Management of Account Receivable and Payable for Improved Financial Performance of Small Scale Industries in Imo State, Nigeria

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Abstract: **The study was conducted to determine management of account receivable and payable for improved financial performance of small enterprises in Imo state. The study used a survey research design, with 1390 participants, including 70 Accounting lecturers, 1,300 small scale enterprises operators and 20 professional accountants. The study used a multistage sampling procedure to draw a sample size of 396 participants. To answer the research questions, the collected data were analyzed using mean and standard deviation while the ANOVA statistic was used to test the two null hypotheses at the 0.05 level of significance. In particular, the research identified effective ways for managing account payable and receivable of small scale enterprises for financial performance in Imo state. Based on the research findings, it was proposed, among other things, that a retraining initiative for the owners or potential owners of small scale enterprises in the state be established to educate them on the effective ways to manage accounts payable and receivable for efficient financial performance and business success.**

***Key words*: Small Scale Enterprise, Management, Account Receivable, Account payable, Financial Performance, Trade credit**

I. INTRODUCTION

Small businesses are widely recognized as an essential catalyst for global economic growth.

Because they are primarily owned by one entrepreneur, small scale enterprises are not full-size in terms of dimension, range of operation, financial involvement, or labour force (Obi, 2015). An industry that has a criteria of project of cost, capital, and number of employees, sales volume, annual business turnover and the financial strength (Ayozie, Jacob, Umuokoro and Ayozie, 2013). This implies that small scale enterprise is an establishment privately owned solely by an individual or as a partnership with a small number of employees. Since the majority of small businesses are sole traders or partnering, they typically have a low capital base (Oboro & Ighoroje, 2011). The authors also contended that small businesses have little or no access to capital markets, whereas large corporations do. As a result, the only alternative is to obtain credit from microfinance institutions, friends and family, and individuals, often on acceptable terms. Small-scale operators largely depend on "liable capital," bank loan, trade deficit, and leasing to fund their operations (Oboro et.al, 2011). Nevertheless, in the last few years, small businesses in Nigeria were given guiding principles, awareness and monetary benefits. In addition, the failure rates of small business owners are much higher than those of large businesses (Mehralizadeh & Sajady, 2005). The ability of a firm to orchestrate finances when developing a cash flow administration tactic is critical to a firm's financial performance (Mbula, Memba & Njeru, 2016). Increasing accounts receivable and/or extending repayment schedule is two of the most common ways to enhance sales and grow a business (Kharabadze & Jikia, 2018). Small scale enterprises are being granted credits facilities by their suppliers and by extension to their own customers. But, small-scale businesses that frequently sell on credit, with late payments occurring almost on a daily basis, will undoubtedly harm the company's cash flow. If the credit terms can be extended to include payment terms, the cash flow will improve.

Proper management of account receivable and payable is significant to organisation’s basic financial health and performance of a business. The effectiveness of revenue collection, proper management of debt, Making payments to vendors as well as lending goods to the customer are indications of good credit management in both large and small businesses.

Incidentally, most small scale enterprises lack the capacity or resources for proper administration of accounts receivable and payable and other associated business functions. In fact, the majority of SSEs in Nigeria were being confronted with the difficulties of poor financial management accounts payable and receivable as they do not have adequate account management records which lead to the spending of profit as well as capital in the short run and the insolvency of such enterprises in the long run. Small businesses in Imo state are still not invulnerable to each of these concerns. Because of so many obstacles, the acceleration at which small scale enterprises in Imo State upsurge and fall is increasing such as: credit customers failure, bad debts, low profit due to insufficient funding, lack of credit checks on customers, poor record keeping, no policy for dealing with late payers, free market, poorly motivated labour force, among other things, as a result of poor and unproductive credit management, which is a source of concern and failed business. Identifying and implementing acceptable measures for effective management of accounts receivable and payable becomes essential to guarantee cautious functioning of SSEs, along with providing invaluable records for establishing SSE operating effectiveness in the shorter term and reducing business failure in the long-term. This implies that proper management of accounts receivable and payable is vital in every business no matter how small or large to overcome the drawbacks on their cash flow and to maintain profitability (Foulks, 2005 in Mbula et.al 2016).

Appropriate payable and receivable management is significance to small enterprises in order to save money by reducing costs, track customer credit, minimising supplier invoices processing costs, paying its suppliers on time, customer loyalty and strengthens a long term relationship (Balch, 2014; Al-Mwalla, 2012; Deloitte, 2015 ; Munene & Tibbs, 2018). According to Gill, Bigger, and Atnur (2010), credit should only be extended based on the creditworthiness of the customer in order to reduce the level of default and bad debts. The goal of credit requirements is to ensure that trade debts are recovered as soon as possible before they become unrecoverable and cause a loss to the company (Gitau, Nyangweno, Mwencha & Onchagwa , 2014). According to Pandey (2008), the average collection period measures the rate in which consumers pay, and any delay is a significant source of bad debts, which have a negative impact on a firm's financial performance. Many businesses offer their customers a credit terms and discount to stimulate early payments (Mbula, et.al, 2016). Due to limited access to long-term financial markets, these companies rely heavily on owner financing, trade credit, and short-term bank loans to fund their cash and receivable account investment needs. (Saccurato, 1994 in Padachi, 2006; Chittenden, Pontziouris, & Michaelis, 1998).

The effectiveness and efficiency in the management of account receivable and payable determines the success or otherwise of any business unit. As a result, efficient account management is especially important for small businesses. The inability of small scale operators to pay up for credit facilities and loan provided by suppliers and service providers at stipulated time brings about distrust and hinders expansion of the enterprise. In terms of cash flow, appropriate management accounts payable and receivable enables SSEs to reduce delayed payments costs such as disciplinary action, accrued interest, lost prompt payment discounts, transfer of funds to creditors prior to collecting from debt holders, avoid errors such as copy payment, vendor fraud such as paying for goods that were not supplied, and other inefficiencies (Olivier & Esker, 2012 in Enow & Kamala, 2016; Rico, 2014). In other words, accounts payable and receivable management is a very essential task to owners and managers of small scale enterprises conforming to payment terms which is vital in order to ensure that the firm maintains accurate cash flow and has perceptibility of their financial performance in which the management operates. Cash, inventory, receivables, and accounts payable management are just a few of the many types of management that can be found in a company.

Accounts payable represents the amount of money owed by a company to its creditors (i.e., individuals and other businesses) for goods and services rendered. They are usually short-term debt repayment commitments with no interest if paid im mediately (Chartered Institute of Internal Auditors, 2020). Accounts payable planning is concerned with an organization's purchases from vendors in the form of lender in attempt to reach the firm's operational needs. Deferring vendor payments allows a company to assess the performance of the goods it purchases, and it can be a low-cost and adaptable revenue source. However, delaying invoice payments can be very expensive if the company decides to offer a discount for paying early. Operating activities, such as stock or bill payment, frequently take place even before company received payment from its customers. Payment and credit terms may be distinctive to the purchasing organization, so a cash-discount reward for immediate payment within a specified time frame is required. For instance, 2% net of 20 means that if payment is made in 20 days, the debtor can subtract 2% from the proof of purchase. A fee paid after 20 days must be for the entire value, or potentially more, but the top reasons for refusing to pay within 20 days are penalties.

Accounts payable, according to Mbroh and Attom (2012), are significant source of momentary financing for enterprises if they hold-up payment for lengthy period as necessary devoid of affecting their creditworthiness or to take advantage of cash discounts, pay on the last day when payment is due. As a result, having settled payables on the last day allows businesses to make decisions, and then if cash discounts are not forfeited, funds that would have gone to suppliers are re-invested in the business, providing a low-cost source of capital. (Tauringana & Afrifa, 2013). Accounts payable management make sure that adequate controls are implemented to avoid errors such as copy payments, salesperson fraud (paying for goods that have not been delivered), inefficient processes, and late payments, all of which not only harm a small business image, but also jeopardize its viability (Rico, 2014). SSEs can detect falsified or erroneous invoices and ensure that all supplier bills are taken into account for by having adequate payables controls (Deloitte, 2015). Accounts payable management guarantee that the annual business records should be absolute and precise. Effective management of payable assist SSEs in building relationship and confidence with their vendors. SSEs value their agreement as a result of remittance conditions by paying their suppliers on time as a pledge; it develops confidence and bonds with suppliers (Balch, 2014). Suppliers are not investment managers because they are only willing to renew enhanced credit terms to SSEs they know and trust; they might, however, end up exchanging ideas for new techniques, merchandise and service (Enow & Kamala, 2016). Accounts payable management displays the order of trade credit while the quantity of accounts receivable stipulates company’s supply of trade credit.

Likewise, accounts receivable (AR) management, is the process of extending credit to a customer for the survival of the company. Granting credit exists to smooth the progress of sales. Effective accounts receivable management enables a business to increase profits by reducing the transaction burden of raising cash in the event of a liquidity crunch (Ahmet, 2012). Accounts receivable are debts to a company trade on goods or services made on credit and does not receive payment right away (Pandey, 2004; Ifurueze, 2013). Accounts receivable management is a dynamic financial planning procedure whose effectiveness is directly related to a company's ability to complete its tasks, goals, and objectives (Sherman, 2010). This can be managed in the simple context of a business issuing an invoice and delivering it to the customer for payment within a set time frame in order to ascertain appropriate stock levels in the business (Nwankwo, 2005).

Efficient receivables management, in combination with a short creditor payment period, uncollectible concentrations, and an optimal credit policy, can help a company attract new customers and improve financial performance, necessitating the importance of a sound financial policy that maximizes the value of small businesses. (Ross, Westerfield, Jaffe & Jordan, 2008). Cash discounts, bad debt losses, and expenses charged in managing the account and credit collections account for the vast majority of the inventory expenses involved with issuing credit, which also rise dramatically as the value of accounts receivable given increases (Mshelia & Gakure, 2015). Lost sales as a result of credit denial represent the relative value, which decreases as receivables increase (Mshelia et.al, 2015). Accounts receivable maturation, evaluating potential customers' ability to pay using criteria such as customer integrity, financial soundness, collateral to be pledged, and current economic conditions, establishment of credit terms and limits, collection of trade credit, assessment of default risk and responsibility, and funding of accounts receivable are the fundamentals of accounts receivable and payable management with which a firm should hold fast (Schaum, 2011). Enterprises with efficient receivables management can find the optimum credit that reduces the overall cost of granting credit (Ross, et.al 2008). Since every credit sale encompasses the risk of belated or defaults of the charges engaged in the business, better consumer selection is an important part of receivables management (Hrishikes, 2002). If a company chooses that this was in its best interests to allow delayed payment, it must establish a set of rules and guidelines known as a debtor policy (Arnold, 2005). Effective management of accounts receivable and payable helps businesses not only cover their financial commitments but also boost company's income, function smoothly and improve on their profitability. Al-Mwala (2012), stated that sales are meaningless with no proper payment. As a result, the trading and receivable accounts functions ought to collaborate to achieve the objectives of maximization of revenues in momentary. A credit sale indicates that a company is attempting to optimize its sales and enhance its financial performance (Owalabi & Obida, 2012).

Financial performance is critical to a business's sustenance in competitive and volatile surroundings. It can be defined as a company's ability to increase sales, profits, and even return on capital (Barnett & Salomon, 2012). Thus, very essential for accrual basis and remains the main concern for most businesses (Ittner & Larcker, 2014). Metcalf and Tetrad (2015) in Munene, et.al (2018) noted that financial performance is the extent to which resources are presence or obtained, or as a primary indicator of a company's financial context over a specific interval as well as to contrast firms across industries and sectors in aggregate. In practice, Onwumere, Ibe, and Ugbam (2012) contend that it has become one of the most pressing issues, with many financial executives struggling to identify the fundamental accounts receivables drivers and the corresponding amount of accounts receivables to retain in order to reduce risk, highly structured for ambiguity, and improve overall business performance.

1.1 Objectives of the study

The study was to identify measures for managing accounts payable and receivable for improved financial performance of small scale industries in Imo state, Nigeria. Specifically, the study sought to determine the

1. Measures of managing accounts payable for improved financial performance of Small Scale Enterprises.
2. Measures of managing accounts receivable for improved financial performance of Small Scale Enterprises.

1.2 Research Question

1. What are the best measures for managing accounts payable for improved financial performance in Small Scale enterprises?
2. What are the best measures for managing accounts receivable for improved financial performance of Small Scale Enterprises?

1.3 Research Hypotheses

The following null hypotheses were tested at the 0.05 level of significance for this study.

Ho_1: There is no significant difference in the mean responses of professional accountants, accounting education lecturers and SSEs operators on the measures for managing accounts payable for improved financial performance of Small Scale Enterprises in Imo State.

Ho_2: There is no significant difference in the mean responses of professional accountants, accounting education lecturers and SSEs operators on the measures for managing accounts receivable for improved financial performance of Small Scale Enterprises in Imo State.

II. LITERATURE REVIEW

Trade credit can be an effective technique for growing businesses when favourable terms are agreed upon with a company's supplier. This adjustment effectively reduces the liquidity strain that such a prompt payment would impose. This type of financing is beneficial for reducing and managing a company's capital needs.

Thus, Mittal (2020) investigate the financial impact of offering and receiving trade credit from 2011 to 2019, for a sample of 193 BSE small-cap manufacturing companies in India. As a result, effective accounts receivable management can improve the use of accounts payable, resulting in increased profits and value for a company. The study's findings can help SMEs' managers determine their financial performance and capital structure.

Consequently, Mbula et al. (2016) conducted another study to determine the impact of accounts receivable management on the financial performance of firms in Kenya that received government venture capital. The findings show that there is a positive relationship between accounts receivable and financial performance of firms in Kenya that are funded by government venture capital (0.038). Accounts receivable explain 25.7 percent of the financial performance of firms funded by government venture capital in Kenya, while other factors explain 74.3 percent of the variation. The study recommends that managers in firms funded by government venture capital implement good credit policies to improve the efficient management of accounts receivable and thus improve financial performance.

A study on Average Collection Period and Financial Performance of Nzoia Water Services Company conducted by (Wafula, Tibbs & Ondiek, 2019) discovered that the mean average collection period was 309.90 days, accounts receivable turnover was 1.1980, and the size of the region was 1.1980. (7.5870). The findings revealed that NZOWASCO's financial performance variable Return on Equity (ROE) was negatively correlated with the average collection period, with a negative correlation of -0.232. According to the established regression equation, taking all things into consideration, the average collection period on NZOWASCO's financial performance as measured by ROE was - 0.505. The study recommended that the organization reduce the average payment terms in order to improve the organization's financial performance.

Subsequently, study on Accounts Receivable Management and Financial Performance of Manufacturing Firms Listed on the Nairobi Stock Exchange in Kenya by (Gitahi, Naibei & Livingstone, 2020). The study's findings revealed a significant link between credit extension policies, as well as the fact that financing receivables has a substantial influence on the firm's financial performance, and days of credit sales has a major impact on the firm's financial performance. The study's findings revealed an $R2=0.889(p=0.01)$ value, indicating that controlled variables account for 88.9% of the dependent variable. The findings revealed a clear link between credit extension policies and financial performance, as well as the fact that financing receivables has a notable impact on financial performance and the length of time it takes to collect credit sales has a significant impact on financial performance.

III. RESEARCH METHODOLOGY

The study was conducted in Imo State, Nigeria, and used a survey research design. The study included 1390 participants, along with 70 Accounting lecturers, 20 Professional Accountants and 1,300 SSE operators. The study used a multistage sampling technique to draw a sample size of 396 respondents. This includes 102 operators derived from all small scale businesses in each of the three zones (Imo North, Imo East, and Imo West) using the Taro Yamane formula, for a total of 306 operators. Furthermore, all 70 accounting lecturers from five tertiary institutions, as well as 10 professional Accountants in the institution: (Bursars & Deputy Bursars), and 10 Accounting professionals from the SMEs centers, were all considered to give a total of 396. The sample size for the study has been determined using the multistage sampling technique. To begin, Imo State was divided into three zones based on territorial districts. Each zone was considered a cluster. Second, quota sampling was used to select homogeneously 102 respondents from every cluster, for a total of 306 respondents from the small scale business operators involved in the study.

Meanwhile on completion of the 396 copies of the questionnaire administered to the respondent's 391 copies were retrieved representing about 98.7% immediately. To answer the research questions, the mean (x) statistic was used, while the ANOVA statistic was used to test the two null hypotheses at the 0.05 level of significance.

IV. RESULTS

Research Question 1: What are the best measures for managing accounts payable for improved financial performance in Small Scale enterprises?

Table 1: Mean Ratings and Standard Deviations of Respondents on the measures for managing Account Payable for Improved Financial Performance of Small Scale Enterprises. N=391

S/N	Items	SSEs Op n=301		PACT n=20		AEL n=70		Total N=391		
		$\bar{x}$	SD	$\bar{x}$	SD	$\bar{x}$	SD	$\bar{x}$	SD	Rmk
1	Determine the types of credit management policies that are appropriate for the company.	3.27	0.82	3.15	0.93	3.27	0.74	3.26	0.81	A
2	Creditors are classified as critical or non-critical in order to direct the payment schedule.	3.05	0.74	3.25	0.44	3.06	0.85	3.06	0.75	A
3	Deal only with significant suppliers in order to keep the company running, even if the company owes them money.	3.26	0.78	3.50	0.69	3.10	0.97	3.24	0.81	A
4	Engage in efficient financial management to free up cash for the firm's operations.	3.36	0.78	3.55	0.51	3.34	0.95	3.37	0.80	A
5	Promote consistent cost cutting in order to lower costs and save money to pay vital creditors.	3.26	0.80	3.30	0.47	3.17	0.88	3.25	0.80	A
6	Eliminate payment duplication.	3.17	0.84	3.00	0.86	3.47	0.78	3.21	0.84	A
7	Analyze repayment alternatives with creditors, such as install-mental payments.	2.99	0.88	3.05	0.94	3.00	0.92	2.99	0.89	A
8	On-time payment of bills	3.11	0.88	3.30	0.80	3.13	0.88	3.12	0.87	A
9	Failure to pay bills by the due date	3.24	0.94	2.95	0.99	3.47	0.79	3.26	0.92	A
10	Get a discount for paying early.	3.24	0.86	3.70	0.47	3.31	0.86	3.27	0.85	A
11	Preferences should be established for the supplier negotiation process.	3.21	0.88	3.00	0.73	3.20	0.93	3.20	0.88	A
12	Ascertain that all service level agreements (SLAs) are correctly mirrored in purchasing and accounts payable systems.	3.07	0.95	3.20	0.83	3.17	1.04	3.09	0.96	A
	Overall	**3.20**	**0.33**	**3.26**	**0.29**	**3.22**	**0.38**	**3.21**	**0.33**	**A**

Key:, PACT=Professional Accountants, AEL=Accounting Education Lecturers, SSEs Op= Small Scale Enterprise Operators , N = Number of respondents, $\bar{X}$= mean, SD = Standard Deviation, Rmk = Remark, A=Agreed

Table 1 shows that the mean values for items 1-12 ranged from 2.99 to 3.37, and were higher than the cut-off point of 2.50 on a 4-point rating scale. This indicates that all of the items are measures for effective account payable management in Small Scale Enterprises. The standard deviations ranged from 0.75 to 0.96, indicating that respondents' responses to the items were not far from the mean or from one another.

Research Question 2: What are the best measures for managing accounts receivable for improved financial performance in Small Scale Enterprises?

Table 2: Mean Ratings and Standard Deviations of Respondents on the measures for Managing Accounts Receivable for Improved Financial Performance of Small Scale Enterprises. N=391

S/N	Items	SSEs Op n=301		PACT n=20		AEL n=70		Total N=391		
		$\bar{x}$	SD	$\bar{x}$	SD	$\bar{x}$	SD	$\bar{x}$	SD	Rmk
13	Create a suitable credit policy..	2.85	0.99	2.70	0.98	2.59	1.03	2.80	0.99	A
14	Choosing the customers to whom credit may be extended	3.21	0.67	3.10	0.85	3.07	0.73	3.18	0.69	A
15	Stating clearly the length of time of customer debt in a sales agreement	3.07	0.52	3.25	0.44	3.00	0.59	3.07	0.53	A
16	Making an effort to inform all customers about the firm 's debt policies	2.89	1.03	2.70	1.17	2.79	0.96	2.86	1.03	A
17	Creating a company's debt policies less harsh and rigorous in order to entice customers after the debt payment period has expired.	3.22	0.80	3.15	0.88	3.03	0.88	3.18	0.82	A
18	Developing a firm's business credit policy to foster positive customer relationships.	3.46	0.78	3.35	1.04	3.13	0.92	3.39	0.83	A
19	Customers who pay before the due date will receive a cash discount.	3.14	0.58	3.05	0.39	2.94	0.66	3.10	0.59	A
20	Giving awards and gift items to customers who pay their bills on time.	3.51	0.79	3.60	0.75	3.20	0.91	3.46	0.82	A
21	Encourage cordial relationships with customers who meet their firm's debit obligations on time.	3.53	0.80	3.61	0.75	3.17	0.96	3.46	0.84	A

22	Debt performance ratios, such as debtors' collection period and debt ageing schedule, must be monitored.	3.29	0.72	3.21	0.70	3.19	0.73	3.27	0.72	A
23	Begin encouraging good alternative debt settlement options that customers may request.	3.53	0.50	3.60	0.50	3.54	0.50	3.53	0.50	A
24	Provide a comparable trade discount to encourage debt consolidation.	3.51	0.64	3.65	0.59	3.49	0.65	3.51	0.64	A
25	Before granting credit, investigate and confirm the creditworthiness of the customers.	3.47	0.57	3.70	0.47	3.39	0.64	3.47	0.58	A
26	Trying to establish a qualifying period before receiving credits.	3.55	0.50	3.60	0.50	3.50	0.50	3.55	0.50	A
27	Offering incentives to encourage customers to pay on time	3.07	1.20	2.90	1.37	3.16	1.12	3.08	1.19	A
28	Assuring that tangible benefits result from credit management issues in debt collection.	3.28	0.87	3.15	0.88	3.27	0.90	3.27	0.88	A
29	Following the trend of the key factors affecting customers' businesses and their industry as a whole.	3.02	0.91	2.90	1.07	3.16	0.96	3.04	0.92	A
30	Supplying credit ratings for different businesses.	3.13	0.88	3.45	0.51	3.19	0.92	3.16	0.88	A
31	Suppliers having access to various customers' payment records.	3.26	0.86	3.60	0.60	3.29	0.74	3.28	0.83	A
32	Understanding the extent of appropriate security in exchange for extending credit to customerss	3.14	0.86	3.55	0.60	3.23	0.66	3.18	0.82	A
	Overall	3.45	0.28	3.50	0.26	3.45	0.28	3.45	0.28	A

Key: PACT=Professional Accountants, AEL=Accounting Education Lecturers, SSEs Op= Small Scale Enterprise Operators, N = Number of respondents, $\bar{X}$= mean, SD = Standard Deviation, Rmk = Remark, A=Agreed

Data presented in Table 2 shows that the mean values for items 13-32 ranged from 2.80 to 3.55, indicating that the participants agree that all of the items are measures to improve the effective management of accounts receivable for Small Scale Enterprises in Imo State. The standard deviations ranged from 0.50 to 0.19, indicating that respondents' responses to the items were fairly close to the mean and to one another.

Ho_1 There is no significant difference in the mean responses of professional accountants, accounting education lecturers and SSEs operators on the measures for managing accounts payable for improved financial performance of Small Scale Enterprises in Imo State.

Table 3: ANOVA statistic for test of significant difference in the mean responses of SSEs operators, professional accountants and Accounting education lecturers on measures for managing accounts payable for improved financial performance of Small Scale Enterprises in Imo State.

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	.070	2	.035	.312	.732
Within Groups	43.552	388	.112		
Total	43.622	390			

Table 3 shows that the F-ratio in the ANOVA analysis is 0.312, with a significant value of 0.732. The level of significance for testing the hypothesis was set at 0.05, so the significant value of 0.732 was greater than that. As a result, the null hypothesis (H01), that there is no significant difference between the mean responses of SSE operators, professional accountants, and Accounting education lecturers on measures for effective account payable management for improved financial performance of Small Scale Enterprises in Imo State, was not rejected.

Ho_2: There is no significant difference in the mean responses of SSEs operators, professional accountants and Accounting education lecturers on measures for managing account receivable for improved financial performance of Small Scale Enterprises in Imo State

Table 4: ANOVA statistic for test of significant difference in the mean responses of SSEs operators, professional accountants and Accounting education lecturers on measures for managing of accounts receivable for improved financial performance of Small Scale Enterprises in Imo State

	Sum of Squares	Df	Mean Square	F	Sig. value
Between Groups	.060	2	.030	.392	.676
Within Groups	29.652	388	.076		
Total	29.712	390			

Table 4 shows that the F-ratio in the ANOVA analysis is 0.392, with a significant value of 0.676. The level of significance for testing the hypothesis is set at 0.05, so the significant value of 0.676 is greater than that. As a result, the null hypothesis (H02) of no significant difference in the mean responses of SSE operators, professional accountants, and Accounting education lecturers on measures for managing accounts receivables in Small Scale Enterprises in Imo State was not rejected.

V. DISCUSSION OF FINDINGS

The study's findings on research question one indicated that the types of credit management policies that are appropriate for the company. In order to direct the payment schedule, creditors are classified as critical or non-critical. Deal only with major suppliers to keep the company running, even if the company owes them money. Some of the survival benefits for SSEs include engaging in efficient financial management to free up cash for the firm's operations, among other things. This implies that all of the items were agreed upon by the respondents as measures for managing accounts payable in order to improve the performance of Small Scale Enterprises (SSEs). The finding is in line with the study by Enow and Kamala (2016) that SMMEs prefer buying in cash or pay on time when they buy on credit, which might imply that they had less bargaining power with suppliers, who may have seen these businesses as risky ventures for which they were hesitant to prolong trade credit. Similarly Tauringana and Afrifa, (2013), who stated that for all SMEs, WCM components (inventory holding period, accounts receivable period and accounts payable period) have concave relationships with performance. However, when the SMEs are split into 'small' and 'medium' firms, the results suggest that WCM is relatively more important to the performance of 'small' firms than 'medium' firms. These metrics could indeed assist SSE operators in managing their businesses for maximum success.

According to the study's findings on research question two, measures for managing accounts receivable for improved financial performance of Small Scale Enterprises Making a credit policy that works for you, choosing which customers to extend credit to, stating clearly the duration of customer debt in a sales agreement (SSEs) among others. The findings are congruent to the study by Mbula, et.al, (2016), organisations with sound credit policies and proper debt collection procedures can efficiently manage accounts receivable thereby improving their financial performance and increasing their productivity which will emanate from increased market total sales. Similarly, Kharabadze, and Jikia (2018), reported that account receivable analysis should focus on the following aspects: evaluate the nature of receivable, predict the probable amount of receivable, implement sound credit policy, determine aging of receivable and develop matching mechanism between accounts receivable and accounts payable. On one hand, lenient credit policy creates more work for the firm because it has to analyze its customers, conduct aging and, subsequently, increase firms' expenses. However, strict credit policy has its drawbacks as well. Thus, the result of the null hypothesis one test, as shown, indicates that there was no significant difference between the mean responses of SSEs operators, professional accountants, and accounting lecturers on measures of managing account payable and receivable for improved financial performance of small scale industries in Imo state.

VI. CONCLUSION

This study was carried out to determine measures for managing accounts payable and receivable for improved financial performance of Small Scale Enterprises in Imo State, Nigeria. The accounts receivable and accounts payable can be managed using measures identified in this study. As a result, the study concludes that well-timed and precise invoicing metrics should be highlighted as an essential component in the effective management of accounts payable and receivable in order to reduce bad debts and improve liquidity for small scale enterprises. Thus, if the identified measures are adequately employed, they would promote SSEs throughout the region, but especially within the study area. Hence, effective management of account payable and receivable in small enterprises necessitates the consistent implementation of measures identified in the study by all stakeholders.

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