

Case study of the liquidity management practices of ABC Pvt. limited in ensuring sustainable growth during uncertain economy

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ABC Private Limited (ABC) has been able to maintain a stable liquidity position throughout the past years. However, the pilot study conducted by interviewing five executives on current financial issues revealed that the liquidity management practices relating to cash holding management, corporate bank operations and trade credit management need to be relooked at to ensure sustainable growth as the company is currently rebuilding its operations after recent economic turmoil in Sri Lanka. The study aimed to critically examine the impact of these practices on ABC's sustainable growth during uncertain economic conditions. Qualitative data was collected by conducting interviews with eleven finance team members and management to gather in-depth insight and practical observations relating to cash holding management, corporate bank operations and trade credit management while ensuring confidentiality ethics. Data was then analyzed and summarized using key categories and common themes accentuated during interviews. The results indicated that ABC could face potential threats to sustainable growth due to the issues identified with the lack of knowledge about liquidity management process and its importance, corporate cash holdings. However, the company shows a stable position in relation to bank account operations and trade credit management which can be further improved. The study highlights the importance of studying liquidity management practices in non-banking sectors and offers valuable insights to the corporate financing decision makers in developing strategies emphasized on these areas to strengthen sustainable growth. This addresses the limited availability of Sri Lankan literature on liquidity management practices for small and medium enterprises (SME) and the research gap in international publications due to the lack of sufficient resources on non-finance sector. Further, the management of ABC will be benefited by the findings and recommendations of this report in strategic decision making. The future researchers can expand the study into different sectors, adding quantitative techniques and different variables to enrich literature.

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