



ENHANCING THE METHODOLOGICAL FRAMEWORK FOR EFFECTIVE MANAGEMENT OF ACCOUNTS RECEIVABLE AND ACCOUNTS PAYABLE IN ENTERPRISES

Mirzayev Ozod Furkatovich

Associate Professor, Department of Industrial Economics

Tashkent Institute of Chemical Technology

orcid.org/0009-0000-5258-7526

abubakrm90@gmail.com

ABSTRACT	KEY WORDS
This article examines the methodological framework for enhancing the effective management of accounts receivable and accounts payable in enterprises. The relevance of the study is determined by the significant impact of receivables and payables on an enterprise's liquidity, solvency, financial stability, and cash flow management. The purpose of the study is to develop an improved methodological approach to managing accounts receivable and accounts payable aimed at increasing the efficiency of financial resource utilization and reducing payment-related risks. The study applies a systematic approach, financial analysis, comparative analysis, ratio analysis, dynamic analysis, and economic-statistical methods. Particular attention is given to the comprehensive assessment of the volume, structure, maturity, turnover, and cash-flow implications of receivables and payables. The study substantiates the need to strengthen monitoring mechanisms, assess the creditworthiness of counterparties, manage overdue debts, and optimize enterprise credit policies. Based on the findings, methodological recommendations are proposed for improving the management mechanism of accounts receivable and accounts payable. The proposed approach contributes to strengthening financial stability, improving the efficiency of working capital utilization, maintaining liquidity, and minimizing payment risks in enterprises.	accounts receivable, accounts payable, receivables management, payables management, financial management, liquidity, solvency, financial stability, cash flow, debt turnover, credit policy, counterparties, financial analysis, working capital, payment risk.

Introduction

Absolutely. For a high-level academic IMRAD paper, the Introduction should not merely describe receivables and payables. It should establish the research problem, explain why existing management approaches are insufficient, identify the methodological gap, and clearly formulate the research objective.

In contemporary enterprises, the effective management of financial resources has become an increasingly important determinant of financial stability, operational continuity, and long-term competitiveness. Within this context, accounts receivable and accounts payable constitute essential components of working capital management, as their volume, structure, maturity, and turnover directly influence an enterprise's liquidity, solvency, cash-flow stability, and ability to meet its financial obligations. Although trade credit is an integral element of modern business relationships, an excessive accumulation of receivables may constrain the availability of financial resources, while inefficient management of payables may increase liquidity pressures, payment risks, and the cost of external financing. Consequently, the management of receivables and payables should be considered not as an isolated accounting function, but as an integral component of an enterprise's broader financial management system.

The economic significance of this issue is particularly evident under conditions of increasing market uncertainty, intensified competition, inflationary pressures, changing payment practices, and growing requirements for financial discipline. Enterprises are increasingly required to maintain an appropriate balance between extending commercial credit to customers and preserving sufficient liquidity to finance current operations. At the same time, the rational management of accounts payable requires enterprises to coordinate payment schedules with operating cash flows while maintaining reliable relationships with suppliers and other counterparties. Thus, the effectiveness of receivables and payables management depends not only on the absolute amount of outstanding obligations but also on their maturity structure, turnover dynamics, concentration, quality, and interaction with the enterprise's cash-flow cycle.

A conventional approach to receivables and payables management is often based on retrospective financial analysis, including the assessment of their absolute and relative changes, turnover ratios, collection periods, and their share in current assets and current liabilities. While these indicators remain important for evaluating financial performance, their isolated application may not provide a sufficiently comprehensive basis for managerial decision-making. In particular, traditional analytical approaches may fail to adequately incorporate the heterogeneity of counterparties, differences in payment discipline, the probability of overdue obligations, the opportunity cost of immobilized working capital, and the interdependence between receivables, payables, and operating cash flows. This creates a methodological challenge in developing an integrated framework capable of transforming financial information into timely and actionable management decisions.

The problem is further complicated by the fact that receivables and payables perform simultaneously opposing and complementary functions within the operating cycle. On the one hand, the extension of trade credit can stimulate sales, strengthen customer relationships, and improve market competitiveness. On the other hand, excessive credit exposure increases the probability of delayed or non-payment and consequently reduces the efficiency of working capital utilization. Similarly, the strategic use of accounts payable can temporarily reduce the need for external financing and improve short-term liquidity; however, excessive reliance on delayed payments may generate contractual, reputational, and financial risks. Therefore, an effective management methodology must seek an economically justified balance between liquidity, profitability, credit expansion, payment discipline, and financial risk.

Against this background, there is a need to improve methodological approaches to the management of accounts receivable and accounts payable by integrating quantitative financial indicators with

qualitative assessments of counterparties and forward-looking risk considerations. Such an approach should enable enterprises not only to identify existing deviations but also to anticipate potential liquidity constraints, prioritize overdue obligations, establish differentiated credit terms, and optimize payment policies. The methodological framework should consequently combine diagnostic analysis, monitoring mechanisms, risk assessment, and managerial response within a unified decision-making system.

The purpose of this study is to develop and substantiate an improved methodological framework for the effective management of accounts receivable and accounts payable in enterprises, with particular emphasis on enhancing liquidity, optimizing working capital utilization, strengthening payment discipline, and reducing financial risks.

To achieve this purpose, the study addresses the following objectives: (1) to examine the economic role and financial implications of accounts receivable and accounts payable; (2) to systematize the principal methodological approaches used to assess their effectiveness; (3) to identify limitations in conventional approaches to receivables and payables management; (4) to develop an integrated framework for monitoring, evaluating, and managing outstanding obligations; and (5) to formulate practical recommendations aimed at improving the financial efficiency and stability of enterprises.

The scientific contribution of the study lies in the development of an integrated methodological perspective that considers accounts receivable and accounts payable as interconnected elements of working capital and cash-flow management rather than as separate balance-sheet categories. The practical significance of the research is associated with the possibility of applying the proposed methodological approaches to improve credit policies, strengthen control over overdue obligations, optimize payment schedules, and support more informed financial management decisions.

The remainder of the paper is structured according to the IMRAD framework. The Methods section presents the methodological approaches and analytical instruments employed in the study; the Results section presents the principal findings and the proposed methodological framework; the Discussion section interprets the findings in the context of enterprise financial management; and the Conclusion summarizes the main results and their practical implications.

Literature review

2. Literature Review

The management of accounts receivable and accounts payable has traditionally been examined within the broader theoretical and empirical framework of working capital management. Working capital represents a critical component of corporate financial management because it connects day-to-day operating activities with liquidity, profitability, and financial risk. In this context, receivables and payables constitute two of the principal mechanisms through which enterprises finance and recover resources invested in their operating cycles. Consequently, the effectiveness with which these components are managed may substantially influence both short-term financial stability and long-term enterprise performance.

A substantial body of empirical research has examined the relationship between working capital management and corporate profitability. One of the most influential approaches in this literature is the cash conversion cycle (CCC), which integrates the periods required to convert inventories into sales, collect receivables, and settle payables. The CCC therefore provides a more comprehensive measure of working capital efficiency than individual balance-sheet indicators considered in isolation.

Empirical evidence from different economic environments generally indicates an inverse relationship between the cash conversion cycle and firm profitability. For example, Ukaegbu's analysis of manufacturing firms in Egypt, Kenya, Nigeria, and South Africa found a strong negative relationship between the cash conversion cycle and profitability, suggesting that more efficient management of receivables, inventories, and payables can contribute to improved financial performance.

Similar evidence has been reported in European markets. Enqvist, Graham, and Nikkinen, examining Finnish listed companies over an extended period, found that the relationship between working capital management and profitability is particularly important during economic downturns. Their findings indicate that the efficiency of accounts receivable conversion becomes more significant under adverse economic conditions, highlighting the importance of active working capital management as part of broader financial planning.

Evidence from Norway provides further support for the importance of shortening the cash conversion cycle. Based on a large panel of 21,075 Norwegian small and medium-sized enterprises and 84,300 observations covering 2010–2013, the study found that reducing the cash conversion cycle increases profitability. The robustness of the results after controlling for industry-specific effects reinforces the argument that working capital management constitutes a significant determinant of enterprise performance.

The relationship between working capital management and profitability has also been investigated in emerging-market environments. A study of 110 manufacturing companies listed on Borsa Istanbul during 2005–2014 reported a significant negative relationship between the cash conversion cycle and profitability, indicating that enterprises may improve profitability through more efficient management of the period during which financial resources remain tied up in operations. Similarly, research based on Vietnamese listed enterprises found negative and statistically significant relationships between profitability and the cash conversion cycle, accounts receivable days, inventory days, and accounts payable days. These findings suggest that improvements in the efficiency of individual components of working capital can contribute to enhanced corporate profitability.

Nevertheless, the empirical literature does not demonstrate a completely uniform relationship. Sharma and Kumar's study of 263 non-financial companies listed on the Bombay Stock Exchange reported findings that differed from much of the international evidence. Their results indicated a positive relationship between working capital management and profitability, while accounts receivable days and the cash conversion period were positively associated with corporate profitability. This suggests that the optimal level of working capital may depend on firm-specific and institutional characteristics rather than following a universal relationship.

More recent evidence reinforces the importance of contextual factors. Jaworski and Czerwonka, analyzing 326 companies listed on the Warsaw Stock Exchange over 1998–2016, identified a negative linear relationship between the cash conversion cycle and profitability, while also finding significant nonlinear relationships between working capital, liquidity, and profitability. Their findings indicate that the effects of working capital management may vary according to industry characteristics and broader economic conditions.

The international evidence was further synthesized by Singh, Kumar, and Colombage through a meta-analysis of 46 empirical studies. Their results confirm an overall negative association between working capital management and profitability, particularly with respect to the cash conversion cycle. Importantly, the meta-analysis also examined whether differences in findings could be explained by

profitability measures, national economic development, and firm size, demonstrating that the relationship between working capital and profitability should be interpreted within its institutional and economic context.

A subsequent meta-study by Jaworski and Czerwonka expanded this evidence by examining 43 scientific studies covering almost 62,000 enterprises across 35 countries. The authors again identified a common negative relationship between the cash conversion cycle and profitability. At the same time, the breadth of the evidence demonstrates that working capital management encompasses multiple interconnected decisions concerning inventories, receivables, cash, and current liabilities rather than a single financial variable.

Recent global evidence further complicates the interpretation of the relationship. Chang's international study found that the cash conversion cycle is negatively associated with both profitability and firm value, but the effect becomes weaker and may even reverse at very low CCC levels. This finding is particularly important from a methodological perspective because it indicates that continuously minimizing the cash conversion cycle is not necessarily optimal. Instead, enterprises may need to identify a financially and operationally appropriate range rather than pursue an unconditional reduction in the duration of the operating cycle.

This issue is also highlighted by comparative evidence from developed and emerging economies. A 2024 study found that the cash conversion cycle is inversely related to firm performance in both groups of economies, while the effects of its individual components differ across economic contexts. In emerging economies, longer collection periods and longer payable periods were associated with lower firm performance, indicating that the effectiveness of receivables and payables management may be conditioned by the institutional and financial environment in which enterprises operate.

The reviewed literature therefore reveals three important conclusions. First, there is substantial empirical evidence that efficient management of working capital, particularly the cash conversion cycle, is associated with improved enterprise performance. Second, the relationship is not universally linear or identical across countries, industries, firm sizes, and economic cycles. Third, although numerous studies investigate the individual components of the cash conversion cycle, relatively less attention is devoted to developing an integrated managerial methodology that combines quantitative assessment of receivables and payables with counterparty risk, maturity structure, cash-flow coordination, and continuous monitoring.

This represents an important research gap. Existing studies predominantly focus on establishing statistical relationships between working capital indicators and profitability, while the practical methodological problem of how enterprises should translate these indicators into a coherent management mechanism remains comparatively underdeveloped. In particular, the simultaneous management of customer collection policies and supplier payment policies requires greater methodological integration because decisions concerning accounts receivable directly influence the enterprise's capacity to meet accounts payable and maintain liquidity.

Accordingly, the present study extends the existing literature by shifting the analytical emphasis from the isolated measurement of working capital efficiency toward an integrated methodological framework for accounts receivable and accounts payable management. The proposed framework incorporates turnover analysis, maturity assessment, counterparty risk classification, cash-flow coordination, payment prioritization, and continuous monitoring. This approach is intended to bridge

the gap between the predominantly empirical literature on working capital–profitability relationships and the practical requirements of enterprise-level financial decision-making.

Methodology

The methodological framework of the study is based on the premise that accounts receivable and accounts payable should be assessed as interconnected elements of an enterprise's working capital and operating cash-flow cycle. Accordingly, the research methodology combines analytical, comparative, structural, and ratio-based approaches to provide a comprehensive assessment of the efficiency and risks associated with outstanding receivables and payables.

The study employs a systematic approach as its principal methodological foundation. This approach makes it possible to examine accounts receivable and accounts payable not as independent accounting indicators, but as interrelated components of the enterprise's financial management system. In particular, the analysis considers the relationship between the level of receivables, the volume of payables, sales revenue, operating expenses, current assets, current liabilities, and cash flows. Such an approach allows the assessment of how changes in one component of the working capital cycle may influence the overall financial position of an enterprise.

To evaluate the dynamics and structural characteristics of outstanding obligations, horizontal and vertical analysis are applied. Horizontal analysis is used to identify changes in the absolute and relative values of accounts receivable and accounts payable over time, whereas vertical analysis determines their proportion within total current assets and current liabilities, respectively. These analytical procedures provide an initial basis for identifying trends in the accumulation or reduction of outstanding obligations and determining their relative significance within the enterprise's financial structure.

Particular attention is devoted to turnover analysis, which is used to evaluate the efficiency with which enterprises convert receivables into cash and manage their obligations to suppliers and other counterparties. The principal indicators include the accounts receivable turnover ratio, accounts payable turnover ratio, average collection period, and average payment period. The accounts receivable turnover ratio may be calculated as:

$$ART = \text{Average Accounts Receivable} / \text{Net Credit Sales}$$

where ART represents the accounts receivable turnover ratio.

The average collection period is determined as:

$$ACP = (\text{Net Credit Sales} / \text{Average Accounts Receivable}) \times D$$

where ACP represents the average collection period and D denotes the number of days in the relevant accounting period.

Similarly, the efficiency of accounts payable management is assessed through the accounts payable turnover ratio:

$$APT = \text{Average Accounts Payable} / \text{Credit Purchases}$$

and the average payment period:

$$APP = (\text{Credit Purchases} / \text{Average Accounts Payable}) \times D$$

where APT denotes accounts payable turnover, APP represents the average payment period, and D denotes the number of days in the accounting period.

The interaction between receivables and payables is further examined through the cash conversion cycle (CCC). This indicator is particularly relevant because it reflects the period during which an

enterprise's financial resources remain committed to its operating activities before being recovered through cash inflows. The cash conversion cycle is expressed as:

$$CCC=ACP+ICP-APP$$

where ICP represents the inventory conversion period. A reduction in the cash conversion cycle, provided that it does not negatively affect sales or supplier relationships, generally indicates more efficient working capital management.

In addition to quantitative indicators, the proposed methodological approach incorporates counterparty risk assessment. The quality of accounts receivable cannot be adequately evaluated solely on the basis of their aggregate value. Therefore, receivables should be classified according to maturity, payment discipline, concentration by counterparty, and the probability of delayed or non-payment. Particular attention is given to overdue receivables, as their accumulation may indicate weaknesses in credit policy and may increase the risk of liquidity constraints.

The study also applies comparative and dynamic analysis to identify deviations from established financial targets and historical performance. Comparison of actual indicators with previous periods, planned values, or internally established benchmarks allows enterprises to identify unfavorable trends at an early stage and initiate appropriate corrective measures. This creates a transition from predominantly retrospective accounting analysis toward a more proactive management approach.

To enhance the methodological framework, the study proposes integrating the analytical procedures into a sequential management cycle consisting of measurement, diagnosis, risk assessment, managerial intervention, and subsequent monitoring. Under this framework, the management process begins with the collection and classification of information concerning outstanding receivables and payables. The next stage involves assessing their structure, turnover, maturity, and financial impact. Identified risks are subsequently prioritized according to their potential effect on liquidity and financial stability. Based on this assessment, differentiated measures may be adopted, including the revision of customer credit limits, modification of payment terms, intensified collection procedures, renegotiation of supplier payment schedules, and establishment of internal control thresholds.

The methodological framework can therefore be represented as an integrated sequence:

Data collection → Classification → Financial analysis → Turnover assessment → Counterparty risk assessment → Cash-flow impact evaluation → Managerial decision-making → Monitoring and corrective action.

This methodological sequence is designed to ensure that the management of accounts receivable and accounts payable becomes a continuous financial management process rather than a periodic accounting procedure. The combination of quantitative indicators and qualitative risk assessment provides a more comprehensive basis for managerial decisions and enables enterprises to balance competing objectives, including liquidity preservation, sales expansion, profitability, supplier relations, and financial risk minimization.

The reliability of the analytical conclusions depends on the quality, completeness, and comparability of the financial information used. Therefore, the application of the proposed methodology requires consistent classification of receivables and payables, accurate determination of their maturity periods, regular updating of counterparty information, and systematic monitoring of overdue obligations. This methodological requirement is particularly important for enterprises operating in environments characterized by volatile demand, changing payment conditions, and increased financial uncertainty.

Analysis and Results

The application of the proposed methodological framework demonstrates that the effectiveness of accounts receivable and accounts payable management depends primarily on the ability of an enterprise to coordinate the volume, structure, maturity, and turnover of outstanding obligations with its operating cash flows. The analysis indicates that the absolute amount of receivables or payables, considered independently, does not provide sufficient information for evaluating the quality of financial management. A more reliable assessment requires simultaneous consideration of turnover indicators, maturity structure, liquidity requirements, counterparty risks, and the relationship between collection and payment periods.

Assessment of Accounts Receivable Management

The results indicate that accounts receivable should be evaluated according to both their quantitative dynamics and qualitative composition. An increase in receivables does not necessarily represent an unfavorable financial development if it is accompanied by proportional growth in sales and maintained collection efficiency. Conversely, a relatively stable level of receivables may conceal a deterioration in financial performance if the proportion of overdue debts is increasing.

Accordingly, the proposed framework distinguishes between productive receivables and problematic receivables. Productive receivables are associated with regular commercial transactions and are collected within the contractual payment period. Problematic receivables include overdue obligations, debts associated with financially unstable counterparties, and receivables whose collection probability has materially decreased. This distinction allows management to avoid treating all outstanding customer balances as having identical financial characteristics.

The results further demonstrate the importance of monitoring the average collection period alongside the accounts receivable turnover ratio. A deterioration in these indicators may signal weakening payment discipline among customers and an increasing amount of working capital tied up in the operating cycle. Where the collection period increases faster than sales revenue, management should investigate the underlying causes, including excessively liberal credit terms, inadequate customer screening, weak collection procedures, or deterioration in the financial position of counterparties.

On this basis, an effective receivables management mechanism should incorporate differentiated credit policies. Customers with a strong payment history may receive standard or preferential payment terms, whereas counterparties demonstrating delayed payments or elevated credit risk should be subject to stricter credit limits, shorter payment periods, advance-payment requirements, or additional contractual guarantees. Such differentiation makes it possible to balance the objective of stimulating sales with the necessity of controlling credit exposure.

Assessment of Accounts Payable Management

The analysis of accounts payable demonstrates that efficient management does not imply the unconditional reduction of outstanding obligations. Accounts payable may represent a strategically useful source of short-term financing when payment terms are economically advantageous and contractual obligations are fulfilled within the agreed period.

However, excessive growth in payables may indicate deteriorating liquidity or an enterprise's inability to finance its current obligations from internally generated cash flows. Therefore, the assessment of

accounts payable should distinguish between planned trade credit and financially problematic overdue payables.

The average payment period provides an important basis for this distinction. An increase in the payment period may improve short-term liquidity if it results from effectively negotiated supplier terms. Nevertheless, when the extension of payment periods is caused by insufficient liquidity and results in overdue obligations, the same indicator may reflect increasing financial risk.

The results therefore support the implementation of a payment-prioritization mechanism under which obligations are classified according to contractual maturity, financial significance, strategic importance of the supplier, potential penalties, and consequences of delayed payment. This approach enables enterprises to allocate available cash resources more efficiently while minimizing the probability of contractual and operational disruptions.

Table 1. Regular monitoring of indicators

Indicator	Management purpose
Accounts receivable turnover	Measures the efficiency of receivables conversion
Average collection period	Determines the average time required to collect receivables
Accounts payable turnover	Measures the frequency of settlement with suppliers
Average payment period	Determines the average period of supplier financing
Cash conversion cycle	Evaluates the duration of capital immobilization in operations
Overdue receivables ratio	Identifies deterioration in customer payment discipline
Overdue payables ratio	Identifies potential liquidity and payment risks
Receivables concentration	Measures dependence on major customers
Payables concentration	Measures dependence on major suppliers

The systematic monitoring of these indicators creates the basis for an early-warning mechanism. Instead of responding to liquidity problems after they emerge, management can identify deteriorating trends in collection periods, overdue balances, and cash conversion dynamics at an earlier stage.

Proposed Methodological Framework

Based on the results obtained, an improved methodological framework for managing accounts receivable and accounts payable is proposed. The framework consists of five interconnected stages.

Stage 1 - Diagnostic assessment.

The enterprise determines the current volume, structure, maturity, and dynamics of receivables and payables and calculates the principal turnover and liquidity indicators.

Stage 2 - Risk identification and classification.

Outstanding obligations are classified according to maturity, counterparty reliability, payment history, concentration, and probability of delayed settlement.

Stage 3 - Optimization of credit and payment policies.

Customer credit limits, payment periods, advance-payment requirements, supplier payment schedules, and contractual conditions are adjusted according to identified risks and the enterprise's liquidity position.

Stage 4 - Cash-flow coordination.

Expected collections from customers are compared with forthcoming payment obligations. This allows management to identify potential cash-flow gaps and establish appropriate liquidity reserves.

Stage 5 - Continuous monitoring and corrective action.

Key indicators are monitored on a regular basis, deviations from target values are identified, and corrective measures are introduced where necessary.

The proposed framework can be expressed conceptually as:

Receivables assessment → Counterparty risk classification → Collection policy → Cash inflows → Liquidity planning → Payables prioritization → Payment policy → Performance monitoring → Corrective action.

The results suggest that this integrated approach provides a stronger managerial basis than the isolated monitoring of receivables and payables. It connects accounting information with financial decision-making and transforms the management of outstanding obligations from a predominantly retrospective control function into a continuous and forward-looking financial management process.

An important contribution of the proposed framework is its emphasis on the **relationship between receivables and payables**. Managing these categories independently may lead to suboptimal decisions because the timing of customer collections directly affects the enterprise's ability to meet supplier obligations and other operating payments. For this reason, the cash conversion cycle provides an important conceptual link between the two components. A shorter collection period can improve liquidity, while an economically justified extension of the payment period can temporarily preserve available cash resources. However, these measures must be implemented without compromising sales relationships, supplier reliability, or contractual obligations.

The discussion also indicates that the effectiveness of working capital management depends substantially on the quality and timeliness of financial information. Delayed recognition of overdue receivables, inadequate classification of counterparties, and insufficient monitoring of payment deadlines can reduce the effectiveness of managerial intervention. Consequently, an effective methodological framework requires regular updating of information and the establishment of clearly defined monitoring thresholds. Management should be able to identify deviations from target indicators before they develop into significant liquidity or solvency problems.

Another important implication concerns the role of **early-warning mechanisms** in financial management. Conventional financial analysis frequently concentrates on historical results, whereas the proposed framework emphasizes the identification of emerging risks. Changes in the average collection period, increasing concentrations of receivables among a limited number of customers, a growing proportion of overdue debts, or an abnormal increase in the payment period may serve as early indicators of financial deterioration. Monitoring such indicators allows management to take preventive measures rather than relying exclusively on corrective action after financial problems have materialized.

The findings further suggest that the optimal management of receivables and payables requires balancing several potentially conflicting objectives. Excessively strict credit policies may reduce sales opportunities and weaken customer relationships, whereas excessively liberal credit policies may increase liquidity risk. Similarly, excessively rapid settlement with suppliers may reduce available working capital, while excessive payment delays may generate financial and operational consequences.

Therefore, the objective of management should be understood as **optimization rather than minimization**.

From a methodological perspective, this distinction is significant. A framework based exclusively on minimizing accounts receivable may encourage enterprises to restrict commercial credit unnecessarily, while a framework focused solely on minimizing accounts payable may cause enterprises to forgo economically beneficial supplier financing. The integrated approach proposed in this study instead evaluates these categories according to their contribution to liquidity, profitability, operating continuity, and financial risk.

Future research may further develop the methodology by incorporating more advanced approaches to credit-risk prediction, probabilistic assessment of receivables collectability, scenario analysis, and digital monitoring systems. The integration of financial analytics with automated early-warning mechanisms could further strengthen the ability of enterprises to anticipate liquidity risks and optimize working capital decisions.

Overall, the discussion confirms that effective management of accounts receivable and accounts payable requires a shift from isolated accounting control toward **integrated financial decision-making**. The central managerial objective is not simply to reduce outstanding balances, but to establish an economically optimal relationship between credit sales, customer collections, supplier financing, liquidity requirements, and financial risk. This perspective provides a stronger foundation for improving working capital efficiency and strengthening the financial resilience of enterprises.

Conclusion

Effective management of accounts receivable and accounts payable represents a critical component of enterprise financial management because these elements directly affect liquidity, solvency, working capital efficiency, cash-flow stability, and financial risk. The findings of this study demonstrate that the traditional approach based primarily on monitoring the absolute value and dynamics of outstanding obligations is insufficient for comprehensive financial decision-making. A more effective methodology requires simultaneous consideration of the structure, maturity, turnover, quality, and cash-flow implications of receivables and payables.

The study developed an integrated methodological framework that combines financial diagnostics, turnover analysis, maturity assessment, counterparty risk evaluation, cash-flow coordination, payment prioritization, and continuous monitoring. The proposed framework allows enterprises to move from retrospective assessment toward a more proactive approach in which potential liquidity and payment risks can be identified before they become significant financial problems.

The analysis further demonstrates that effective receivables management should not be based on the unconditional reduction of outstanding customer balances. Instead, enterprises should distinguish between productive receivables generated by normal commercial activity and problematic receivables associated with overdue payments or elevated counterparty risk. Differentiated credit policies, appropriate customer credit limits, systematic monitoring of collection periods, and timely intervention can contribute to accelerating cash conversion while maintaining commercially sustainable relationships with customers.

Similarly, the effective management of accounts payable should not be interpreted as the unconditional minimization of liabilities. Supplier credit can constitute an economically valuable source of short-term financing when payment terms are strategically managed and contractual obligations are fulfilled.

However, uncontrolled accumulation of overdue payables may increase liquidity risk, generate additional financial costs, and negatively affect relationships with suppliers. Consequently, enterprises should distinguish between strategically managed trade credit and financially problematic overdue obligations.

A central conclusion of the study is that accounts receivable and accounts payable should be managed as interconnected components of a single working capital and cash-flow management system. The timing of customer collections influences the enterprise's capacity to meet supplier obligations, while negotiated payment terms influence the amount of liquidity available for operating activities. Therefore, managerial decisions concerning receivables and payables should be coordinated rather than developed independently.

The proposed methodological framework also creates the basis for an early-warning mechanism. Regular monitoring of the average collection period, average payment period, receivables and payables turnover, overdue obligations, concentration of counterparties, and cash conversion cycle can enable management to identify unfavorable trends at an early stage. This makes it possible to introduce corrective measures before deteriorating payment discipline develops into substantial liquidity or solvency problems.

The practical significance of the research lies in the possibility of applying the proposed framework to improve enterprise credit policies, optimize payment schedules, strengthen control over overdue obligations, and improve the allocation of working capital. The framework can also support more informed financial planning by linking expected cash inflows from customers with forthcoming payments to suppliers and other counterparties.

At the same time, the study recognizes that the optimal management parameters for receivables and payables cannot be universal for all enterprises. Industry characteristics, enterprise size, operating-cycle duration, customer structure, bargaining power, contractual practices, and macroeconomic conditions may significantly influence appropriate collection and payment policies. Therefore, the proposed methodology should be adapted to the specific economic characteristics and financial conditions of individual enterprises.

Overall, the study concludes that the objective of receivables and payables management should be understood as optimization rather than simple minimization. The economically optimal balance is one that supports liquidity and financial stability while simultaneously preserving sales opportunities, supplier relationships, operational continuity, and acceptable levels of financial risk. The integration of quantitative financial analysis with counterparty assessment, cash-flow coordination, and continuous monitoring provides a stronger methodological foundation for effective enterprise financial management.

Future research may extend the proposed framework by incorporating predictive analytics, digital monitoring systems, probability-based assessment of receivables collectability, and scenario modelling. Such developments could further strengthen enterprises' ability to anticipate financial risks and make timely decisions concerning credit, collection, payment, and working capital policies.

References

1. Chang, C.-C. (2018). Cash conversion cycle and corporate performance: Global evidence. *International Review of Economics & Finance*, 56, 568–581. <https://doi.org/10.1016/j.iref.2017.12.014>
2. Enqvist, J., Graham, M., & Nikkinen, J. (2014). The impact of working capital management on firm profitability in different business cycles: Evidence from Finland. *Research in International Business and Finance*, 32, 36–49. <https://doi.org/10.1016/j.ribaf.2014.03.005>
3. Jaworski, J., & Czerwonka, L. (2022). Profitability and working capital management: Evidence from the Warsaw Stock Exchange. *Journal of Business Economics and Management*, 23(1), 180–198. <https://doi.org/10.3846/jbem.2021.15087>
4. Jaworski, J., & Czerwonka, L. (2024). Profitability and working capital management: A meta-study in macroeconomic and institutional conditions. *Decision*, 51, 1–24. <https://doi.org/10.1007/s40622-023-00372-x>
5. Sharma, A. K., & Kumar, S. (2011). Effect of working capital management on firm profitability: Empirical evidence from India. *Global Business Review*, 12(1), 159–173. <https://doi.org/10.1177/097215091001200110>
6. Singh, H. P., Kumar, S., & Colombage, S. (2017). Working capital management and firm profitability: A meta-analysis. *Qualitative Research in Financial Markets*, 9(1), 34–47. <https://doi.org/10.1108/QRFM-06-2017-0050>
7. Ukaegbu, B. (2014). The significance of working capital management in determining firm profitability: Evidence from developing economies in Africa. *Research in International Business and Finance*, 31, 1–16. <https://doi.org/10.1016/j.ribaf.2013.11.005>