Evaluation on the Management of Account Receivables in Tageer Finance Company, Oman

Majid Aljassasi[1] and Maria Teresa Matriano[1#]

[1]Middle East College, Muscat, Oman
[#]Advisor

ABSTRACT

This account receivable management evaluation research for Tageer Finance Company Oman has identified the problems and challenges with recommended solutions to the improvement of the account receivables processes of the company. This research has applied both the qualitative and quantitative research methods with the data collected from both the primary and secondary sources through interviews from senior staff of the company and distribution of questionnaire to officers and senior employees in the accounting and finance department. Research reveals that timely collection and follow-ups without any delay will facilitate the smooth processes in collecting receivables. System tracking should be in placed as well to identify causes of delay in the system. Keywords: account receivables; cash collection; challenges of accounts receivables; management of accounts receivables

Background of the Study

In any institution, management of account receivables is very important as account receivables form a major part of the company's assets which will lead to generation of cash for the company needed to run its daily operation. The management of this should be very accurate in time and details to be in sustainability (Pettis, 2021). Account receivable department in any companies should work well because it is the main department responsible for getting money or generating cash for the company. This research will discuss the issues and challenges faced by the company in the accounts receivable process; and how to dealt with these challenges. Covering all issues in this domain for this company will help the company to work well in receiving money from customers. This study will get data from questionnaire from officers and senior employees of the company.

Research Problem

In Tageer Finance Company, the mismanagement in department of account receivables which leads to late payment and deferred payment by the customers has caused huge problems and challenges and has resulted to the late payment/release of salaries of the employees.

The Aim of the Study

This study has aim to facilitate and ease the process of the receivables collection of the company which would significantly create a positive impact to the company's cashflow which would eventually lead to minimization of bad debt and avoidance of delinquency in payments by the customers. This study hopes to assist the company in achieving a healthy and reliable payment from their customers.

Research Objectives

To evaluate and identify the management's components of account receivable of the company.

To evaluate and identify the challenges and issues of management's processes in account receivable of the company.

To recommend an appropriate solution to challenges and issues of the management of account receivable of this company.

To generate an appropriate reports of management account receivable.

Literature Review

Management of account receivable (A/R) is a function to manage all components which has relations with payment collection from customers. Invoices is one of the important components of the A/R process which affects the cashflow management as well. Managing the time of follow-ups and checking them in accurate way will help to get money for the company in required time. Getting money in required time would help to create good cashflow for the company (Aker, 2022).

One of the important things in managing account receivable is providing easy and fast payment facility to the customers. Providing appropriate applications in this domain to receive money from customer will provide huge benefit to the institution and to company's employees as well. With prompt payment by the customers and well facilitated account receivable process, employees would surely receive their salaries on time (Morgan, 2021).

Challenges and Issues of Management's Processes in Account Receivable Process

Many companies using a policy which help them to receive money on same time had encountered challenges along the way. In USA, 24% of companies received money or payment late. This entails great challenge as this led to late in investment, release of salary to employees and payment to suppliers. Weak management of account receivables create unexpected negative results in terms of cash management (Banerjee. 2022).

Customers late payment was the most prevailing issues which affect cashflow of the company. Company should give terms which will help them in receiving money on time and make prompt payment of bills. Follow up if customer receive invoices on time and monitoring payment would create much benefits to the overall account receivable process (Atradius, n.d.).

Management Account Receivable

The reports should be necessary in generation because they gave good information for the company if there is any problem. The reports also should be accurate and managed by specialist because the reports help the staff to see if there is any problem in receiving money. That will help the company to grow up and develop in their business. In generation of reports will help customers also in the payment in accurate details (Billing Platform, 2022).

There are three important reports in account receivable and they help company in their reports in this department. Reports of customer receivable, reports of aging and reports of payment date. Those reports are important for them to organize account receivable inside the company. In reports of customer should be clear and without printing in papers to be in safe and appropriate system. In aging reports, should mention the date of payment and how much days will be for payment. Saving the details of payment help customers and staffs to review if there are any problems (Bichachi, 2022).

Challenges and Issues to the Management of Account Receivable

To recommendation of the management in account receivable. Any responsible in the company should write everything and record them in appropriate programs and note them. That will help them to be in

safe in any case will happen between the company and the customers. That will create a balance of account receivable inside the company (Louisy, 2022).

The recommendation of account receivable also saves the accurate data of customers because that important to process the operation in require way. In creating the process of effective billing will help to establish accurate bills which help to work well in receiving money on require time. (Najjar, 2022).

Methodology

Research Design

Both qualitative and quantitative research methodologies were used in this study through survey questionnaire and interviews (StreefKerk, 2022). The study primarily focused on the company's accounting and finance department.

Research Instruments

There are two types of data to be collected for this study: the survey questionnaire, on which most of the results will be accurate because they are from the main resources of the company; and secondary sources, using of books and internet.

Population, Sampling Size and Sampling Techniques

Researcher has 60 staff from Tageer Finance Company as the population of this study. This 60 are the staff in the accounting and finance department, the managers and assistant managers of the company. Non-probability sampling technique was used for this study as it is less expensive and can be deployed more quickly than probability sampling. Employees who have worked for the company for more than one year was included in the sampling size.

Data Collection Techniques

Survey questionnaire survey monkey link was sent to staff of the company for collection of primary data. For secondary data technique, there will be searching by the main keywords which help the researcher to get the require data from the books and the internet.

Data Analysis Techniques

1 – Respondents' Gender

Table 1.0. Gender of the Respondents

Male	Female
30	20

2 – Age of the Respondents

- 20 to 25
- 26 to 35
- 36 to 45
- Above 45

Table 2.0. Age of the Respondents

20 to 25	26 to 35	36 to 45	45 and above
10	10	20	10

3 –   In your opinion, how is the performance of the components of the management in account receivable in Tageer Finance Company.

- Very Satisfactory
- Satisfactory
- Dissatisfactory
- Very Dissatisfactory

Table 3.0. Performance of the Components of the Management in AR

Very Satisfactory	Satisfactory	Dissatisfactory	Very Dissatisfactory
25	10	10	5

The table shows that the people who gave their opinion in performance of components of management in account receivable are: 25 Very Satisfactory, 10 Satisfactory, 10 Dissatisfactory and 5 Very Dissatisfactory.

4 –   Is the evaluation of management's components will help to develop account receivable department in Tageer Finance Company?

- Yes
- No

Table 4.0. Responses to Evaluation of Management Components

Yes	No
35	15

5 –   What is the main source of issues and challenges in account receivable in Tageer Finance Company?

- Managers
- Staff
- Customers
- Ways of Payment

Table 5.0. Sources of Issues and Challenges in A/R of the Company

Managers	Staff	Customers	Ways of Payments
10	15	20	5

It shows that 10 of managers, 15 of staff and 20 of customers and 5 of ways of payments are the main reasons of the issues and challenges in account receivable in Tageer Finance Company.

6 –   Percentage of importance of generation of reports in account receivable in Tageer Finance Company.
- 25%
- 50%
- 75%
- 100%

Table 6.0. Percentage of Importance of Report Generation

25%	50%	75%	100%
10	10	13	17

7 –   Best Solution of management on issues and challenges in account receivable in Tageer Finance Company.
- Send mails to customers
- Calling customers weekly
- Visit customers weekly

Table 7.0. Solution on issues and challenges on A/R

Send mails to customers	Calling customers weekly	Visit customers weekly
8	23	19

This chart shows the best solution in collecting receivables: 8 responded through sending mails, 23 choose calling customers weekly and 19 choose to visit customers them weekly.

8 –   Is it necessary in giving courses to the staff in Tageer Finance Company regarding collecting receivables (A/R)?
- Yes
- No

Table 8.0. Responses to Providing Courses on A/R

Yes	No
37	13

This graph shows that 37 people choose yes and 13 choose no in giving courses for staff on accounts receivable management.

Conclusion

Getting payments in a timely manner and resolving payment disputes with customers are the two strong challenges in managing the accounts receivables of Tageer Finance Company. The recommendation is to turn this time consuming tasks of accounting into an improved automated processes that would provide a real time information about the customer accounts, increasing efficiency of the accounts receivable process and improving customer satisfaction. Providing course on managing accounts receivables to staff

of the company is a better option as well. Accounts receivable management is a crucial aspect of organization's profitability as it represents a substantial asset of the company. It would affect the company's revenue when not effectively managed. An efficient account management would lead to positive performance outcomes, increased customer satisfaction and profitability.

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