firm. Generally, family members can influence the decision-making process through involvement in management, governance, and ownership (Basco et al., 2021).

It is interesting to observe that family businesses have some unique features that must not be neglected since they influence strategy, value creation, and decision-making. Recently, they have been associated with unique features linked to family identification, informal governance practices, non-economic goals, and emotional dynamics that can affect business management issues (Valenza, Caputo, & Calabrò, 2021). With these unique features in mind, some key characteristics of a family business are captured.

First, it is ownership and management. Founding family members usually have the majority stake or shares in the business (Ratten & Dana, 2017; Seaman et al., 2019). Some businesses may sell their shares to outside investors, but the majority shareholders are held by family members who usually have control of the business through voting rights. For other small family businesses, founding members wholly own the business without outsiders (Basco et al., 2021; Chahal & Sharma, 2020). The day-to-day running of the business is usually done by controlling family members, or they may assign other trusted family members to do the tasks (Alonso et al., 2018; PwC, 2021; Saigal, Mehrotra, & Mukadam, 2018).

Second, there is strategic behavior. The strategic behavior of family members also causes cash flow problems as family businesses are reluctant to seek external funding from other sources of finance in fear of losing control of the family business (Basco et al., 2021). Family control of the business is usually considered prime, so diluting the firm's business with external sources of finance risks losing absolute control of the family business. In rare instances, family businesses borrow from fellow family friends that run successful businesses at relatively relaxed terms and conditions than commercial banks or other providers of loans. Such behavior of family members limits the cash flows or finances of the business even if the firm is struggling (Basco et al., 2021; PwC, 2019).

Third, it is the duality of character in decision-making. Family businesses are characterized by the duality of family and business dimensions. In this regard, the financial decisions that can be made are affected by this duality instead of making profitability and sustainability decisions exclusively. Preferential consideration of family priorities always supersedes the business sustenance or survival, so cash flow challenges for the business begin to appear. The involvement and influence of family in family businesses are undeniable, with some crucial decisions influenced directly or indirectly by non-active members in the business's day-to-day operations (Chahal & Sharma, 2020; Amato, Basco, Gómez Ansón, & Lattanzi, 2020). Family conflicts also result in cash flow challenges as there are conflicts in family businesses in India and globally (PwC, 2019).

Fourth, there is strong family culture. Strong family ties as a culture can be the reason behind the survival of many family firms in times of economic crisis, and it dates back to Max Weber's ideology on capitalist economic activities and development. This principle also goes hand in hand with the amoral familism traits in some Italian family business communities. Family firms in Italy experience trade-off relations between the slim realm of kinship systems and the trust in the community. The strong sense of duty to protect the family and its business is much more important than anything else. This situation creates a legacy for the future generation (Seaman et al., 2019).

Fifth, it is increased complexity. During the elementary stages of the family business formation, there is a lack of well-defined departments and well-coordinated activities of the business. The owner-manager and a few other members often interact, so information is shared regularly (Saigal et al., 2018). As business operations increase with the growth, more intricate tasks begin to appear. Hence, this situation calls upon the need for various expertise at a higher level, such as tax computations, marketing, supply chain, human resources, and financial management, to make functional proficiency a requirement. The owner-manager or the few close family members considered elite principals will need to appoint proficient expertise. Meanwhile, the family members from the immediate families get priority before seeking the services of an outsider (PwC, 2020; Amato et al., 2020).

Sixth, it is family business governance. During the early stages of family business formation, there is no clear definition of roles for most family members involved, as relationships within the family and business are not distinguished (Amato et al., 2020; Saigal et al., 2018). Usually, the financial contribution of members determines their commitment to the business. Hence, family life and business dealings are not separated. This situation leads to intermingling relations and existing governance problems emanating from such relations. Such scenarios usually do not go down well with the traditional family setups and business dealings, so conflicts appear between the external experts hired and the long-standing family members within the business. Despite the cash flow challenges that may appear for multiple reasons, governance-related challenges also make it difficult for decision-making to be done swiftly in times of need (Saigal et al., 2018).

The nexus between the members of the family and the family business' adaption is imperative for the firm's success. Hence, the exchange of financial resources, dynamic capabilities, and interpersonal relationships are necessary (McDonald & Marshall, 2018). Despite the voluminous contribution of family businesses to GDP and employment creation in Africa, most businesses continue to struggle with cash flow shortages (PwC, 2021; Amato et al., 2020). Family businesses around the globe face multiple challenges that make it difficult for these firms to achieve their goals and objectives, as captured following.

The first challenge is the management of debtors and creditors. Managing cash flow is one of the most important aspects of the business. The most notable facets of cash flow management include accounts payables, accounts receivables, and inventory. These are widely known as the big three cash flow management (Deloitte, 2019; PwC, 2021; Wadesango, Tinarwo, Sitcha, & Machingambi, 2019). Small businesses face challenges in managing debtors and creditors, leading to a long cash operating cycle. Despite the sufficiency of financial resources invested by the family members, either through personal savings or loans from financial institutions, family businesses find it difficult to shorten the cash operating cycle due to economic hardships and other inconveniences caused by debtors or cash demand from suppliers after placing orders (Basco et al., 2021). The inability to shorten the operating cycle is an absolute challenge for most family businesses in the emerging stages (Ward, 2020).

The second challenge is the lack of financial expertise. The idea of hiring some experts outside the family is still a new concept for most family entrepreneurs for fear of losing control of the family business, especially in African countries. Hence, those in control of the family set up prefer appointing trusted brothers and sisters or cousins even though they are not experts. According to KPMG Enterprise (2018), the absence of proper financial management practices threatens the survival of both the family and the business. To cover up the inefficiencies of the flop projects, managers eventually manipulate evidence from the financial reports to improve the quality of the reports (Abubakar, Mansor, & Wan-Mohamad, 2021; Bhandari & Adams, 2017).

The third challenge is bad debts. Debtors take longer than expected, causing businesses to have difficulties in purchasing new stock to keep the business viable (Wadesango et al., 2019). The worst scenario is when the debtors fail to pay back what they owe, forcing the family businesses to write off bad debts. Then, it creates some cash flow challenges for the business. Such debts are linked to family friends who may take advantage of the family ties (Ward, 2020).

The fourth challenge is cash flow volatility. Cash flow instability causes businesses to maintain high volumes of cash, anticipating taking advantage of investment opportunities that may come up (Ward, 2020). Such speculative motives of holding cash can only benefit the business when a need to finance expenditure using cash arises. However, too much cash held without investment generates no return as it is a redundant asset. The failure of some family businesses is attributed to moral hazards and the adverse selection of relatively more risky borrowers (Chen, Li, & Zheng, 2020). The moral hazard problem arises because of information asymmetry that may exist in the financial markets. It is why most family businesses in the Middle East are unwilling to invest funds from borrowings. They prefer intermingling finance since they can risk the family's assets more than those of the financial institutions with unfavorable conditions and high-interest rates (Mai & Hamid, 2021; PwC, 2021; Ward, 2020).

The fifth challenge is impeding caste culture. Some liquidity challenges are caused by following a presiding caste culture to which the founding family members belong. For example, most Indian businesses are managed based on the background of the founding family members. According to PwC (2019) on Global Family Business Survey, most Indian family members in business have clear family and business values. Hence, the financial flexibility of family businesses depends upon the willingness of family investors to relinquish or delegate authority to make decisions to managers. In instances where family investors are also the owner-managers, there is financial flexibility. The owner-managers are quick to make decisions where there is a need to act swiftly (PwC, 2020, 2021; Strid, 2014). Then, the lack of flexibility ties working capital or cash flows to some outdated and ineffective ways of doing business (Chahal & Sharma, 2020).

Given the relevance of family-owned businesses in both more developed and less developed countries, it is worth noting that Zimbabwe is not an exception. It is not surprising that family-owned businesses constitute a greater portion of all SMEs and significantly contribute to employment creation (Dumbu, 2018a). Moreover, 80% of all enterprises are considered family businesses (Sikomwe, Mhonde, Mbetu, Mavhiki, & Mapetere, 2012). It implies that family businesses produce goods and services that can contribute to GDP, especially during the current economic crisis induced by Coronavirus.

There is no doubt that family businesses are crucial with respect to poverty reduction and innovation and creativity. More interestingly, these businesses play a fundamental role in social cohesion, especially family cohesion, in line with the African philosophy of Unhu/Ubuntu. Notably, the sudden growth of family-owned businesses in Zimbabwe has been necessitated by the fragile economic performance since 2000. This state affairs resonate well with the fact that most businesses start as family businesses (Nyamwanza, Mavhiki, & Ganyani, 2018). Nonetheless, the issues surrounding the sustainability and longevity of family businesses in Zimbabwe have been under-researched (Chundu, Njobo, & Kurebwa, 2021).

Going forward, the socio-economic contribution of these family businesses cannot be underestimated, especially during the COVID-19 pandemic. It must be noted that some big businesses that are in Zimbabwe once started as family businesses. This condition supports the idea that family businesses can nurture entrepreneurs who contribute significantly across Zimbabwe's sectors. Hence, it is salient to observe that big companies in Zimbabwe, such as Nyaradzo Funeral Services, Peace Security, Econet Wireless Zimbabwe, and Moonlight Funeral Services, start as family businesses (Chundu et al., 2021). With this in mind, their contribution to the Zimbabwean economy cannot escape the attention of academicians and policymakers.

Although family businesses contribute significantly to the Zimbabwean economy, it is unfortunate that their financial management practices, especially cash flow management practices, are not critically scrutinized based on empirical evidence. It is surprising given the call made by Sandada and Magwandi (2015) concerning the urgent need to extend the understanding of management practices of family-owned businesses. Much scholarly attention has been paid to corporate governance and succession at the expense of financial management practices such as cash flow management planning (Chundu et al., 2021; Dumbu, 2018a, 2018b; Nyamwanza et al., 2018). Given the scarce literature on cash flow management in the family businesses discourse, the research aims to cover this gap by addressing the cash-flow management challenges that small family-owned businesses face.

METHODS

The research philosophy of constructivism is applied as it is more appropriate for explorative qualitative study. As such, constructivism research philosophy not only adds value to the knowledge creation process but also promotes action and change in society (Bogna, Raineri, & Dell, 2020; Nolan, Hanson, Magnusson, & Andersson, 2003). This philosophical perspective is ideal in the sense that family business is a social phenomenon that can be investigated through the participation of human beings in their socio-cultural context. More interestingly, this philosophy is also based upon the idea that the social world needs methodological approaches and tools to understand human interpretations subjectively since it is necessary to gather and analyze multiple perspectives and experiences of the participants (Adom, Yeboah, & Ankrah, 2016; Bogna et al., 2020; Creswell, 2014; Peters, Pressey, Vanharanta, & Johnston, 2013).

Informed by the constructivism philosophy, the researchers apply an exploratory research design to understand the cash flow management challenges encountered by family businesses. It is widely considered that constructivism is mostly applied in explorative qualitative investigations (Adom et al., 2016; Bogna et al., 2020). Exploratory research focuses on explaining the aspects and problems that are not well researched with the intention of getting a deeper meaning and understanding of the subject under investigation (Creswell, 2014). Given scant literature concerning cash flow management, the exploratory research seeks to find in-depth knowledge on cash flow management challenges faced by small family firms in the context of the COVID-19 pandemic.

Family businesses are chosen because of their relevance, contribution to GDP, and noticeable employment creation. In this case, the researchers target 15 small family businesses in Gweru and Harare. Notably, the participants are purposively selected, namely, the managers of these small family businesses. Those who hold positions of authority as founders or owner-managers are purposively selected in conformity with the purposive sampling tenacities. The managers of these family businesses are the key informant. Then, the participants are recruited from diverse backgrounds adding value to the quality of responses from the participants from different business sectors, age ranges, business experiences, and genders. However, the saturation point has reached the 12th family business since no new themes emerge from the participants.

In line with constructivism philosophy, which supports qualitative research, it is appropriate to apply in-depth interviews and Focus Group Discussions (FGDs) as data collection methods (Adom et al., 2016; Creswell, 2014). In-depth interviews are used as the main research instruments. According to Adedoyin (2020), in-depth interviews include the piloting of systematic or vigorous personal interviews with a focus on a few respondents to discover distinct insights on certain matters. These interviews provide precise and adequate information as individual views and attitudes are expressed freely during the investigation process. Each interview is supposed to be conducted within 35, but most interviews take around 40 minutes, with the longest being about 48 minutes. More interestingly, FGDs complement the interviews since FGDs are considered an extension of interview methods (Gundumogula, 2020; Xu & Zammit, 2020). The FGDs are constituted of eight participants plus a facilitator.

Next, data analysis is done with thematic analysis as a basic approach for analyzing and interpreting qualitative data (Xu & Zammit, 2020). The use of thematic analysis to analyze qualitative data increasingly becomes popular due to its flexibility and accessibility, where coding and analysis of qualitative data are done systematically (Braun, Clarke, Hayfield, & Terry, 2019; Lobe, Morgan, & Hoffman, 2020). Hence, the thematic analysis makes it easy to make logic of collected responses of owner-managers related to the cash flow challenges in family businesses.

The researchers come up with well-designed techniques to deal with biases in the qualitative study. In this respect, rigor is laudable and necessary through applying the triangulation technique whereby FGDs complement in-depth interviews (Thirsk & Clark, 2017). More interestingly, particular attention is given to methodological choices that ensure congruence with the research question addressed to produce credible and plausible research outcomes (Morse, Barrett, Mayan, Olson, & Spiers, 2002). Noticeably, confidentiality is assured, and voluntary participation is the criteria used in selecting participants to ensure that participants' contributions without fear or bias.

RESULTS AND DISCUSSIONS

The research presents the key findings from the interviews and FGDs concerning the cash flow management challenges faced by small family businesses. Seven key elements as critical aspects contributing to cash flow challenges emerge during data analysis as indicated as follows.

First, there is poor payables and receivables management. All respondents report that they finance their businesses' daily operations using cash from their operations, especially from cash sales or debtors. However, the family businesses face poor payables and receivables management, as captured in some of the responses from the interviewees.

> *"Our creditors always expect their money from us on time, but unfortunately, we are not able to honor our obligations on time because our debtors take longer than expected to pay us their dues." (FGD3)*

> *"We always struggle to recover our trade receivables, and we end up negotiating new payment terms with our creditors as we usually fail to pay them on time." (R12)*

In the absence of enough cash inflows to finance the business operations, the respondents report that they opt for financial intermingling, where they use the family members' assets, including cash, to finance business operations. Poor negotiation skills for better payment terms and plans with creditors lead to poor payables management during the COVID-19 pandemic. Some previous studies also establish that receivables and payables management is challenging for most businesses (McDonald & Marshall, 2018; Wadesango et al., 2019).

Second, it is inadequate cash balances and accrual of interest. Most participants mention that they face cash flow problems in running their businesses smoothly. Despite other challenges, such as stiff competition from established companies, cash flow problems confirmed by inadequate cash balances seem to be the threatening problem that can lead to the failure of many family businesses. In this regard, some quotes from the respondents are captured as follows.

> *"This business has been struggling to pay back loans, and we have accrued more interests, and it defeats the whole purpose of borrowing."* (R2)

> *"We have inadequate cash balances. If our debtors do not pay us on time, it means we are going to have more liabilities accruing from interests."* (R4)

However, the other few respondents report that, at the moment, they are operating slightly above the optimal cash requirements. They also confirm that they are struggling with cash inflow bottlenecks at one point. The following response is as follows.

> *"At the moment, we are doing well because our products are in demand, so we prefer cash sales and not credit sales. However, at some point, way back, we have to scale down our operations because we have serious liquidity challenges."* (FGD7)

Notably, all respondents confirm that cash is the lifeblood of the business, and the inadequacy of such resources is the reason behind the inability to expand the operations. Those struggling with keeping optimal cash balances also struggle with the interests on overdue payments since the creditors charge exceptionally high interest on overdue accounts. Some respondents confirm that half of their accruals are attributed to interest on overdue payments. It is also supported by KPMG (2021), stressing the importance of cash flow and liquidity, especially during an economic crisis.

Third, it is a lack of financial experts. The majority of respondents reveal that they do not employ finance experts during the early stages of the business. They rely on the advice of the founding members as the owner-managers or family relatives. The respondents note the following quotes.

> *"Hiring accountants and other financial experts is a luxury that our business cannot afford. It is expensive for us to employ experts, so we have to rely on the experience of the family members."* (R9)

> *"It is a good idea to have financial managers and accountants, but we would rather contract consultants only when dealing with tax-related issues. In this way, we reduce the wage cost by not employing financial experts on a full-time basis. If we manage to do the tax computations by learning from the consultants, we can also do our tax computations and clearances by ourselves in the future."* (R1)

The other minorities reveal that they have financial experts from colleges, and it is only necessary to enroll other professionals who pursue financial management and accounting courses to perfect their financial expertise. Notably, most respondents who do not have the expertise have to seek the services of consultants later. According to PwC (2021) and Chahal and Sharma (2020), financial expertise is a prerequisite, especially in investment decisions and cash management. Moreover, based on Oladimeji and Aina (2021), small local firms in Nigeria also lack financial expertise, compromising the effectiveness of cash flow management techniques.

Fourth, it is the absence of a cash budget. The absence of a cash budget is one of the key cash flow challenges that act as a stumbling block to the success of family businesses. All the respondents express that they create cash budgets. That statement is supported by the quotes as follows.

> *"Yes, I do understand that budgets are important in the context of financial management. However, it has become a norm in my organization not to construct cash budgets, making it very difficult for us to manage the movement of cash in and out of the organization".* (FGD7)

> *"My worry is that our company is only employing relatives even though most of them do not have even 5 "O" levels, but they manage the financial resources in the organization. For your information, nobody can create a simple cash budget for the organization. So, I am not surprised to witness poor cash management in my organization".* (R6)

The statements confirm that the interviewees witness poor cash management, given that their respective businesses do not create cash budgets that can inform how cash is going to move in and out of the family business. It cements the results conducted in Kenya by Kibor and Maina (2019) on micro and small enterprises that lack cash management practices like budgeting, leads to the demise of many organizations. More interestingly, research conducted in South Africa by Maduekwe and Kamala (2016) isolates failure to budget by SMEs as the chief reason for SMEs' failure. In India, according to Mulani, Chi, and

Yang (2015), most SMEs do not practice budgeting, which negatively affects their performance compared to well-established big companies.

Fifth, there are bad debts. Most respondents report that the failure of debtors to honor their debts on time often creates cash flow hiccups. It is a problematic situation whereby the family businesses must clear their outstanding balances with their creditors. Besides the creditors, businesses also need to pay their employees and purchase new stocks on time to avoid customer disappointment. The following responses are notable concerning bad debts.

> *"The recent economic crisis prompted by Coronavirus has increased the value of bad debts as most of our clients close down. We must write off the respective value as bad debts. Clearly, there is no way we are going to recover our debts from other clients who have since closed down their operations citing liquidity problems."* (R7)

> *"Family friends and relatives constitute a significant proportion of our business' debts, and we end up writing them off. Continuously asking for dues from the in-laws is considered a taboo in our Unhu or Ubuntu culture, so we just have to let it go."* (FGD4)

Some respondents also mention that changes in customer preferences have affected their sales volumes but concur with the others that delays by debtors to honor their debts on time limits cash inflows. Nevertheless, respondents unanimously agree that the family members contribute to the amounts written off since recovering such debts from family friends using legal means is considered absurd in the family and Unhu/Ubuntu culture. There is also the negative impact of bad debts on the performance of businesses (Wadesango et al., 2019). The absence of internal controls increases revenue leakages in the business, especially where family ties are respected more than business procedures and processes, and creates a problematic situation when it comes to cash flows. Financial discipline and observing internal control systems can ensure the minimization of bad debts, and there will be sufficient working capital (KPMG Enterprise, 2018; McDonald & Marshall, 2018).

Sixth, it is cash instability. Only a few respondents state that they have internal control systems for cash flow management, while the majority do not have any mechanisms to manage cash flows. However, all respondents mention that the internal control systems are not the sole and absolute solution to cash flow problems. The following quote is recorded.

> *"… I can say both cash flow volatility and moral hazards have been part of this business, and there is no point in trying to come up with internal control systems that are always overridden by family superiority preferences."* (R5)

Respondents with inventory management policies reported that these are only viable when the debtors honor their dues on time. Otherwise, shortages are prominent as long as debtors default payments. Informed by these responses, the research supports the result of Mai and Hamid (2021) regarding the negative implications of cash flow volatility on family businesses' cash flows. The following quote is notable.

> *"Our internal controls are in place, but we sometimes experience cash flow volatility when debtors default payments and sometimes, information asymmetry creates cash flow volatility."* (R10)

Last, it is Unhu/Ubuntu culture. Most participants agree that they always follow a family culture that has existed for a long time, even though some confirm that some aspects are no longer relevant in today's modern world. Individual characteristics and goals of the family businesses, such as lifestyles, living standards or expectations, and the need to preserve the company or family name, have severe negative implications on the cash flows of the business. This condition is indicated below.

> *"The family started the business in a pretty simple way … family values, morals, and culture become the business culture. This state of affairs is informed by our Ubuntu culture."* (R5)

> *"According to Ubuntu's cultural values, there are no differences between the family and the business since the same people who manage the business are the family members, so the culture and values are basically the same."* (R7)

The decisions are made purely on family grounds and expectations rather than entrepreneurial or commercial grounds. Failure to observe the separated legal principle gives the family members the opportunity to milk the business cash at the expense of the business. So, careful coordination of family and business financial needs should be important if a healthy relationship is maintained between the family and the business (Chahal & Sharma, 2020; PwC, 2019).

The discussed results on cash management challenges have practical and theoretical significance. The research immensely enriches the available literature on the family business. It extends the understanding of family businesses from a cash flow management perspective. The results offer the cash flow management challenges faced by small family businesses, which is an under-researched area. Interestingly, the research has applied the resource-based view theory to the family business discourse. It is through the researchers' argument that poor and ineffective management of financial resources by family businesses can lead to unsustainable competitive advantage. Moreover, no African study has been conducted on cash flow management within the context of small family businesses. In this regard, the research addresses this literature gap, particularly concerning Zimbabwean small family businesses.

Despite the relevance of the research in terms of theoretical implications, the research is also associated with some notable implications that are of interest to practitioners and policymakers. Firstly, management and members of the family businesses can benefit from the research results because they can focus on formulating robust debt management and credit policies. Moreover, a strategic approach toward effective management of the cash operating cycle should be adopted by the family businesses in pursuit of reducing the cash flow management challenges. It can be done by observing the separate legal persona. Family businesses can also use trade discounts so that debtors are enticed to pay their debts. Secondly, the empirical evidence on the cash management challenges encountered by family businesses can assist the government and the financial institutions in coming up with the financial capacity to build workshops and policies. Hence, it can cement the need to broaden and deepen family members' financial skills and capabilities to face cash flow management challenges.

CONCLUSIONS

The research immensely enriches the extant mainstream literature on the family business. It broadens the understanding of family businesses as it captures the under-researched financial perspective. The research establishes cash flow management challenges, namely, poor payables and receivables, inadequate cash balances, lack of financial experts, absence of cash budgets, bad debts, cash instability, and Unhu/Ubuntu culture, to cover the literature gap.

There are some limitations linked to the research. First, it focuses only on small family-owned businesses in Zimbabwe. Second, the research is a cross-sectional study. Given these limitations, future research concentrating on comparative studies using African and European countries is welcomed. Moreover, a longitudinal study on the cash flow challenges that small family-owned businesses face in Zimbabwe can add value to the current body of knowledge.

It is also recommended that future research focuses on the corporate governance structures in family businesses and how they relate to the performance of family firms. Most of the previous studies simply measure the performance of family firms in terms of financial performance. However, in reality, the financial performance of the family firms is determined by the corporate governance structures and practices within the family firms. Consequently, there is a need to explore the corporate governance structures and practices to come up with remedial recommendations that can be adopted to improve the performance of family businesses in African countries.

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