

INFORMATION SYSTEM FOR ACCOUNTS RECEIVABLE - CASE STUDY FERIZAJ

Hazir Gashi

Department of Finance and Credit at the Economic Academy "D. A. Tsenov" - Svishtov, Bulgaria

hhgashi@gmail.com, hazir.gashi@riinvest.net

Abstract: At the time of digitalization of life in general and especially of business administration in particular, it is imperative to invest businesses in this direction in order to be able to convey competition or be more competitive than others. Some actions and analysis that enable the implementation of information technology now, have not been conceived in the past. Recording and processing of daily business transactions, tracking of liabilities for accounts payable and receivables from accounts receivable, tax liabilities, calculation of salaries and tax contributions, analysis of sales for certain periods and benefits from certain items, forwarding of expenditures by spending point or even for certain periods of time are just some of the actions without which contemporary business cannot be thought of. But are all businesses in the municipality of Ferizaj sufficiently aware of the advantages offered by IT business in order to benefit from the acquisition of five Porter forces, especially in the fierce competition struggle? Not enough study says with 300 small and medium businesses that took place this year. Mainly businesses still use computer and any professional software to track taxes and contributions that the state requires and to report on time. Unfortunately, very few tests and evaluations are made to support decision-making for business management. Finally, the hope is that many small and medium-sized businesses plan to invest more in management information systems in the coming years.

Keywords: Receivables, Software, MIS, Ferizaj

1. INTRODUCTION

In the era of computerization and digitization of businesses, the more businesses should use the new technology and the contemporary knowledge for their use to apply in practice in their businesses. But is it so true in the daily life of businesses in Ferizaj, which is one of the most economically developed cities in Kosovo. In the study of about 300 businesses, mostly commercial but also some hotels and much less productive, the facts speak for a very slow and sluggish penetration of contemporary technology and information systems. The facts say that businesses are more oriented to the use of computers and software just to report tax obligations and payments to the state rather than to analyze and use the information system to support decision-making for management. Rarely is also encountered in the volume of records with notebook and pencil without any other technology. But there are also rare cases that are in line with the world's newest technologies and use advanced software for analysis and simulation to support the executive in decision-making. This study is done only with medium and small enterprises but not with large ones. Evidence and analysis of expectations for accounts receivable at certain time periods help businesses to correctly schedule their financial assets movement and the ability to make payments for accounts payable as well as for potential investments in expansion and further development of businesses.

For the purposes of the study, two working hypotheses have been formulated:

- First hypothesis - Businesses in Ferizaj municipality use information technology to a large extent to report tax obligations to the state;
- Second Hypothesis - Transmission of receivables is not provided even at the minimum required by software used by businesses.

2. METHODOLOGY AND DATA

Given the process of processing accounts receivable and the need to provide accurate and real-time information, figure number 1, we are presenting the scheme under which the research was conducted.

Due to the nature of the study, it is intended to use a methodology that allows the use of theoretical achievements and theoretical knowledge in this field and the use of relevant scientific literature as well as combine them with practical achievements using combined methodologies. So, besides theoretical analysis

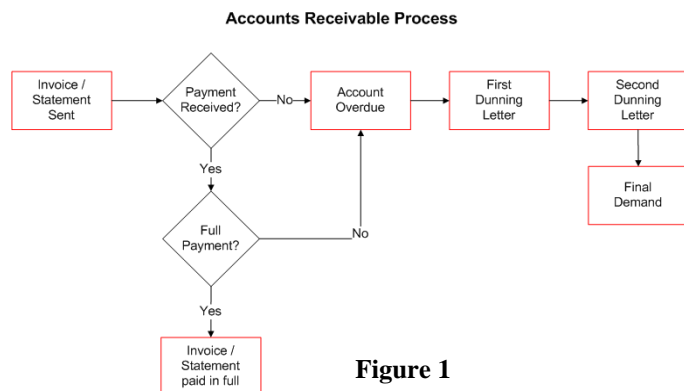


Figure 1

and the use of literature, a qualitative method of interviewing managers and experts of this field has also been used. The number of small and medium-sized businesses, from Ferizaj municipality, registered at MTI amounts to 4,500, of which 3,442 are active, employing 2 to 3 employees⁸⁴. Taking into account this measure of businesses, the survey method was used here with a sample of 300 businesses surveyed in the municipality of Ferizaj. Selection is done by random method. The data provided are processed and analyzed by statistical methods.

After processing the surveys, the summarized data appear as follows in tabular form:

QUESTIONS		ANSWERS			
No	Description	a	b	c	d
1	How many computers do you use in your business?	One	Two	Three +	
		246	37	17	
2	Who mainly uses the computer in your business?	Accountant	Operational Worker	Manager	Owner
		275	261	37	112
		YES	NO		
3	Do you have specialized accounting software?	208	92		
4	Do you use your software for business analysis?	76	132		
5	Do you have in your software integrated the part for receivables?	61	147		
6	Do you have adequate tax software?	258	42		
7	How often do you use the tax software?	Every day	Every week	Every month	
		156	78	24	
8	Can you have the plan for reaching the receivables for a certain period from this software?	35	26		
9	How often do you use the software for receivables?	Every day	Every week	Every month	
		24	8	3	
10	How much does this program meet your needs?	Fully	Somewhat	Partially	
		23	8	4	
11	Which MS Office programs do you use for business needs?	Word	Excel	Access	Power P.
		245	175	27	74
		YES	NO		
12	Do you have your official business website?	38	262		
13	Do you have business e-mail address?	268	32		
14	Are you planning to invest in IT in the next two years?	224	66		
15	Do you have a person responsible for IT?	Regular employee	Employed in another position but also cares for IT	Employed part time	Outsourced
		34	178	21	67

This analysis will show whether the information technology innovations and human resources are sufficiently and properly used in harmony with the needs and standards of modern Business Management Systems.

Management information systems (MIS) deals with the planning for, development, management, and use of information technology tools to help people perform all tasks related to information processing and management⁸⁵. From this, technology has to provide elaborate information that enables the processing of information and the

⁸⁴ www.unhabitat-kosovo.org/repository/docs/PZHU_Ferizaj1.pdf 2018, Urban Development Plan of Ferizaj

⁸⁵ Haag S. & Cummings M. (2015), Management Information Systems for the Information Age (ninth edition), McGraw Hill

preparation of reports that enable timely and fair decision making. Fair Accounting Software should provide information to each buyer for billing, payments, settlement date, eventual delays, late payment notes, credit notes and debtors issued in their direction, as well as claims on staff or eventually to the state.

3. EMPIRICAL RESULTS

The results show that most of the surveyed enterprises (82%) are owned by only one computer and only a small number (12.33%) have 2 computers and only 5.67% of the surveyed enterprises have 3 computers and more.

In the data work mainly accountants and employees are engaged, while very few management staff and owners, since in most of them the owner is also the manager of the enterprise. Given that in these enterprises the optivist workers but mostly the accountants mainly do the work of transaction processing, the lowest level in the pyramid of the IT System of Management, it turns out that the main thing is to record the daily economic transactions. From this we can conclude that the computer is very little used for analysis and decision-making.

Nearly 70% of these companies use special accounting software and this is at first glance encouraging to some extent. But it is immediately hoped that only 36.54% of them use software for analysis and decision making, while the rest of 63.46% do not use their software at all for analysis for the benefit of their business.

Of these, only 61 businesses or 29.33% have integrated software for tracking the payment flow, while 70.67% do not have the ability to track receivables with adequate software and this is offset by other means of evidence either with MS Excel or even with three-way forms of handwriting on notebooks. While those who use adequate software for receivables, they approach it every day to track the revenue stream and add new obligations. Day-to-day valuation of buyers' and other statuses make only 24 businesses representing only 8% of surveyed businesses (300 total businesses). While within the businesses that use adequate software (61 percent) for receivables, 68.57 percent follow on a daily basis the flow of receivables. When they asked whether the software offers you the ability to extract report for collection expectations for a certain period of time, only 35 of the 61 businesses or 57.38% of them responded positively. This gives us to understand that they are limited for planning and analysis of receivables expectations for certain periods of time.

When it comes to taking care of the obligations to the state, following the payment of tax obligations and payments, then the situation varies considerably in the use of adequate technology and software. Fear of penalties for non-repayment or even non-payment of tax time and the amount of fines has made businesses aware that they are investing more in this regard. So we have 258 (86%) businesses that use an appropriate tax program. Only 14% of businesses hold evidence of tax liabilities, with MS Excel or traditional forms of handwritten registration in the notebook. It is also interesting to note that the frequency of using this program on a daily basis is very high.

As to the question of how much you meet your needs, this program, out of the number of 35 businesses that have the opportunity to issue periodic reports for certain time periods, only 24 or 66% are fully satisfied with the opportunities offered by these software. The rest, then, have the demand for software improvements that they use in order to meet their needs completely. So even though there are a small number of users of special software for accounts receivable, there is still resentment within them for the limited opportunities offered to you.

Asked which of the MS Office packages they use for their needs, we can conclude that MS Word occupies first place then MS Excel, third

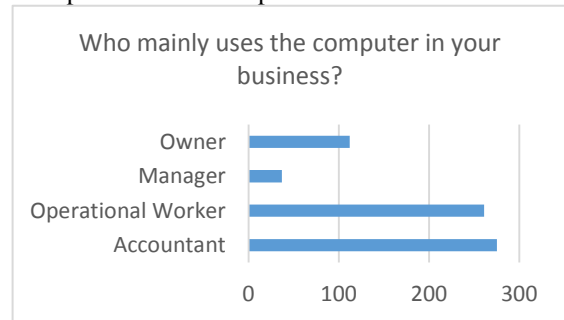


Figure 2

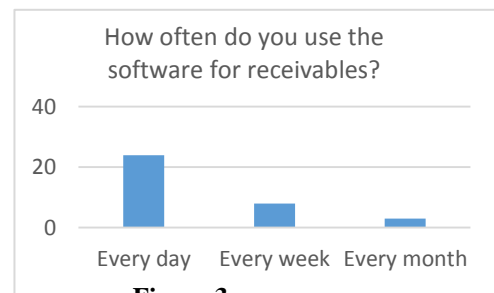


Figure 3

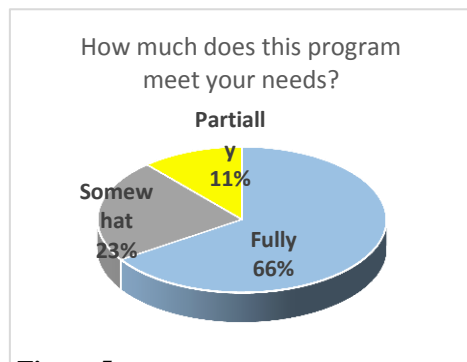
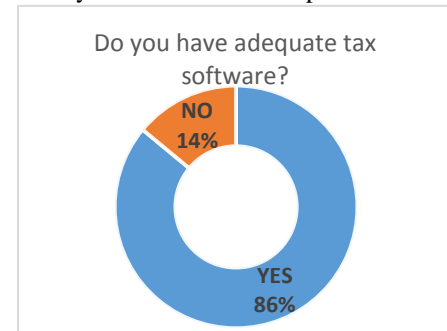


Figure 5

MS Power Point and MS Access remain the last option for use by businesses surveyed. So many of them use only the word processing program for MS Word to make various business applications. Also, a considerable number of MS Excel spreadsheets are used for various calculations and records.

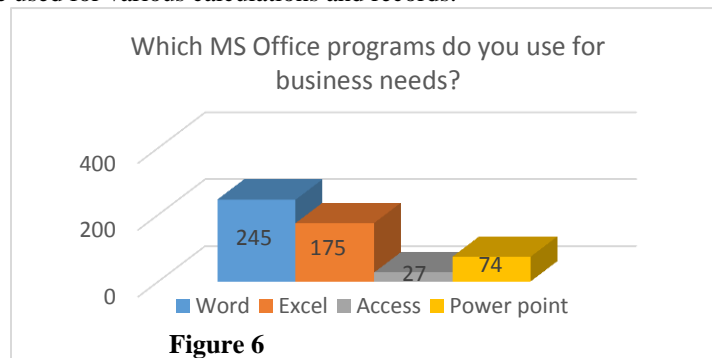


Figure 6

From this study it turns out that only 38 businesses with 12.67% have their own developed websites, while the vast majority do not have one. But business email addresses have 268 businesses surveyed or 89.33%, which shows that most are communicating on behalf of business in electronic form.

From the engagement of the responsible person for the maintenance of information technology, one can also notice the seriousness of the businesses that have devoted themselves to the issue of using IT in their businesses. Only 34 of them have engaged full time staff, while 178 or 59.33% of IT care businesses have entrusted staff engaged in other tasks and doing IT care as a secondary job.

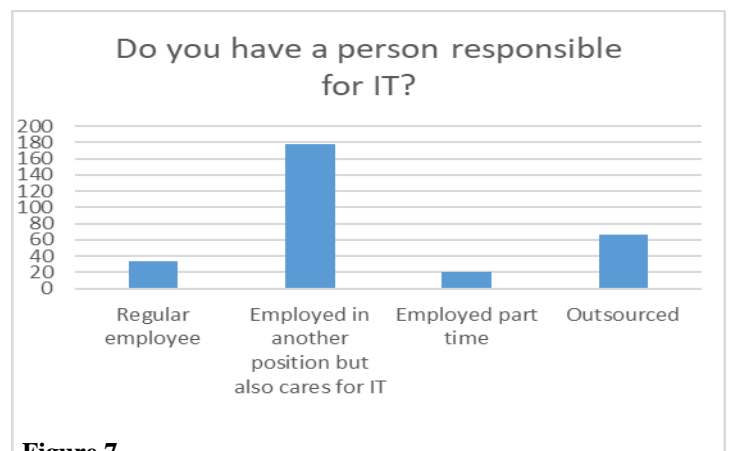


Figure 7

4. CONCLUSION

From the above, we can conclude that businesses are still investing in IT just to track their obligations to the state, how much and when to pay taxes and to report, thus confirming the first hypothesis set out in this study . It is also noticed that very little is used for professional software for business records and analyzes, but even where there are professional software and very few do meet the needs for analysis and tracking of accounts receivable, thus confirming the second hypothesis.

A hope for awareness and expectation to improve this situation in the future is the very positive response with 74.67%, for willingness to make IT investments in the next two years.

LITERATURE

Haag S. & Cummings M. (2015), Management Information Systems for the Information Age (ninth edition), McGraw Hill

Gashi H. (2019), Questions of Survey with 300 businesses

www.riinvestinstitute.org/uploads/files/2017/May/19/Klima_e_Biznesit1495199071.pdf (2017), Riinvest Institute,

Prishtina, Business climate in Kosovo from the perspective of SMEs

www.unhabitat-kosovo.org/repository/docs/PZHU_Ferizaj1.pdf (2018), Urban Development Plan of Ferizaj