Humanities, Management, Arts, Education & the Social Sciences Journal

Vol 8, No. 1 March, 2020

Managing Receivables and Payables in Economic Recession: The Nigeria Perspective

Uchehara, C.C. (Ph.D, FCNA)
Department of Accounting and Finance
Crawford University
Igbesa, Ogun state, Nigeria
E-mails: chrischigo71@yahoo.com, chrischigo72@gmail.com
Phone: +2348023134154

Udofia, I.E. (Msc, FCA)
Department of Accounting
University of Lagos
Akoka, Lagos State, Nigeria.
E-mail: iniyang2005@yahoo.com
Phone: +2348063842401

ABSTRACT

It has been observed that inefficient management of receivables and payables has negatively influenced the Nigeria economy at individual, organizational and governmental level. This paper proposed feasible solution capable of assisting Nigeria to redirect its economy through efficient management of receivables and payables. The study sought the perceptions of staff of corporate bodies and government ministries departments and agencies in Lagos State on the impact of inefficient management of receivables and payables on the Nigerian economy. A total of one hundred (100) copies of questionnaire were administered to the respondents. The questionnaires were used to collect information used for to analyse the effect of managing receivables and payables in recessed economy. The findings revealed that excessive payables over receivables affects overall operational performance of MDAs and firms, reduces cash inflow and may lead to illiquidity. The study concluded that just as many countries who have experienced recession, designed workable economic plans and strategies to get out of it, Nigeria should redesign her economic and financial structure, increase the sources of revenues and develop control measures to ensure accountability, transparency and meaningful decision making in the management of receivables and payables.

Keywords: Receivables, Payables, Economy, Recession, Performance, Nigeria

Journal Reference Format:
Uchehara, C.C. & Udofia, I.E. (2020): Managing Receivables and Payables in Economic Recession: The Nigeria Perspective. Humanities, Management, Arts, Education & the Social Sciences Journal. Vol. 8 . No. 1, Pp 11-26. Available online at www.humanitiesjournal.org

1. INTRODUCTION

Receivables in accounting, describes all sources of aggregate revenue accruing to an individual, organization in a public or private establishment, within a defined period of time usually one year. Receivables can be classified into the following forms of accrued inflow: proceeds of sales, income from investment, royalties, commission receivable, dividends, interest receivable, rents and rates receivable, grants and donations among others. These inflow need to be effectively managed to ensure that it could be sufficiently spread to meet with the arising commitments of out flows either past, present and future discharge of financial obligations.

Payables could be described as those past, present and future financial commitments or obligation arising from day to day operations or activities which are bound to be discharged at a specified period in time. Payables can be classified as: Payment for purchases or goods supplied, commission payable, rents payable, royalties payable, donations made out, fees and salaries to be paid, fines and penalties including damages and other regulatory obligations such as remediation commitments. Many countries of the world has different categories of what constitute their receivables in a wide range of economic activities including exports of goods and services technological services and know how, royalty fees receivable from technical support services, grants from friendly nations to mention a few. With respect to Nigeria the situation is quite different in the case that Nigeria is operating on a mono source of revenue which is mainly on crude oil, which makes it revenue based slim, notwithstanding the various and wider net of payables. The payables in Nigeria constitute huge contract obligations, loan repayments, poor jobs executions in terms of contract or infrastructural provisions, Salaries and wages of top government officials and as well as low cadres officers without creating much impact on productivity.

Also worth mentioning is the continuous recycling of contract poorly executed, instead of redirecting such funds to meaningful investment that could assist to turn around economy through wider income range. Another key point that brings much pressure on the meagre revenue realized by government is imprudent spending by the government and as well lack of accountability and probity in the public sector such as uncontrolled medical trips abroad, government top officials making trips abroad with large numbers entourage which is considered unnecessary Uchehara & Ogbonna (2020). It was also observed that the ministry and parastatals got a very devastating effects, when many of them could no longer pay salaries meet with covenanted contract obligations as well as pension settlements to civil servants retirees which some pensioners fainted and died on the queue to collect their pension payment or settlement while in arears.

Basutoland Pindado(2012),observed, that credit constraints during a financial crisis cause firms to hold high levels of accounts receivable and payables to postpone payments to suppliers. This gives rise to a trade credit contagion in the supply chain with cascading consequences. Accounts receivables and payables are regarded as vital parts of working capital. Meanwhile Receivables usually constitute a substantial part of investment in every firms asset and as well a critical part of transactions used in decisions making. The researcher during this work observed that private organization in Nigeria are not left out of the menace of inefficient management of receivables and payables which has led them to poor operational performance, low sales, high cost of operations. This situation has resulted to illiquidity in the private sector economy. Many of these organization can no longer pay staff salaries as well meet other operational cost which has forced to retrenched workers and some were inevitable forced to closed shops as a result of inefficient or poor management of receivables and payables. A good example of this observation was Diamond and Access bank merger in recent times. Diamond bank was faced with poor management of receivables and other loan portfolios that noticeably out-classed its ability to continue operations on its own financial vigour. It is noted that there exists some differences when measuring the level of receivables among firms globally.

Demirgüç-KuntandMaksimovic(2001) present evidence that in countries such as France, Germany, and Italy accounts receivable exceeds a quarter of firms' total assets, while RajanandZingales(1995)find that 18% of the total assets of US firms consists of receivables. There have been notable theories which has explained the existence of both receivables and payables in commercial context to include transaction cost, motivation alongside financial incentives as viewed by(Bastos & Pindado, 2007;Bastos and Pindado, 2012; Deloof & Jegers, 1999; Marotta, 2005; Petersen&Rajan, 1997). Accounts receivables and payables management could be regarded as meaningful part of cooperate finance which cannot be neglected due to its influence on the profit volume achieved by firms including risk exposure and market value. Every entity is expected to introduce an efficient management of receivables and payables to avoid liquidity losses (Foulks, 2005). The firms need for account receivables and payables management is to ensure that profit is maximized as well as shareholders wealth.

This is because receivables improve sales as it allows customers to take value for goods with no immediate payment. Meanwhile accounts receivables when not efficiently managed is associated with risk and future inconveniencies of possible customer default. Berry and Jarvis(2006)explained that a firm setting up a policy for determining the optimal amount of accounts receivables and payables should consider the trade-off between securing sales and profits and the opportunity cost of managing accounts receivable. Gill (2011) asserted that the main objective of accounts receivable is to reach an optimal balance between cash flow management components. The management of cash flow in every firm involves the process of planning as well as control procedures and techniques to ensure efficient planning of cash inflow against outflow to avoid illiquidity in business operations. This can also affect the management of inventory as pointed out in Joshi (2007). Most firms strives to ensure that optimal cash flow is achieved in order to maximize improved value while ensure that an efficient credit policy is put in place to avoid overstocking, maintain favourable buffer inventory level and also avoid stock out which usually result to stoppage of production and increase cost and losses.

Many countries have witnessed certain degree of recession and redesigned workable economic plans and strategies to get out of it, but the Nigeria situation is seen to be unique and persistent due to financial indiscipline, greed, insincerity and lack of visionary leadership. It is now a worrisome issue in Nigeria where business entities are facing economic realities of recession due to inefficient management of their resources and payables. Organizations in Nigeria often deal with the menace of inefficient management of receivables and payables. This has led to poor operational performance, low sales, and high operational cost of operations which resulted to illiquidity. Many of these organizations could no longer pay their short term obligations as they become due. This has forced them to retrench their workers and some were forced to close shop, while others such as Diamond bank was forced to merge. Diamond bank was faced with poor management of receivables and other loan portfolios that noticeably out classed its ability to continue operation on its own financial vigor.

The Ministries and Parastatals were also devastated by the effects of recession, when many of them could no longer pay salaries, meet with covenanted contract obligations as well as pension settlements to retirees. Nigeria is expected to develop and design key economic parameters to fine tune their economic and financial structure, including quality management and increase of receivable to stimulate the economy. Understanding how to manage receivables and payables within an economic recession is important to Nigeria as a transition country. Sales, income from investment, royalties, commission receivables dividends interest receivables, rents and rates receivables grants and donations are important sources of revenue for Nigeria firms and Government, which contributes to firms' profitability, and overall economic development. It is against this background, the research problem is formed. Therefore, this study examines managing receivables and payables within the economic recession in Nigeria.

2. LITERATURE REVIEW

2.1 Accounting For Receivables and Payables

Proper books of account (individual ledger) must be kept for all receivables (all incoming funds) as well as (all out going funds) payables within an accounting year to ensure accountability, transparency and adequate control measures. The account must be monitored and balanced at the end of every month, quarterly, half yearly and yearly and any surplus or deficit properly accounted for and analyzed for meaningful decision making (Uchehara, 2017). The public sector accounting and financial administration has been seen to be inflicted with massive and unguided financial exist, ranging from money laundry practices, fiscal budget padding and manipulations with alterations causing unwarranted leakages to national treasury Uchehara & Ogbonna (2017).

The researcher also observed that that has been loss of financial control in the public sector financial operation involving ministry parastatals and agencies as a result of distraction from the statuary auditors in the public sector who has now left their statutory duties of ensuring financial transparency accountability and probity including efficient cost management and judicious spending has left that to involve themselves in playing major administrative roles and financial advisory duties bringing themselves more closer to the powers that be in the sector. This making them to influence sensitive decisions of cost line to their favour. This activity in know doubt has affected the quality of their audit work and financial reporting to the detriment of the citizenry. The observed involvement, financial administrative policy has in no mean extent affected accountability probity and quality financial reporting in the public sector Regina (2012) and Akindime (2013). The most recently reported financial statement reengineering which involves the account of the Nigeria National Petroleum Corporation (NNPC) with over 10 Billion naira discovered unremitted crude oil proceed after the external auditors has audited and certified through and fair the financial statement of the nation Uchehara & Ogbonna (2020). This is an indication of poor financial control and auditors loss of focus on benchmarking the activities of financial officers and administrators in the public sectors.

One of the objective of accounts receivables and payables is to ensure that shareholders wealth are maximized to the best of their interest as it forms a great part of the firms asset. Account receivable is a good strategy to improve sales as it allows customers the opportunity to take goods without immediate payment, though it ties-down funds meant for business operation and this has opportunity cost. The three attributes of receivables-the component of hazard, financial worth and futurity, clarify the premise and the requirement for effective administration of receivables. While, payables according to Uchehara (2017) could also be described as those past, present and future financial commitments or obligation arising from day to day operations or activities which are bound to be discharged at a specified period in time. Payables can be classified under the under listed sub headings. Payment for purchases or goods supplied, commission payables, rents payables, royalties payables, donations payable, fees and salaries to be paid, fines and penalties including damages and other regulatory obligations such as remediation commitments (Uchehara, 2017).

According to Berry and Jarvis(2006)a firm setting up a policy for determining the optimal amount of account receivables and payables has to take into account the trade-off between the securing of sales and profits and the amount of opportunity cost and administrative costs of the increasing account receivables, the level of risk the firm is prepared to take when extending credit to a customer, this is due to the fact that some customers may fail to pay on due dates, thereby affecting the working capital of the firm as well as the cost of collecting debts through factor agents. Meanwhile academics have carried out studies in relation to debt management at various levels mostly on working capital management.

Bougheas, Mateut, and Mizen(2009), for example, focused their research on accounts receivables and payables to changes in the cost of inventories, profitability, risk and liquidity. other researchers explore the impact of an optimal receivables and payables management, i.e., the optimal way of managing accounts receivables that leads to profit maximization. Researches by Deloof(2003), Laziridisand Tryfonidis(2006), GillBigger, and Atnur, C(2010), Garcia-Terueland Martinez-Solano (2007), Samilogluand Demirgunes (2008)and Mathuva(2010) done in Belgium, Greece, USA, Spain, Turkey, and Kenya respectively, they all came out with the view that there is negative relationship existing between accounts receivables and payables in determining firms profitability . mean while suggest that an accounts receivables and payables policy which leads to a low as possible accounts receivables could result in highest profitability. Contradicting evidence is found by Sharma and Kumar (2011), who foundapositive relation between ROA and accounts receivables. Researches on receivables and payables in the period of financial down turn were done in several countries. Japan's crisis was studied by Fukuda et al,(2006),for the Asian crisis (Love et al 2007) and the recent global financial crisis (Yang, 2001, Bastos and Pindado, 2012).

As to researches that study relationship between profitability and accounts receivables and payables during current global crisis period, it is worth mentioning the study done by Baveld (2012). It is this study that investigates how public listed firms in Netherlands manage their working capital, two periods are compared-the non-crisis period of 2004-2006 and the financial crisis period of 2008- 2009.Baveld(2012) this study shows statistically a wide negative relation between accounts receivables and payables with gross operating profit during non-crisis period. Then again, during emergency period, no huge connection between these two factors is watched. This result may suggest that the relation between accounts receivables and payables on firm's profitability is changed in times of a crisis in the way that some firms should not keep their accounts receivables and payables at minimum in order to maximize profitability during crisis periods.

2.2 Planning and Control

A good planning and control system must be put in place to ensure that adequate or sufficient revenue are generated from all aggregate sources to meet up with expected and contingent obligation arising within the specified period under review, in order to avoid deficit of receivables on payables (Uchehara, 2017). This is done through an efficient budget and budgetary control mechanism and prioritization of funds on project spending with adequate financial disciplinary measures and control system. The researcher believes that Nigeria's inability to diversify its economy to multiple revenue yield sources, such as Agriculture, backward integration in terms of raw materials for the manufacturing industries, extraction of coal, bauxites, industrial and domestic gas for export and building a viable tourist centre to attract foreigners to visit Nigeria so as to widen the economy revenue net has been fingered as one of the causes of insufficient revenue and receivable in flows in the Nigeria economy.

The researcher is of the view that these will assist to conserve Nigeria's revenue, stop the mono economy revenue source and over dependent on petroleum. Nigerian government has been criticized widely for wasteful and unguided spending on avoidable financial commitments and padded contract bills which should have cost the nation a relatively smaller amount of money with quality service delivery achieved, when compared to the Nigeria low quality job execution and fabulous spending of over 60%value gap. From the researchers view this results to higher inflationary gap shutting and relocation of companies and investment out of Nigeria, acute unemployment, shortage of basic needs supply, devaluation of national currency, loss of jobs and what noting is increase in crime rate and terrorism to mention a few. All these has contributed to immorality, financial indiscipline and recklessness on the part of national economy managers, such as in Nigeria today.

2.3 Accounts Receivable Management

Accounts receivable management could be seen as a strong financial management technique and could bring effectiveness in organisations ability to realize its desired objectives towards efficient liquidity level. In spite of the job income the executives plays, numerous organizations have not actualized powerful income the board rehearses and the outcomes can be critical (Ahmet,2012). Account receivables are crucial part of cash flow management, It is possible for firms making profit to suddenly go bankrupt if they fail to manage the receivables and payables efficiently, moreover in a situation of rapid growth as viewed in (prere 2010). An efficient Accounts receivable management requires a credit policy that is not static but periodically reviewed to reflect dynamics toward firms risk management and as well improve its competitive advantage in the market place through improved sale and credit management, as suggested in (Eliots2009).

A credit policy ensures decision making process that is logical and simplified, it is based on pre-determined parameters at a historical period in time which may not hold at the current time (Venancio2013).Filbeck and Krueger, (2005)argued that a credit policy being the most important medium of managing and regulating accounts receivables requires frequent reviewing to ensure a firm maintains ideal interest in records of sales while limiting expenses related with credit and simultaneously boosting the advantages from debt claims.

As indicated by Sushma(2007), an expansion in the degree of records receivables in a firm builds both the net working capital and the expense of holding and overseeing debt claims which both lead to a lessening in the estimation of the firm. Firms who seek after an expansion in the records receivable to an ideal level increment their gainfulness coming about because of the expanded deals and piece of the overall industry. Extension of Credit as stated by Gill, et al(2010) should only be on the basis of customer credit worthiness in order to minimize the level of default and bad debts. As stated by Gitauet al.(2014),the purpose of credit control is to ensure that trade debts are recovered early enough before they become uncollectible and a loss to the business.

According to Pandey (2008), average collection period determines the speed of payment by customers and delayed payment is a potential ground for bad debts which have a negative effect on a firm's financial performance. Most businesses ensures that credit policy given will make room for early payment. Gitauet al (2014) citing Chee and Smith(1999)asserts that there are two forms of a firm credit term: the net terms which specifies that full payment is due within a certain period after delivery, for instance, credit period and payment period for different classes of customers are grouped to range from 30 days, 60 days and 180 days at various discount terms to encourage early payment and reduce overdue debts. Discount rate to credit periods could be "2/10 net 30" would mean 2% discount for payment within 10 days and a net period ending on day 30 and thereafter if payment not received the buyer is in default.When a firm establishes a credit period in other to increase sales it should bear in mind that its working capital is being held for a certain period for as well as making a room for possible bad debts and losses.

Gitauetal.,(2014)stated that unless transactions occur instantaneously payment arrangement is credit terms. As expressed by Pandey (2008), a firm can abbreviate its credit period if clients are defaulting too every now and again and terrible obligations are developing. More so a firm can extend its credit period in order to achieve increase profit, through increase credit sales. It is of great benefit for a firm if it centralizes its credit control department as to achieve a uniform operating standards, as it will interest top management for efficient fund management for impressive financial results as opined in(Dann, 2009). Pandey (2008) state that credit procedures are the criteria used by a firm to decide on the type of customers to whom sales can be made on credit.Atkinson,Kaplan and Young(2007) positshat credit procedures should include instructions on what data to be used for credit investigation and analysis process, provide information for data approval process, account relationships and instances for management notification.

Dedicating resources to debt collection ensures improved cash in-flow and reduces the possibility of over age debts and bad debts. This is done through a functional policy and perfected strategy which will speed up collection of debts and reduces account receivable balances with improved profits. Meyer et al advocated that firms should have rational and dedicated collection resource to categorize customers for future credit depending on their credit worthiness. Atkinson et al(2007) set that credit methodology ought to remember guidelines for what information to be utilized for credit examination and investigation process, give data to information endorsement process, account connections and examples for the executives notice. Maria (2014) relates devotion of obligation assortment to human elements building up that committed assets guaranteed better assortment and less occurrences of awful obligations.

Owonde(2013)provides that customer relationship officers in most firms act as the link between the firm and customers. The duties of customer relation officers is to ensure a linkage that can guarantee effective monitoring of customers is carried out continuously in order to obtain up to date credit management information for management decisions towards profit maximization. Padachi(2006)states that a collection resource is a control process which ensures that trade debts are recovered early enough before they become un-collectable and therefore a loss to an organization. When debts are allowed to be overdue it means that customers has been allowed to delay payment for period more than necessary and this has a negative consequence on the firms productivity, profitability and as well as working capital of such a firm used in turning around its operational activities.

Meanwhile the firm must ensure it carries out adequate customers assessment as to ascertain the ability to pay and avoid the extension of Credit as stated by Gillet al.,(2010)and this should only be on the basis of customers creditworthiness in order to minimize the level of default and bad debts, where a firms credit policy is weak, it creates a room for unnecessary credit periods longer than expected and more so allows less credit worthy customers to have access to credit sales and consequences of bad debts will arise. (Krueger,2005).Gitau(2014)stated that the purpose of credit control is to ensure that trade debts are recovered early enough before they become uncollectible and a loss to the business. In an attempt to pursue customers who do not pay on due dates, a firm may follow different procedures.

Dunn (2009)stated that a firm seeking to pursue overdue accounts may remind the debtor through a politely worded letter, a strongly worded letter, send a representative and eventually contemplate a legal action or writing off the debt altogether. In order to increase debt collection a firm should device various strategies such as gentle reminder or demand invoices, it can also introduce juicy discount or collection agents, including progressive steps ensuring tighter measures are taken (Pandey, 2008).Gitauetal (2014) assert that a creditor should use litigation as a last resort to collect a debt that is bad and when there is a major breakdown in the repayment agreement resulting in undue delays and legal action is required to effect collection.

3. RESEARCH METHODS

The cross-sectional survey method was used in carrying out this research. The targeted population of this research comprises of staff of corporate bodies and government departments and agencies in Lagos State. They are considered knowledgeable enough to be able to supply credible information that will help the completion of this study. The sample size of 100 hundred(100) respondents was considered suitable for the study, because it is impossible to study the entire population which is large, Simple random sampling was adopted in drawing out the sample since it was very tedious and time consuming to study the entire population. The research instrument that was adopted is structured questionnaire which was used to generate information from the respondents on the phenomenon under study. Descriptive statistics of frequency percentage and tables was used to analyse the data.

4. DATA ANALYSIS AND RESULT

Respondent's Demographic Information

The study investigated the profile of the respondents of the study. The percentage of the respondents that belong to each category of the characteristics was analysed. The results are presented in Table 1-5 (see appendix).

Table 1: Demographic Characteristics of Respondents

	Frequency	Percentage
Male	54	66.7
Female	27	33.3
Total	81	100.0
Age Group		
Below 30	7	8.6
30-40	45	55.6
41-50	25	30.9
51 and above	4	4.9
Total	81	100.0
Highest Level of Education		
HND	19	23.5
B.Sc/B.Tech/B.Eng.	33	40.7
M.Sc/M.Tech/ M.Eng.	26	32.1
Others	3	3.7
Total	81	100.0
Years of Experience		
Below 5 years	7	8.6
6-10 years	33	40.7
11-15 years	41	50.6
Total	81	100.0

Results 1 shows that 66.7% of the respondents are Males and 33.3% are Females. This implies that majority of the respondents that participated in the study were males. The result will thus represent a good percentage of respondents who participated in the study. Results From table 2 (see appendix) show that 8.6% of the respondents indicated their age group to be below 30years, 55.6% of the respondents indicated there age group as 30-40, while 30.9% of the respondents are within the age group of 41-50years and 4.9% of the respondents indicated their age group to be 51years and above. It therefore imply that respondents whose opinion were sort could provide reliable information about the phenomenon been discussed.

Results From table 2shows that 23.5% of the respondents have had HND, 40.7% of the respondents have had B.Sc/B.Tech/B.Eng., 32.1% of the respondents have had M.Sc/M.Tech/ M.Eng., 3.7% of the respondents have other qualifications. Respondents sampled therefore have educational background; been equipped with knowledge on the phenomenon, are deemed fit to express an opinion useful in making a generalization. Results also indicates (see appendix)that 8.6% of the respondents have had below 5years of experience, 40.7% of the respondents have had 6-10years of experience; and 50.6% of the respondents have had 11-15years of experience in managing receivables and payables.

It is therefore inferred that respondents sampled, by the virtue of considerable years of experience; could express a more reliable opinion as regards the phenomenon under discussion. Therefore we can safely assume that responses collated are reliable.

Influence of Receivables and Payables Management in a Recessed Economy

The objective of the study is to investigate the Influence of Receivables and Payables Management in a Recessed Economy in Lagos State. To achieve this objective, 10 questions on were identified from previous studies on the subject matter under review. The influence of receivables and payables management in a recessed economy was measured on a 5- point Likert scale namely: strongly agree, agree, not sure, disagree and strongly disagree.

Table 2: Influence of Receivables and Payables Management in a Recessed Economy

	Frequency	Percentage
Accounts receivables and payables are one of the most important parts of working capital that attracts attention during economic recession		
Not sure	9	11.1
Agree	52	64.2
Strongly Agree	20	24.7
Total	81	100.0
One of the main objectives of account receivables and payables managements is to ensure that shareholders wealth are maximized		
Disagree	7	8.6
Not sure	14	17.3
Agree	25	30.9
Strongly Agree	35	43.2
Total	81	100.0
Efficient financial control system to monitor, control and reduce payables is necessary to scale through the period of economic recession		
Not sure	23	28.4
Agree	48	59.3
Strongly Agree	10 (lib-ebook.com)	12.3
Total	81	100.0
Receivables usually form a significant part of investment and meaningful part of transactions and decisions.	Frequency	Percentage
Not sure	23	28.4
Agree	54	66.7
Strongly Agree	4	4.9
Total	81	100.0
Receivables need to be effectively managed to meet up with the discharge of financial obligations during economic recession		
Not sure	13	16.0
Agree	27	33.3
Strongly Agree	41	50.6
Total	81	100.0
Accounts payables mismanagement could have an (ijecm.co.uk)effect on a		

firm's profitability		
Agree	38	46.9
Strongly Agree	43	53.1
Total	81	100.0
Accounts receivable as a component of cash flow has a direct effect on the profitability of (lib-ebook.com) a business.		
Disagree	10	12.3
Not sure	31	38.3
Agree	29	35.8
Strongly Agree	11	13.6
Total	81	100.0
Understanding how to manage receivables and payables within an economic recession is important to Nigeria as a transition country		
Agree	24	29.6
Strongly Agree	57	70.4
Total	81	100.0
Effective accounts receivables and payables management is important and strategic to scale through economic recession period		
Agree	28	34.6
Strongly Agree	53	65.4
Total	81	100.0
Poor management of Accounts receivables and payables can largely affect financial performance and a firm's value during economic recession		
Agree	37	45.7
Strongly Agree	44	54.3
Total	81	100.0

Results also shows that majority which is represented by 64.2% of the respondents agreed that (lib-ebook.com) accounts receivables and payables are one of the most important parts of working capital that attracts attention during economic recession. This is essentially a financial management strategy with a focus on the maintenance of a sufficient balance between a current assets and liabilities. This gives an overview of a healthy working capital. Results From table 2 shows that majority which is represented by 43.2% of the respondents strongly agreed that (lib-ebook.com)the (repository.up.ac.za) goal of accounts receivables and payables management is to maximize shareholder wealth.

This is fundamental for procuring funds that allow for growth. it was also indicated in the result that majority which is represented by 59.3% of the respondents agreed that (lib-ebook.com) efficient financial control system to monitor, control and reduce payables is necessary to scale through the period of economic recession. This is a basic requirement that can foster sound financial health and flexibility during economic recession. Payables need be streamlined strategically during economic recession; else there could be financial issues.

It was also shown in the result that majority which is represented by 66.7% of the respondents agreed that (lib-ebook.com) receivables often represent large investment in asset which forms huge part of transactions used in decision making. Therefore, receivable function as an important factor in a working capital, providing the flexibility to expand and enhance operations, and respond to challenging economic conditions.

It was also reviewed in the same table 2that majority which is represented by 50.6% of the respondents strongly agreed that (lib-ebook.com) Receivables need to be effectively managed to meet up with the discharge of financial obligations during economic recession. In an economic recession, effective strategic management of the receivables can make a whole lot of difference helping to generate much-needed cash to survive the recession.

The same table shows that majority which is represented by 53.1% of the respondents strongly agreedthat (lib-ebook.com) accounts payables mismanagement could affect a firms profitability. Incurring uncontrolled cost and increasing the extent of spending without giving attention to the receivables would crippled the receivables in no time; making it seemingly unrealistic surviving through the economic recession.

The same table indicates that majority which is represented by 35.8% of the respondents agreedthat (lib-ebook.com) account receivable managements could have direct effect to profitability of firms. The better the receivables, the better the earnings that would at the long run boost the profitability level. Hence, the receivables are such aspect of finance that demands considerable attention during economic recession.

It was also observed in the result that majority which is represented by 70.4% of the respondents strongly agreed that (lib-ebook.com) understanding how to manage receivables and payables within an economic recession is of significant to Nigeria as a transition country. This would facilitate the transition process, curtailing spending and strategically designing measures through which the receivables could be increased to foster a financial balance, thereby resulting in healthy survival for the nation's economy.

The same result in table 2 indicates that majority which is represented by 65.4% of the respondents strongly agreed that (lib-ebook.com) effective accounts receivables and payables management is important and strategic to scale through economic recession period. The general slowdown in economic activity most time has a crippling effect on receivables while the payables continually call for attention. However, when properly managed through the recession period, the receivables can yet be used to pull through the payable, creating a balance on both sides.

Finally the results obtained indicates that majority which is represented by 54.3% of the respondents strongly agreed (lib-ebook.com) thatpoor management of accounts receivables and payables can largely affects financial performance and a firm's value during economic recession. The receivables tend to be reduced by the effect of (lib-ebook.com) recession as against such period when there is no recession. However, payables might be on the increase requiring that receivables must be considerably managed. Excessive payables without sufficient receivables to match, would affect negatively the financial performance and value during economic recession.

5. CONCLUSION/ RECOMMENDATION

Many countries have witnessed certain degree of recession and redesigned workable economic plans and strategies to get out of it. Nigeria therefore is expected to develop and design key economic parameters to fine tune their economic and financial structure, and increase receivable to stimulate the economy. Understanding how to manage receivables and payables within an economic recession is thus becomes highly required to Nigeria as a transition country. The competency to synchronize cash inflows (the receivables) with cash outflows (the payables) as a management strategy becomes imperative to the financial performance applicable to different sectors in the country. Accounts receivables and payables management is a crucial field of corporate finance that should not be taken with levity in economic recession; because of its effects on profitability and consequently on the overall value of the country's economy at large.

On the basis of findings of the study, the following are recommended:

i. Adequate control measures of the receivables to ensure accountability and transparency in the financial system.
ii. Ensuring any surplus or deficit on receivables are properly accounted for and analyzed for meaningful decision making.
iii. Regulating the payables to curtail unnecessary spending, thereby maintaining a healthy account receivables all through recession period.
iv. There should be enough inflow to sustain outflow from time to time with most if not all her economic activities.
v. There should be diversified economic yield and revenue sources to ensure a sustainable economy through foreign exchange surplus. There should be a formidable exchange control policy to ensure a sustainable currency value as well as avoiding currency devaluation either voluntary or forced to do so by foreign monetary regulation such as IMF and World Bank.
vi. Massive project should be cost prone and as well prioritized to ensure effective planning and budgeting within a fiscal year.
vii. Efforts should be made to improve internally generated revenue sources and also maintain fund generating economic infrastructure both at the federal, states and the local government.

REFERENCES

1. Afza, T., & Nazir, M. S. (2009). Is it Better to be Aggressive or Conservative in Managing Working Capital. *Journal of Quality and Technology Management*. 3, 11-21.
2. Ahmet, S. (2012). Effects of working capital management on firm's performance. *International Journal of Economics and Financial Issues.* 2(4), 488-495
3. Al-Mwalla, M. (2012). The impact of working capital management policies on firm profitability and value: The case of Jordan. *International Research journal of finance and economics*. 85: 1-9
4. Atkinson, A. A., Kaplan, R. S. & Young, S. M. (2007). Management Accounting. New Jersey: Prentice Hall.
5. Bastos, R., and Pindado, J. (2012). Trade credit during a financial crisis: *A panel data analysis, Journal of Business Research*. 2 (7), 48-59
6. Bastos, R., Pindado, J. (2007). An agency model to explain trade credit policy and empirical evidence. *Applied Economics*. 39, 2631–2642.
7. Baveld, M. B. (2012, 12 19). Impact of working capital management on the profitability of public listed firms in the Netherlandsduring the financial crisis. Retrieved from Puri-utwente web site: http://puri.utwente.nl/essays/61524
8. Berry, A. AndJarvis, R. (2006), Accounting in a Business Context, Cengage Learning EMEA, Andover, UK.
9. Bougheas S.,Mateut, S, and Mizen, P. (2009),Corporate trade credit and inventories: New evidence of a trade-off from accounts payable and receivable. *Journal of Banking and Finance.* 33, 300–307.
10. Deloof, M. (2003). Does working capital management affect profitability of Belgian firms? *Journal of Business Finance and Accounts.* 30(3-4), 573-588.
11. Deloof, M. and Jeger, M. (1996),Trade Credit, Product Quality, and Intragroup Trade: Some European Evidence. *Financial Management*, 25(3), 945-968.
12. Demirgüç-Kunt, A., and Maksimovic, V. (2001). Firms as financial intermediaries: Evidence from trade credit data, World Bank Working Paper 2696
13. Dunn M (2009) Why You Need Credit Policy, retrieved July 13 2013
14. Eliots, V. (2009). The role of customers in financial profitability. *Journal of Management and Education*, 11(12): 2-5.
15. Emery, D. Finnerty, J. And Stowe J. (2004). Corporate Financial Management, Pearson, Prentice Hall, New Jersey
16. Filbeck, G. & Krueger, T.M. (2005). An Analysis of Working Capital Management Results Across Industries", Mid-American Journal of Business. 20 (2) 11−18.
17. Fukuda, S., Kasuya, M., and Akashi, K. (2006). The role of trade credit for small firms: An implication from Japan's banking crisis, CIRJE Discussion Papers Series F-440. Tokyo, Japan: The University of Tokyo.
18. Garcia-Teruel P.J. and Martinez-Solano, P.M. (2007). Effects of working capital management on SME profitability. *International Journal of Managerial Finance*, 3, 164- 177.
19. Gill, A. (2011). Factors that Influence Working Capital Management Requirements in Canada". *Economics and Finance Research Journal*, 1 (3), 30-40

20. Gill, A., Bigger, N., and Atnur, C. (2010). The Relationship between working capital management and profitability: Evidence from the United States. *Business and Economic Journal, Bej.* 10, 1-9.
21. Gitau, B. N., Nyangweno, G., Mwencha, N., and Onchagwa, G.A. (2014). Influence of cash management practices on FinancialPerformance of Agribusiness Enterprises in Kenya. *International Journal of Social Studies and Enterprises*. 1, 12
22. Grzegorz, M,M. (2008). A profitability management approach in Accounts Receivable management. *Journal of south East European Journal of Economics and Business*. 3 (2), 89-96.
23. Jack,D and Mathew,B. (1994). Management of Accounts Receivable. *Caradian Veterinary Journal*. 35 (5), 307-312.
24. Jose ML, Lancaster C, Stevens JL (1996). Corporate returns and cash conversion cycles. *Journal of Economic Finance*. 20(1):33–46
25. Joshi, R. N. (2007). Cash Management: Perspectives, Principles and Practices. London: New Age International (P) Ltd.[15]. Kalunda, N., and Kabiru, J. (2012). Pharmaceutical manufacturing companies in Kenya and their credit risk management practices. *Research Journal of Finance and Auditing*, 3(4): 159-167.
26. Kathleen, M. K., and Rene, M. S. (2010). Financial Policies and the Financial Crisis. NBER. Working Paper No.16310.
27. Kaur, J. (2010). Working capital in Indian Tire Industry. *International Journal of Finance and Economics*, 46: 7-15.
28. Krueger T (2005). Industry related differences in Working Capital Management. *Journal of Business.* 20(2):11-18
29. Ksenija D.M (2013). Impact of Accounts Receivable management on profitability during the financial crises: Evidence from Serbia. 1-11
30. Lamberson , M(1995). Changes in Working Capital of Small Firms in Relation to changes in Economic activity: Mid. *American Journal of Business*, 10(2): 45-50
31. Lancaster, C., & Stevens, J. L. (1996). Corporate returns and cash conversion cycles. *Journal of Economics and Finance, 20*, 33--46
32. Lazaridis, I. (2005). Relationship between Working Capital Management and Profitability of Listed Companies in the Athens Stock Exchange. *Journal of Financial Management and Analysis*, 19 (1) 26-35.
33. Lazaridis, I. and Tryfonidis, D. (2006). Relationship Between Working Capital Management and Profitability of Listed Companies in the Athens Stock Exchange. *Journal of Financial Management and Analysis,* 19(1), 26-35.
34. Lazaridis, I., and Tryfonidis, D. (2006). Relationship between working capital management and analysis, 19 (1): 232-245.
35. Love, I., Preve, A. P., and Sarria-Allende, V. (2007). Trade credit and bank credit: Evidence from recent financial crises. *Journal of Financial Economics*, 83, 453–469.
36. Maria, G (2014). Fundamentals of Financial Management, (12^{th} Ed), New York: Prentice Hall
37. Marotta, G. (1997). Does trade credit redistribution thwart monetary policy? Evidence from Italy, *Applied Economics*, 29, 1619–1629.
38. Mathuva, D. (2010). The Influence of Working Capital Management Components on Corporate Profitability: A Survey on Kenyan Listed Firms. *Research Journal of Business Management,* 4, 1-11.

39. Mathuva, D. (2010). The influence of working capital management on corporate profitability. A survey of Kenya listed firms. *Research Journal of Business Management*, 4(1): 1-11
40. Myers, C.S, Jack, D & Brealey, R.A. (2006). Principles of Corporate Finance. New York: McGrawHill.
41. Owolabi, S. A. & Obida, S. S. (2012). Liquidity Management and Corporate Profitability: Case Study of Selected Manufacturing Companies Listed on the Nigerian Stock Market. *Business Management Dynamics*, 2 (2), 10 – 15.
42. Owonde, G., Okello, N., and Okello, N. (2013). Cash flow management utilization by SME's in Northern Uganda. Merit Research. *Journal of Accounting, Auditing, Economic and Finance.* 1 (5); 67-80.
43. Padachi, K. (2006). Trends in Working Capital Management. *International Review of Business Research Papers,* 2 (2), 45-58.
44. Pandey, I. M. (2008). Financial Management: 10th Ed. New Delhi: Viker Publishing House
45. Petersen, M. A. and Rajan, R. G. (1997), Trade credit: theories and evidence. *Review of Financial Studies*, 10, 661–692.
46. Prere, T (2010). The influence of working capital management components on Corporate profitability: a survey on Kenyan listed firms .*Research Journal of Business Management,* 3, 1-11
47. Raheman, A., and Nasr, M. (2006). Working Capital Management and Profitability: Case of Pakistan Firms. *International Review of Business Research Papers*, 3(1): 279-300.
48. Rajan, R. And Zingales, L. (1995). What do we know about capital structure? Some evidence from international data. *Journal of Finance*, 50, 1421–1460.
49. Rehaman A and Nasar N (2007). Working Capital Management on Firms Profitability Evidence from Turkey, A Research Conducted at The Istanbul University
50. Samiloglu, F. (2008). Receivables and Payables within An Economic Recession. *The international Journal of Applied Economics and Finance*, 20 (4), 21 – 19
51. Samiloglu, F. and Demirgunes, K. (2008). The Effects of Working Capital Management on Firm Profitability: Evidence from Turkey. *The international Journal of Applied Economics and Finance,* 2(1), 44 – 50.
52. Sharma, A.K. and Kumar, S. (2011). Effect of Working Capital Management on Firm Profitability: Empirical Evidence from India. *Global Business Review*, 12(1), 159 – 173.
53. Sherman, A. (2010). The determinants of corporate liquidity: theory and evidence, *Journal of Financial and Quantitative Analysis*, 33 (3). 335-59.
54. Sushma, A.K (2007). The effect or working capital management of firm's profitability: Empirical Evidence from India. *Global business Review*, 12, (1), 159 – 173.
55. Szabo, P. T. (2012). A roadmap for effective credit policy collective wisdom magazine. Retrieved fromhttp://www.sciencedirect.com
56. Uchehara, C.C, (2017). A comparative study of the challenge facing statutory auditors in Nigeria public and private sector: a study of four selected industries (Cadbury Nigeria Plc, First Bank Plc, Pricewaterhousecoopers and NPA). A Research Conducted at Southern Delaware University, USA
57. Uchehara, C. C & Ogbonna, P.IJ (2017).The Challenges Confronting Public Sector Accounting and Financial Management: A Perspective Of Professional Accounting Practice In Nigeria. *European Journal of Management and Marketing Studies*, 2 (1), 11–17.

58. Uchehara, C. C & Ogbonna, P.IJ (2020).The Challenges and Prospect of Forensic Accounting and Investigative Audit as an effective Tool to Repositioning Nigeria Economy: *LASU Journal of Accounting and Finance*, 4 (1), 42–60.
59. Venancio, A (2013). Effects of working capital management on SME profitability, *Journal of Business Finance Account*., 30(3–4), 1-14
60. Venkata Ramana N, Ramakrishnaiah K, Chengalrayulu P (2013). Impact of Receivables Management on Working Capital and Profitability: A Study on Select Cement Companies in India. *International Journal of Marketing, Financial Services & Management Research*. 2(3)
61. Waweru, K. (2009). Determining cash balance management practices: *The Journal of Applied Finance, 15*(8), 10-20
62. Weston J. F. and Copeland T. E. (2005). Managerial Finance, 2nd British editionadapted from 8th American edition, Redwood Books, Trowbridge, Wiltshire, Great Britain. 894
63. Weston, J. & Copeland, T (2009). Challenges and Solution Receivables and Payables dunring Economic Recession in Nigeria. *Research Journal of Business Management,* 6 (8) 67 - 71
64. Yang, X.(2001), The role of trade credit in the recent subprime financial crisis. *Journal of Economics and Business.* 63, 517– 529.