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ACCOUNTS RECEIVABLE MANAGEMENT AND CORPORATE PERFORMANCE OF COMPANIES IN THE FOOD & BEVERAGE INDUSTRY: EVIDENCE FROM NIGERIA

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ABSTRACT: *Receivable management is an important fact of financial management. Their accurate monitoring and proper management are also important dimensions in organization. This study examines the impact of receivables management on profitability of food and beverages manufacturing companies in Nigeria. The variables include, accounts receivable, debt and sales growth. Secondary sources of data were used for the period 2000-2011. The hypotheses were analyzed using the multiple regression analytical tools. The findings show that accounts receivable had negative and non-significant relationship with profitability, while debt had positive but non-significant relationship with profitability of food and beverages manufacturing companies in Nigeria. Finally, sales growth also had positive and non-significant relationship with profitability.*

KEYWORDS; Receivables Management, Profitability, Generalized Multiple Regression.

INTRODUCTION

The study of the effect of receivables management on corporate profitability has become necessary because many organizations have fallen victims of premature death. This is as a result of inadequate attention paid receivables. Receivable management is very important for all business be it small or large. The extent to which firms manage their receivables go a long way to the level of their profit. This means the customers who have not yet made payment for goods and services which the firms has provided. Profit may only be called real profit after the receivables are turned into cash. The management of accounts receivable is largely influenced by the credit policy and collection procedure. A credit policy specifies requirement to value the worth of customers and a collection procedure provides guidelines to collect unpaid invoice that will reduce delays for customers who have not yet made payment for goods and services and outstanding receivable (hill and sartories, 1992, Richard and Laughlin, 1980).The objective of debt management is to minimize the time lapse between inventory acquisition and completion of

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the entire cash conversion cycle. Account receivable represents the average days that firm takes to collect payment from its customers (falope and Ayilore, 2009 and shams and Kumar, 2011). Excessive level of current assets and low level of current assets may lead to negative effect on a firm's profitability and difficulties in mediating smooth operation (Van horne and Wachowtics, 2004). Study is deemed necessary because of the frequency of corporate failure in Nigeria in recent times owing to improper management of accounts receivables and as a result of the dearth of literature in this area. Food and beverages manufacturing companies quoted on the Nigeria stock exchanged were used for a period 2000-2011because of the reliability of data from the exchange. The study is aimed to assess the effect of receivables management on profitability for better planning and efficient management of firms in Nigeria companies.

Statement of Research Problem

Some of the manufacturing firms, especially the food and beverage companies that are still in business and are listed in Nigeria stock exchange find it difficult pay dividend to their shareholders. Notable example include Champion Breweries which has not paid dividend since1988, Golden Breweries has not paid since 1997 (salandeen, 2001). Some Nigeria workers were forcefully disengaged from their services, example Ajaokuta steel industry reduced their staff from five thousand to one thousand in 2007, despite the above scenario, the companies post huge figures of their accounts receivables. It is as a result of the above problem that the researchers deemed it necessary to examine the effect of receivables management on corporate profitability of food and beverages manufacturing firms quoted on the Nigerian stock exchange.

Objectives of the Study

The general objective of this study is to examine the effect of receivable management on the profitability of food and beverages manufacturing firms in Nigeria. The specific objectives of the study are:-

1. To examine the effect of accounts receivable ratio on corporate profitability.
2. To identify the effect debt ratio on the profitability of food and beverage companies in Nigeria.
3. To examine the effect of sales growth rate on corporate profitability.

Hypotheses

The following hypotheses shall be proved in order to address the objectives.

1. There is no positive significant relationship between account receivable ratio and profitability of food and beverages companies in Nigeria.
2. There is no positive significant relationship between debt ratio and profitability
3. Sales growth rate has no significant positive relationship on corporate profitability.

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Review of Related Literature

Jack and Matthew (1994), state in their article, management of accounts receivable I that the simplest means of recovering your accounts receivable is to take active steps to avoid the process entirely. Venkata et al (2013) jn their study impact of receivables management on working capital and profitability ; A study of selected cement companies in India collected their data from the Annual Reports from the selected cement companies from 2001 -2010. The ratios which highlight the efficiency of receivables management viz, receivables to current assets ratio, receivable to total assets ratio, receivable to sales ratio, receivable to turnover ratio, average collection period, working capital ratio, profitability ratio have been completed using ANOVA statistical tool to know the impact of working capital and profitability of the selected cement companies. Working capital management and profitability were considered as dependent variables. The investigation reveals that the receivable management across cement industry is efficient and showing significant impact on working capital and profitability.

Ramchandran, and Janakiraman, (2009), analyzed the relationship between working efficiency and earnings before interest and tax of the paper Industry in Indian. The study revealed that cash conversion cycle and inventory days had negative correlation with earnings before interest and tax, while accounts payable days and accounts receivable days related positively with earnings before interest and tax. Grzegor , (2008) in his study a portfolio management approach in accounts receivable management, used portfolio management theory to determine the level of accounts receivable in a firm. He found out that there was an increase in level of accounts receivable in a firm increase both net working capital and cost of holding and managing account receivables.

In ksenija (2013), he investigates how public companies listed at the regulated market in the republic of Serbia manage their accounts receivable during recession times. A sample of 108 firms is used. The accounts receivable polices are examined in the crisis period of 2008-2011. The short-term affects are tested and the study shows that between accounts receivables and two dependent variables on profitability, return on total asset and operating profit margin, there is a positive but no significant relation. This suggests that the impact of receivables on firm's profitability is changing in times of crisis.

Research studies by Deloof (2003) Laziridis and Tryfonidis (2006) Garcia-Jeruel and Martinez-Solano (2007), Samiloglu and Demrigunes (2008) and Mathura (2010), in Belgium, Greece, U.S.A, Spain, turkey and Kenya respectively, all point out to a negative relation between accounts receivable and firm profitability. Contradicting evidence is found by Sharma and Kumar (2011) who found a positive relation between ROA and accounts receivable.

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Singh and Pandey (2008) had an attempt to study the working capital components and its impact on profitability of hildalco industries limited for a period 1990 to 2007. Results of the study showed that receivable turnover ration had statistical significant impact on the profitability of hildalco industries limited.

RESEARCH METHODOLOGY

The research work focused on the empirical analysis of the relationship between receivable management and corporate profitability in some selected manufacturing companies in Nigeria. The ex-post factor research design was used because it involves events that have already taken place in the past. The records observed were from 2000-2011, a period of twelve years. The variables tested were accounts receivable, return on total assets, debt ratio and sales growth rate.

Nature and Source of Data

The study used secondary data that were extracted from the selected food and beverages manufacturing companies. Data from Annual Reports are proven to be more reliable because companies are required to keep accounts and to produce accounts that give true and fair view of their company according to Companies and Allied Matters Decree 1990. The data for the study are profit before tax, total assets, debtors, long term debt, sales.

Descriptive Variables

The researchers made their choice primary guided by precious empirical studies along this line; variables are consistent with basley and brigam (2005) samiloglu and demrigunes (2008). Dependent variable (profitability) profitability is the dependent variable of this study. Return on total assets was used to analyze the impact of receivable management on the firm's profitability (pandey, 2008, lazarridis and trynidis, 2006).

$$\text{Profitability} = \frac{\text{PBT}}{\text{Total assets}} \quad \text{----------1}$$

Independent Variables

Accounts receivable

Accounts receivables are customers who have not yet made payment for goods or services which the firm has provided. In this respect account receivable is calculated as accounts receivable divided by sales. This variable represents the receivable that the firm will collect from its customers (basley and bring ham, 2005 samiloglu and demrigunes, 2008).

$$\text{Accounts receivable} = \frac{\text{Receivables (Debtors)}}{\text{Sales}} \quad \text{----------2}$$

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Debt

When external funds are borrowed, example from banks at a fixed rate they are assumed to be invested in the company and a higher interest paid to the bank. This is measured by long term debt divided by total assets.

$$\text{Debt} = \frac{\text{Total debt}}{\text{Total assets}} \quad \text{----------3}$$

Sales Growth

Sales growth is the increase or decrease of annual sales measured as a percentage of sales. It is measured in this study as sales1-sales0 divided by sales0.

$$\text{Sales} = \frac{\text{Sales1-Sales0}}{\text{Sales0}} \quad \text{----------4}$$

Analytical Tool for the Test of Hypotheses

The data were analyzed using four functional models of multiple regression, and the best fitted to the analysis was selected. This four multiple regression models are as follows:-

a. Linear regression model:
   Profitability: $= B_o + B_1 (AR) + B_2(SL) + B_3(DT) + U_1$ ----------5
b. Semi - log regression Model:
   Profitability $= \text{Log}B_o + \text{Log}B_1(AR)\text{Log} + B_2(SL + B_3(DT) + U_1$----------6
c. Double log regression Model:
   Profitability$=\text{Log } B_o \log + B_1 (AR) + B_2(SL) + B_3(DT) + U_1$ ----------7
d. Exponential regression Model:
   Log profitability $B_o + B_1 (AR) + B_2(SL) + B_3(DT) + U_1$ ----------8

After obtaining the result of the four functional forms of multiple regression models, decisions were taken on which among then should be chosen as the best-fit model in the analysis, the choice model was used in the interpretation of the results. Decisions and choice model were based on the one that has the highest number of variables. The tables below show the raw data for Return on Asset, Accounts Receivable, Debt Ratio and sales growth rate for the firms under study.

Raw Data for 7-Up Nigeria Plc.

years	Return on Asset ratio	Accounts Receivable ratio	Debt Ratio	Sales Growth Rate (%)
2000	0.113106	0.104605	0.022355	0
2001	0.145218	0.099151	0	19.69397
2002	0.271914	0.104627	0.056991	46.30892
2003	0.218926	0.085761	0.053993	20.13747
2004	0.160043	0.11591	0.020987	5.029189
2005	0.10864	0.092035	0.049627	16.12928

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2006	0.099763	0.089625	0.055393	27.23907
2007	0.090575	0.10751	0.207219	23.72896
2008	0.103443	0.104442	0.244824	11.94874
2009	0.069744	0.117126	0.230766	14.03912
2010	0.078634	0.102726	0.178027	17.79708
2011	0.062763	0.082543	0.189346	24.4201

Source: Author's Computation from Annual Accounts of Firm 2000-2011.

The return on asset captures the profitability of the firm. The firm at the beginning of the period earned 0.113 or 11.3% return on it's asset in year 2000. This increased to 14.5% in 2001 while recording the highest increase during the period of 0.2719 or 27.19% in 2002. After this period the return on asset for the firm recorded declines such that in 2006, the return on asset for the firm stood at 0.099 or 9.97% while increasing to 0.1034 or 0.08254 or 8.25% in 2010 and 2011 respectively while recording the least accounts

Raw Data for Cadbury Nigeria Plc.

Years	Return on Asset ratio	Accounts Receivable ratio	Debt Ratio	Sales Growth Rate (%)
2000	0.200304	1.699728	0.001468	-80.1463
2001	0.225111	0.105478	0.233933	30.41862
2002	0.257688	0.238158	0	21.04079
2003	0.078091	0.250475	0	28.48299
2004	0.184423	0.17217	0	7.661647
2005	0.120165	0.306413	0	32.96009
2006	-0.19427	2.496323	0	-93.4763
2007	-0.16201	0.12335	0	937.5683
2008	-0.11914	0.015954	0	1118.764
2009	-0.09425	0.110462	0	-89.4703
2010	0.006856	0.140663	0	14.01166
2011	0.15077	0.147314	0	16.93494

Source: Author's Computation from Annual Accounts of Firm 2000-2011.

Cadbury Plc has return on asset ratio of 0.25 in the year 2002 and did not do well from 2006 - 2009. The receivable ratio has 0.105 in 2001 and 2.50 in 2006. Their receivable ratio is low in the year 2007 to 2011, this company borrowed in2000 and 2001 only, but did not borrow in other years from 2002 – 2011. Their sales growth ratio is low in 2000, 2006, and 2009 they made the highest sales in 2008.

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Raw Data for Flour Mills Nigeria Plc.

Years	Return on Asset Ratio	Accounts Receivable Ratio	Debt Ratio	Sales Growth Rate (%)
2000	0.062955	0.084558	0	-30.4156
2001	0.045528	0.105999	0	30.2805
2002	0.121243	0.106399	0.014902	40.04672
2003	0.079136	0.112289	0.061983	-2.43955
2004	0.064044	0.116677	0.077586	26.77674
2005	0.050743	0.09088	0.091148	24.72301
2006	0.123591	0.040732	0.094368	29.58734
2007	0.128599	0.042334	0.043324	22.05919
2008	0.090501	0.042113	0.130942	20.8133
2009	0.086655	0.029698	0.198082	41.05095
2010	0.170286	0.03076	0.196633	14.73876
2011	0.10073	0.036113	0.051569	15.57971

Source: Author's Computation from Annual Accounts of Firm 2000-2011.

Flour mills did not do well in all the years under study. Their return on total asset ratio is low. None of the years has up to 0.20 they had little to receive . The company did not borrow in 2000 and 2001 respectively. Their sales growth rate ratio is very high except in 2003 where their ratio is -2.439.

Raw Data for Nestle Nigeria Plc.

Years	Return on Asset Ratio	Accounts Receivable Ratio	Debt Ratio	Sales Growth Rate (%)
2000	0.481512	0.036229	0	-95.8007
2001	0.542715	0.038762	0	41.07834
2002	0.538042	0.054848	0	38.39675
2003	0.490925	0.02872	0	25.80868
2004	0.455249	0.040198	0	15.54538
2005	0.468611	0.033442	0	20.64157
2006	0.433563	0.039647	0	11.90268
2007	0.398252	0.052219	0	14.58703
2008	0.406804	0.083199	0.205094	17.52262
2009	0.311483	0.049805	0.026949	32.03375
2010	0.302325	0.104984	0.130988	17.25981
2011	0.240945	0.087637	0.108809	22.28536

Source: Author's Computation from Annual Accounts of Firm 2000-2011.

In Nestle Plc, the highest ratio of return on total assets is 0.542 in 2001, while the lowest is in 2011. This means that it was in 2001and 2002 that they made up to 50% profit. They had less to

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receive. This company did not borrow from 2000 to 2007, their sales growth ratio is high except in 2000 when they had -95.801 as their ratio.

Raw Data for Nigerian Bottling Company Plc.

Years	Return on Asset Ratio	Accounts Receivable Ratio	Debt Ratio	Sales Growth Rate (%)
2000	0.393536	0.813535	0.16795	-99.3784
2001	0.206563	0.005077	0.016966	15400.98
2002	0.189522	0.068714	0.00665	-82.223
2003	0.179394	0.000294	0.001568	26064.26
2004	0.10425	0.021482	0.0072	-98.9168
2005	0.081297	0.025977	0.00155	16.59303
2006	0.041572	0.257943	0.145827	-89.2371
2007	0.090393	0.022628	0.17138	1048.382
2008	0.046941	0.033735	0.127306	16.85642
2009	0.065202	0.044436	0.140371	12.63138
2010	0.066978	0.045666	0.925761	2.420694
2011	0.069759	0.050567	1.345363	2.927982

Source: Author's Computation from Annual Accounts of Firm 2000-2011.

This company has the highest profit of 0.394 in 2000 and the lowest of 0.0416 in 2006. This company is all the year with highest debt ratio of 1.345 in 2011, and lowest of 0.001 in 2005, their sales growth ratio is low in 2000, 2002, 2004 and 2006; their highest sales growth ratio is in 2003.

Multiple Regression Analysis showing the relationship between Profitability ratio and AR, DT and SL of Seven Up Bottling Company

Variables	Linear Regression	Semi Log Regression	Double Log Regression	Exponential Regression
Constant	0.586 (1.257)	-0.114 (-0.187)	-2.606 (-0.688)	-0.471 (-0.094)
Accounts Receivable Ratio (AR)	1.519 (0.552)	-0.389 (-0.590)	-1.236 (-0.300)	-6.846 (-0.231)
Debt Ratio (DT) (Control)	-1.267* (-2.262)	-0.097 (-1.235)	-0.241 (-0.494)	2.555 (0.424)
Sales Growth Rate (SL) (Control)	5.403E-6 (1.863)	0.029 (1.154)	0.119 (0.764)	-2.112E-5 (-0.677)
R^2	0.774	0.554	0.275	0.257
Adjusted R^2	0.297	-0.225	-0.993	-1.042
F-Ratio	1.663	0.711	0.217	0.198

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NB*: 1.Profitability=Bo + Bi (AR)ii + B2DT 2i + B2SL 2i + U*i

*2. Also, 1%, 5%, 10% levels of significance are represented by ***; ** and * respectively*

3. Values in brackets are coefficients while those outside brackets are t-values of the variables

The linear regression model shows that the company's accounts receivable had significant positive relationships with the profitability ratio. This means that the unit increase in the variable brings about a corresponding increase in the profitability ratio of Seven-up Company. Debt had negative but significant relationship on profitability. It also implies that a unit increase in debt owed to outsiders has a corresponding decrease in Seven-up Company. Again sales growth was negatively but significantly related to profitability. This means that even when they sell more, they were not making enough profit. This is surprising.

Multiple Regression Analysis showing the relationship between Profitability ratio and AR, DT and SL of Cadbury Nigerian PLC

Variables	Linear Regression	Semi Log Regression	Double Log Regression	Exponential Regression
Constant	0.087 (0.675)	-0.068 (-0.589)	1.065* (2.441)	0.132 (0.116)
Accounts Receivable Ratio (AR)	0.001 (0.004)	-0.039 (-1.023)	3.418*** (4.619)	6.147 (0.831)
Debt Ratio (DT) (Control)	-0.103 (-1.180)	-0.018 (-0.675)	-0.570* (-2.403)	4.413 (0.776)
Sales Growth Rate (SL) (Control)	0.001 (0.459)	0.023 (0.660)	-1.291*** (-5.273)	-0.010 (-1.161)
R^2	0.628	0.722	0.952	0.562
Adjusted R^2	-0.022	0.234	0.868	-205
F-Ratio	0.966	1.481	11.373**	0.733

NB*: 1.Profitability=Bo + Bi (AR)ii + B2DT 2i + B2SL 2i + U*i

*2. Also, 1%, 5%, 10% levels of significance are represented by ***; ** and * respectively*

3. Values in brackets are coefficients while those outside brackets are t-values of the variables

The double-log multiple regression model results show that the company's accounts receivable had significant and positive relationship with profitability. This shows that a unit increase in the variable brings about a corresponding increase in the profitability ratio of Cadbury. however, debt also had significant but negative relationship with the profitability of the company under study, which means that a unit increase in owed by Cadbury to outsiders brings also a sales growth had significant negative relationship with the profitability ratio, which means that even when the sales of cadbury increase, the profit does not increase.

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Multiple Regression Analysis showing the relationship between Profitability ratio and AR, DT and SL of Flour mills Nigerian PLC

Variables	Linear Regression	Semi Log Regression	Double Log Regression	Exponential Regression
Constant	-0.169 (-1.414)	-0.089 (-0.429)	-0.212 (-0.449)	-0.829 (-1.060)
Accounts Receivable Ratio (AR)	-1.738* (-2.230)	-0.129 (-0.367)	0.149 (0.962)	1.175 (1.261)
Debt Ratio (DT) (Control)	-0.847 (-1.414)	-0.100 (-0.892)	-0.154 (-1.420)	1.355* (2.562)
Sales Grow Rateth (SL) (Control)	0.003** (2.939)	0.152 (1.312)	0.082 (0.565)	-0.013 (-1.475)
R^2	0.916	0.839	0.953	0.857
Adjusted R^2	0.770	0.557	0.869	0.608
F-Ratio	6.269	2.975	11.467**	3.436

NB*: 1.Profitability=Bo + Bi (AR)ii + B2DT 2i + B2SL 2i + U*i

*2. Also, 1%, 5%, 10% levels of significance are represented by ***; ** and * respectively*

3. Values in brackets are coefficients while those outside brackets are t-values of the variables

Results of double-log multiple regression model show that accounts receivable had significant but negative relationship with flour mills. Profitability ratio. This implies that unit increase in variables brings a corresponding decrease in the companies' profitability. On the other hand, debt also had significant but negative relationship with profitability, which means that there is no corresponding increase in the profitability of flour mills even when their external debt increases. Sales growth had significant and positive relationship. Here as their sales increase so also their profit.

Multiple Regression Analysis showing the relationship between Profitability ratio and AR, DT and SL of Nestle Foods Nigeria PLC

Variables	Linear Regression	Semi Log Regression	Double Log Regression	Exponential Regression
Constant	-0.310 (-0.494)	0.387 (1.772)	-0.179 (-0.176)	-0.113 (-1.039)
Accounts Receivable Ratio (AR)	-0.547 (-0.105)	0.080 (0.929)	0.415 (1.040)	3.095 (0.129)
Debt Ratio (DT) (Control)	-0.078 (-0.056)	0.122*** (4.574)	0.342* (2.759)	-2.130 (-0.332)
Sales Growth Ratio (SL) (Control)	0.003 (0.629)	0.144 (1.673)	0.207 (0.517)	-0.021 (-0.863)
R^2	0.497	0.984	0.943	0.622
Adjusted R^2	0.817	0.956	0.843	-0.040
F-Ratio	2.556	34.898***	9.420**	0.939

NB*: 1.Profitability=Bo + Bi (AR)ii + B2DT(control)2i + B2SL(control)2i + U*i

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*2. Also, 1%, 5%, 10% levels of significance are represented by ***; ** and * respectively*
3. Values in brackets are coefficients while those outside brackets are t-values of the variables

The results of semi-log regression show that account receivable had positive but non-significant relationship with the profitability ratio of nestle foods. This implies that as the receivable increase there is a corresponding increase in the profitability even though it is not significant. Debt also had positive and significant relationship with profitability which shows that as the debt of this company increase its profit also increases along with its external debt. They should be very careful so that they won't have too much debt to pay. Sales growth had positive and significant relationship.

Multiple Regression Analysis showing the relationship between Profitability ratio and AR, DT and SL of Nigeria Bottling Company

Variables	Linear Regression	Semi Log Regression	Double Log Regression	Exponential Regression
Constant	-0.111* (-2.593)	0.344 (1.520)	-3.464*** (-10.395)	-1.221 (-0.909)
Accounts Receivable Ratio (AR)	0.269*** (5.321)	0.003 (0.042)	0.029 (0.283)	0.587 (0.371)
Debt Ratio (DT) (Control)	-0.058 (-1.733)	0.008 (0.171)	-0.283*** (-4.849)	-0.179 (-0.170)
Sales Growth Rate (SL) (Control)	8.800E-6 (1.462)	-0.013 (-0.253)	0.028 (0.384)	0.000 (1.074)
R^2	0.994	0.726	0.960	0.688
Adjusted R^2	0.983	0.245	0.890	0.142
F-Ratio	89.286***	1.511	13.705**	1.260

NB*: 1.Profitability=Bo + Bi (AR)ii + B2DT 2i + B2SL 2i + U*i
*2. Also, 1%, 5%, 10% levels of significance are represented by ***; ** and * respectively*
3. Values in brackets are coefficients while those outside brackets are t-values of the variables

The result of the analysis revealed that accounts receivable had positive significant relationship with the industries profitability ratio. This means that a unit increase in the variable brings a corresponding increase in the profitability ratio of Nigeria Bottling Company. On the other hand debt had negative and non-significant relationship with profitability while sales growth also had positive and significant relationship, this means that as this company borrows their profit does not increase along for them to be able to pay up their obligations as at when due, and their sales growth rate was so high that they should watch carefully in order not to experience stock-out and high rate of debtors, bearing in mind that some debts may turn out to be bad debts.

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Test of Hypotheses

Hypothesis one

H_0 There is no positive significant relationship between accounts receivable and profitability of food and beverages companies in Nigeria

H_I There is significant and positive relationship between accounts receivable and profitability of food and beverages companies in Nigerian.

From the result it was found out that the coefficient of the variables was negative and non-significantly related to the profitability of food and beverages companies in Nigerian. This means that null hypothesis was rejected. The result is interpreted to mean that as accounts receivables (debtors) increase the impact on profitability decrease. This agrees with the study of Mathura (2009) where he found out that there was a significant but negative relationship between receivables and profitability.

Hypothesis two

Ho There is no positive significant relationship between debt and profitability.

H1 There is positive significant relationship between debt and profitability.

This was used to test the long term debt of the companies under study, whether what they borrow has negative or positive impact on their profitability. The result shows that there is a positive and non-significant relationship between debt and profitability. This means that Nigeria Bottling Company, Seven-Up Plc and flour mills borrowed in almost all the years that this had serious influence on their profit. Nestle and Cadbury did not borrow like the other three companies under food and beverages companies in Nigeria.

Hypothesis three

Ho Sales growth has no positive significant relationship with corporate profitability.

H1 Sales growth has positive significant relationship with corporate profitability.

This hypothesis was used to test the decrease or increase in sales of the companies under study, and it was found out that sales growth had positive and non-significant relationship with profitability. This means that as sales increase profitability decreases, which shows that even through the sales of these companies increase, there is no corresponding increase in their result of operation. They were not performing well. Therefore, the null hypothesis was rejected.

CONCLUSION

The competitive nature of the business environment requires firms to adjust their strategies and apply financial polices to survive and enable growth. Accounts receivable management is an important facet of financial management and its accurate monitoring and proper management are important dimension in organizations. The purpose of this study was to examine accounts

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receivable management on corporate profitability of food and beverages firms in Nigeria. Generalized multiple regression analytical tool was used to test the hypotheses, and it was found out that accounts receivable was negatively and non-significantly related to profitability, while debt had positive but non-significant relationship with the profitability of the companies under food and beverages. Sales growth had also positive and non-significant relationship with profitability. The works contributes to the body of knowledge being the first attempt to empirically establish the effect of accounts receivable management on the performance of companies in the food and beverage industry in Nigeria. The study also appears to be the first work to conduct analysis using the four functional models of multiple regression analysis method.

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