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AN INVESTIGATION ON CREDIT CONTROL PRACTICES IN PUBLIC ORGANIZATIONS IN KENYA: A CASE STUDY OF THE FEDERATION OF KENYA EMPLOYERS

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Abstract

The study investigated factors affecting credit control practices in a public organization. The study adopted a descriptive research design and was informed by the transactional cost and asymmetric information theories. The population of study constituted 95 respondents. Stratified sampling technique was used to constitute a sample size of 51. Questionnaires containing both closed-ended and open-ended questions were administered. Data collected was analyzed with the help of ms excel tool and presented in tables, graphs and charts for ease of understanding. From the findings, 81% indicated that employee competence affect credit control practices in the organization, 72% indicated that accountability affect credit control practices, 86% said that information technology affect credit control practices and 63% said that ethical issues affect credit control practices in the organization. Therefore organizations should ensure that they have a foolproof appropriate and efficient technology to manage credit processes, hire and retain employees who have proper skills and qualifications to perform credit tasks, have elaborate accountability on credit processes to ensure that there is no conflict of interest. Further, there should be robust guidelines on professional ethics observed by employees within an organization to facilitate healthy credit control practices.

Keywords: Accountability, Credit Control, Employees Competence, Ethical Issues, Technology

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INTRODUCTION

According to Brezin (2005), credit control is the system used by a business to make certain that it gives credit only to customers who are able to pay, and that customers pay on time. Credit control is part of the financial controls that are employed by businesses particularly in manufacturing to ensure that once sales are made they are realized as cash or liquid resources. Credit Control is a critical in that it prevents the business from becoming illiquid due to improper and un-coordinated issuance of credit to customers or even lending in a financial institution. Credit control has a number of sections that include - credit approval, credit limit approval, dispatch approvals and as well as collection process. Black (2003) stated that in a large business a credit process will be run by a senior manager and will include processes as such as Know Your Customer (KYC), account opening, approval of credit and credit limits (both in terms of the amounts and the terms e.g. thirty (30) days, thirty (30) days net), extension of credit and effecting collection action. Credit Control will normally report to the Finance Director or Risk Management Committee. During the selling process a potential customer or even a current customer who pays cash may request for credit lines to be extended.

A formal request letter of application for credit to be extended is submitted by a customer/entity. Head of Finance evaluates the credit requested. Risk managers evaluate if the credit fits in with the current risk portfolio. Credit collection period (usually in days) is considered both as a standalone and as a component of the working capital cycle in particular ensuring that it does not exceed the payables period (usually in days too). External rating agencies may be invoked to assess the risk attached to extending credit to the customer (Champy, 1993)

According to Hicks (1993), once credits terms have been rigorously applied and followed up on a regular basis, dispatch cease to collect cash on delivery. A statement of account is generated on a regular basis showing all the customer details including credit limit and the status of each invoice i.e. past due, due or not due. Typically, the statement of account will be split in credit buckets that will be classified as follows: 0 - 30 Days, 31 - 60 Days, 61-90 Days, 91- 180 Days and over 180 days. Invoices must be kept to support the statement of account should a dispute arise. Reconciliation is typically done on a regular basis to ensure that both the supplier and customers have booked the same items and reconcile any booking differences. Payments are collected on a regular basis against the statements with a remittance advice that shows exactly what invoices have been paid for. Claridge (2004) contend that, extended credit could despite all efforts made become uncollectible. In this case a professional Debt collection agency may be hired along with a legal attendant. This event is normally dreaded and most chartered accountants are reluctant to consider that credit extended, has now become uncollectible necessitating a debt write off.

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Statement of the Problem

Credit may be issued to spur growth in a business, that is internally generated growth. Credit may also be used as part of a business strategy to enter markets where the competition is stronger than other areas. However, credit issuance on its own accord is not a business strategy. Customer loyalty programs may ensure that the business increases sales revenues. According to Champy (1993), unwarranted debt may be a serious strain on the company and could lead to company failure. During the 2011 credit crunch in Europe that had a serious ripple effect to the rest of the world, many businesses experienced a serious credit risk which severely curtailed extension of credit to partner firms and business's. Even though the current situation is much less severe credit extension remains key, pivotal role in business management. Credit management is the process of controlling and collecting payments from customers. This is the function within a bank or company to implement credit policies that will improve revenues and reduce financial risks. A credit manager in charge of the credit department make decisions concerning credit limits, acceptable levels of risk and terms of payment to their customers. In companies, the role of credit manager is variable in its scope. Business objective will remain to limit losses without affecting real usage spends. It has been alleged that lack of skills to perform the tasks on credit control, failure to account the customers on the level of credit control, lack of clear organizational policy on credit control practices and lack of appropriate technology hinder effective credit control practices in public organizations. It is against this backdrop that this study was carried out on factors affecting credit control practices in public organization and generates long term solutions.

Objectives of the Study

The general objective was to investigate factors affecting credit control practices in public organization.

The specific objectives were crystallized as follows;

i. To determine the effect of employees' competence on credit control practices in public organization.
ii. To determine the effects of accountability on credit control practices in public organization.
iii. To determine the effect of information technology on credit control practices in public organization.
iv. To determine the effect of ethical issues on credit control practices in public organization.

Research Questions

The study was therefore guided by the following research questions

i. How does employee competence affect credit control practices in public organization?

ii. To what extent does accountability affect credit control practices in public organization?

iii. To what extent does information technology affect credit control practices in public organization?

iv. How do ethical issues affect credit control practices in public organization?

LITERATURE REVIEW

Employees Competence on Credit Control

An organizational or institutional success depends on human resource. The performance of human resource will determine how poorly or well an organization is doing. Competency is the underlying characteristics of a person which result in effective or superior performance in a job. According to Armstrong (2006), a job competency represents ability or what they can do. Competent employees are the main resource of any organization in acquiring a competitive advantage. Land, building or materials do not yield company productivity rather its people capital that runs a business and produces value from existing resource. Saleemi, (2006) points out that an organizations best source of competitive advantage lies within its employees' strategies. Business models, products and services can all be copied by competitors but talented and competent employees represent a suitable source of differentiation. The competency-based Approach has become integral in human resource management during the last three decades and currently different organizations, business and public sectors use competency models to better integrate global trends and business strategies with their human capital resource. Competency encompasses the knowledge, skills, abilities, traits and behaviors that allow an individual to perform a task within a specific function or job. In accordance to this approach, competency model is used as the best way of matching people and jobs. This model helps organization to take a more unified and coordinated approach in designing improvements to human resource management systems including job design, recruitment, organizational learning, career management performance improvements and compensation system (Boyer,2004).

The demand for effective and competent employees continuously increases in different organization because a dynamic global market place and increasing foreign competition has compelled organizations to become more effective and flexible in response to the rapidly changing environment. Organizations try to increase their capacities by investing more in training and development. Human resource management practices have a greater effect on

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organizational performance than on individual performance. Moreover, human resource development encourages competency development by forming opportunities within the organization for employees to develop their competencies for both their own benefits and the benefit of other's (Assael H, 2008). Competence is the ability of an individual to perform a job properly. It is a set of defined behaviours that provide a structured guide enabling the identification, evaluation and development of the skills in individual employees. The use of term competence varies widely, which leads to considerable misunderstanding. Some scholars see it as a combination of knowledge, skills and behaviour used to improve performance; or as the quality of being adequately or well qualified, having the ability to perform a specific role. For instance, management competency might include systems thinking and emotional intelligence, and skills in influence and negotiation (Graham, 2007). Competency is also used as a more general description of the requirements of human beings in organizations and communities. Competency is sometimes thought of as being shown in action in a situation and context that might be different the next time a person has to act. In emergencies, competent people may react to a situation following behaviours they have previously found to succeed. To be competent a person would need to be able to interpret the situation in the context and to have a collection of possible actions to take and have trained in the possible actions in the collection, if this is relevant. Regardless of training, competency would grow through experience and the extent of an individual to learn and adapt (Adrian & Palmer, 2008).

Saleemi (2006) introduced nomenclature for the levels of competence in competency development. The process of competency development is a lifelong series of doing and reflecting. As competencies apply to careers as well as jobs, lifelong competency development is linked with personal development as a management concept. And it requires a special environment, where the rules are necessary in order to introduce novices, but people at a more advanced level of competency will systematically break the rules if the situations require it. This environment is synonymously described using terms such as learning organization, knowledge creation, self-organizing and empowerment. Within a specific organization or professional community, professional competency, is frequently valued.

The occupational competency movement was initiated by McClelland in the 1960s with a view to moving away from traditional attempts to describe competency in terms of knowledge, skills and attitudes and to focus instead on the specific self-image, values, traits, and motive dispositions (i.e. relatively enduring characteristics of people) that are found to consistently distinguish outstanding from typical performance in a given job or role. It should be noted that different competencies predict outstanding performance in different roles, and that there is a limited number of competencies that predict outstanding performance in any given job or role.

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Thus, a trait that is a "competency" for one job might not predict outstanding performance in a different role (Boyer, 2004)

Accountability on Credit Control

Accountability is a multi-faceted concept which can be defined in different ways and involves different bases upon which one is held to account, and the different people to whom one has to render an account. At one level, accountability has been defined as ‘political’, which is associated with the process of representative democracy and with the role of the governments who have to account for their actions to the ‘ballotbox’. On a different level accountability has been defined as ‘ministerial’, when referring specifically to the duties of ministers to account for their decisions and actions to the assemblies/parliament. And finally, there is the recognition that there is a ‘managerial’ accountability, which meant being able to identify who is responsible for doing what and to ensure that it is done, and also being capable and having power to monitor the use of public money (Drucker, 2002).

In relation to the accounting and accountability theme, the research question is whether and to what extent the use of accounting information improves planning and control within the public sector and accountability by the public sector. For example, accounting may play important roles for public accountability, but there is little knowledge on issues such as whether accounting information is understood by politicians, who uses accounting information, and when, why and in what context politicians use such information (Luthans, 2001). Sorenson (2004) argue that the distinction between political and managerial accountability sets the framework in order to understand the nature of the problems encountered when trying to define the boundaries of what accountability is. Within the concept of political accountability, different models which are the expression of the evolution of social political democracy. Within this framework political accountability is defined as ‘about those with delegated authority being answerable to people, whether directly in simple societies or indirectly in complex societies. Managerial accountability instead is conceived as making those with delegated authority answerable for carrying out agreed tasks according to agreed criteria of performance. According to Graham (2007), the growth in the organizational sector, both in terms of its scale and the diversity of its activities, has outstretched the traditional machinery of public accountability, heavily dependen upon the formal relationship between the executive and the legislative. There have emerged alternative views of what accountability entails, involving different answers to both the substance and the form of the account. The concepts of accountability which now dominate the debate, are political accountability, managerial accountability and legal accountability.

Accountability does not necessarily mean that organizations must tell the truth to their members and to the public about how resources were used and how some debacle came about. What matters is that organizations can make internally consistent arguments to the effect that appropriate rules and procedures existed and embraced to produce rational allocation of resources and appropriate organizational actions. Some members emphasized the process of accountability, such as the free flow of information, rather than simply the procedures and lines of accountability. In such a focus, public accountability is not simply a chain of committees and organizations before which individuals are held to account. Free flow of information is considered essential, as is the presence of people who are not only interested in the information but also act on information availability by using it to hold public officers accountable (Schiffan, 2000).

Information Technology on Credit Control

Technology is more of information systems whereby it is any organized combination of people, hardware, software, communication networks and data resources that collects, transforms and disseminates information in an organization. People need information systems to communicate with each other using a variety of physical devices (hardware information processing instructions and procedures (software) communication channels (network) and stored data (data resources) since the dawn of civilization. The use of modern technology is vital in ensuring effective quality services. The introduction of computers as insisted saved many organizations in terms of stationery, spaces for filing, costs on employees etc (Sennet, 2007).

According to Luthans (2001) information technology is used in the acquisition, processes, distribution and storage of information by micro-electronic combination of computing and telecommunications. Technology roles has enabled procurement to evolve from the inefficient practices that were characterized by adequacy of non-value adding clerical activities to more efficient modern practices that has seen the entry of technology that has enhanced the performance of procurement. They also state that Technology plays a very important function as discrete function and emphasized on a wide integrative management and logistics approaches in which in the inter-relationship of making production, procurement and transportation is recognized. It also plays an important role in relation to improving the competitive advantage provided by the purchasing function in an organization. Berry and Parasuraman (2002) stipulates that an increase computerization description of goods and services has been replaced by barcodes, which is a machine-readable representation of information. She states that barcodes help in identifying goods available in the stock without having to write the whole name of the product.

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According to Peter and Waterman (2002) underlying any economic is its technological base, technological technical skills and equipment which affect the economic resources converted into output. Technological development affects technology into two ways. New processes and new procedures, computer also allows sophisticated planning and control. He states that it is those technology capabilities that can identify and help credit professionals distil information that identify true credit performance as one would be able to predict through demand management and planning by digitizing the credit control process. Reingold (2004) contends that technology plays a major role in the operational effectiveness and efficiency of various functional areas of business management especially in the today's' world to fully incorporate information technology. In the organizational activities, more so in procurement it acts as a catalyst for procurement procedures in the organization.

According to Bassik and Burren (2003) the research on how information technology had transformed business enterprises and found out that it has brought enormous offer on every aspect of business. He argues that information department had transformed from a back-office support function to an integral planning mechanism for designing what must be e-supply and e-business models that will ensure future viability for the firm and its position in value chain. He added that in today's environment, new e-businesses with technology software appear virtually overnight and begins attracting traditional companies that have been late in developing a cyber channel of customer response. He further said that information technology has facilitated sharing of information and collaboration with supply chain enabling partners to design new business models with greater response to customer's demand. He explained that supply chain has emerged as a major force in business as created by emergence of the internet. The Technology is unfolding in front of us yet many organizations are not taking advantage of its potential impact. This development brings with it a need for prudence on the credit control practices.

Business process re-engineering is often based on new possibilities for breakthrough performance provided by the emergence of new enabling technologies. The most important of this is nominal ingredient in many recipes of information technology. It enabled the dissemination, analysis and use of information from the customers, suppliers and within enterprises in new ways and in time frames that impact processes organization designs and strategic competencies. Computer networks, open systems, client server architecture, groupware and electronic data interchange have opened up the possibilities for integrated automation of business processes (Margolis, 2003).

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Ethical Issues on Credit Control

Business ethics (also corporate ethics) is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations. Business ethics has both normative and descriptive dimensions. As a corporate practice and a career specialization, the field is primarily normative. Academics attempting to understand business behavior employ descriptive methods. The range and quantity of business ethical issues reflects the interaction of profit-maximizing behavior with non-economic concerns. Interest in business ethics accelerated dramatically during the 1980s and 1990s, both within major and small corporations (Berry and Parasuraman, 2002).

People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices." Company use laws and regulations to point business behavior in what they perceive to be beneficial directions. Ethics implicitly regulates areas and details of behavior that lie beyond governmental control. The emergence of large corporations with limited relationships and sensitivity to the communities in which they operate accelerated the development of formal ethics regimes (Sennet, 2007). A code of ethics establishes parameters for professional conduct. It involves the principles and moral values of an organization or profession. The code offers standards that help or guide workers when they encounter moral dilemmas. Enforcing a code of ethics is an important part of protecting the integrity of the profession and establishing fair and responsible practices. Implementing a code of ethics involves creating procedures for investigating allegations and imposing sanctions on those who violate the code (Assael, 2008).

Perhaps the most practical approach is to view ethics as a catalyst that causes managers to take socially responsible actions. The movement toward including ethics as a critical part of management education began in the 1970s, grew significantly in the 1980s, and is expected to continue growing. Hence, business ethics is a critical component of business leadership. Ethical business leaders strive for fairness and justice within the confines of sound management practices (Boyer, 2004).

Ethics concern an individual's moral judgments about right and wrong. Decisions taken within an organization may be made by individuals or groups, but whoever makes them will be influenced by the culture of the company. The decision to behave ethically is a moral one; employees must decide what they think is the right course of action. This may involve rejecting the route that would lead to the biggest short-term profit. Ethical behavior and corporate social responsibility can bring significant benefits to a business. For example, they may: attract customers to the firm's products, thereby boosting sales and profits make employees want to

stay with the business, reduce labor turnover and therefore increase productivity attract more employees wanting to work for the business, reduce recruitment costs and enable the company to get the most talented employees attract investors and keep the company's share price high, thereby protecting the business from takeover. Unethical behavior or a lack of corporate social responsibility, by comparison, may damage a firm's reputation and make it less appealing to stakeholders (Graham, 2007).

According to Adrian and Palmer (2008), this demise almost certainly will occur if business continually is forced to perform socially responsible behavior that is in direct conflict with private organizational objectives. He also argues that to require business managers to pursue socially responsible objectives may be unethical, since it requires managers to spend money that really belongs to other individuals. Regardless of which argument or combination of arguments particular managers might support, they generally should make a concerted effort to perform all legally required socially responsible activities, consider voluntarily performing socially responsible activities beyond those legally required, and inform all relevant individuals of the extent to which their organization will become involved in performing social responsibility activities.

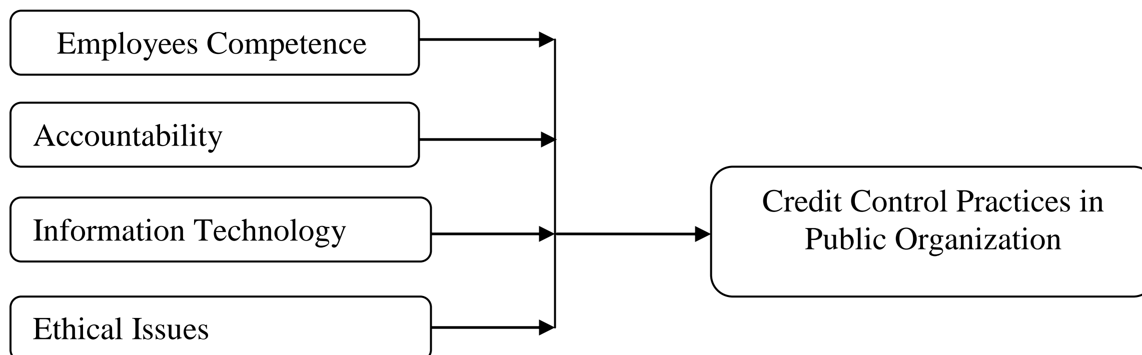
It is important for employees to know who is in charge of handling potential ethical violations. A compliance/ethics officer manages a company's ethics policies and ensures that every employee is well-informed of company values and standards. The officer ensures that employees who violate the codes of conduct are held accountable and disciplined for unethical behavior. They also maintain confidentiality when a whistle blower reports a possible violation. Sample companies satisfied this indicator if the company made it clear to employees and the public who was held accountable for managing the ethics policies for the company.

THEORETICAL FRAMEWORK

This study was guided by Transaction Cost Theory developed by Schwartz (1974). The theory conjectures that suppliers may have an advantage over traditional lenders in checking the real financial situation or the credit worthiness of their clients. Suppliers have a better ability to search for information about clients based on their frequent interaction in the course of doing business. They are also at an advantageous position regarding controlling the buyer and salvaging value from existing assets through bargainings required to come to an acceptable agreement with the other party to the transaction, drawing up an appropriate contract and so on. Further suppliers also have a better ability to monitor and enforce repayment of the credit through appropriate policing and enforcement policies, that is the costs of making sure the other party sticks to the terms of the contract, and taking appropriate action (often through the legal

system) if this turns out not to be the case. All these superiorities may give suppliers a cost advantage when compared with financial institutions. Three sources of cost advantage were classified by Petersen and Rajan (1997) as follows: Search and information cost. bargaining cost and policing and enforcement costs

Figure 1. Conceptual Framework



RESEARCH METHODOLOGY

Research Design

This study adopted descriptive research design. The design was preferred because it is concerned with answering questions such as who, how, what, which, when and how much (Kothari 2005). Descriptive research design help in determining the frequency with which the variables were conveyed and involves collecting information through interview and administrating questionnaires which portrays an accurate practice of person's event or situations.

The Data

The study targeted a population of 95 employees of FKE from top management, middle level management and Action officers.

Table 1. Target Population

Category	Frequency	Percentage
Top management	6	6%
Middle level management	8	8%
Action officers	81	86%
Totals	**95**	**100%**

Source: Kenya Federation of Employees (2017)

Stratified random sampling technique was used to constitute a sample size of 51 individuals representing 54% of the study population as shown below.

Table 2. Sample Size

Category	Target Population	Sample	Percentage
Top management	6	5	10
Middle level management	8	7	14
Action officers	81	39	76
Totals	**95**	**51**	**100**

Data Collection Instrument

Research questionnaire were used to collect data. The questionnaire was designed to contain close ended and open-ended questions in order to facilitate a comprehensive data collection process. The reliability of data collection tools were assesed through split half method (Serem et al 2013).

Data Analysis Techniques

Data collected was analyzed using ms excel tool. Descriptive statistics such as mean, frequencies and percentages for each variable was calculated and tabulated using frequency distribution tables and charts. The analyzed data was presented in tables, charts and graphs for ease understanding.

FINDINGS

Response Rate

Table 3 and figure 2 below, shows data analysis on response rate. 84% of the total respondents participated effectively while 16% did not. Based on the analysis it can be concluded that the response rate was high.

Table 3. Response Rate

Category	Frequency	Percentage
Responses	43	84
Non-responses	8	16
Total	51	100

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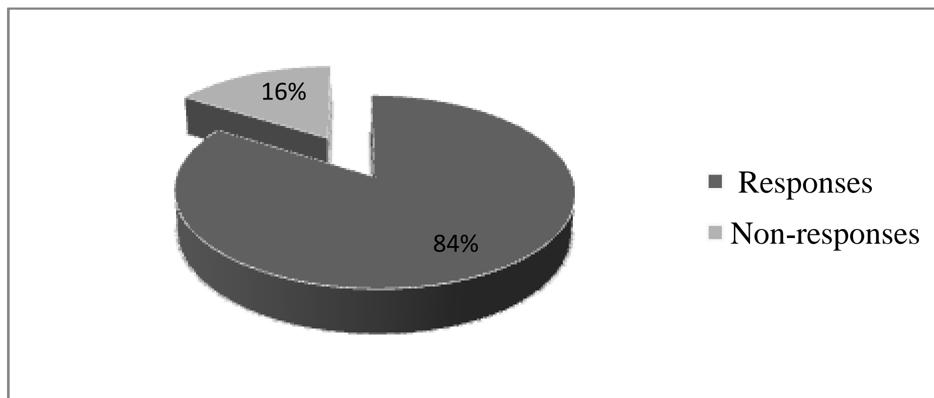
Figure 2. Response Rate



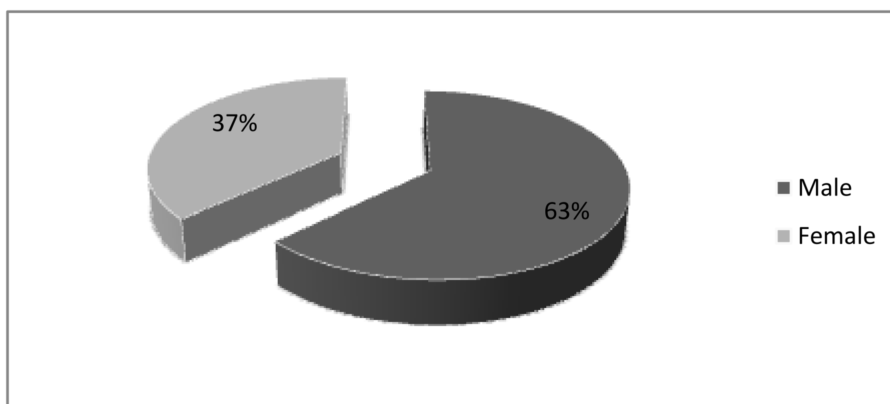
Gender Analysis

According to table 4 and figure 3, the total number of males who responded were 27 representing 63% while the number of females who responded were 16 representing 37%. From the study it can be concluded that the number of males who responded were fairly higher than that of females.

Table 4. Gender Analysis

Category	Frequency	Percentage
Male	27	63
Female	16	37
Total	**43**	**100**

Figure 3. Gender Analysis



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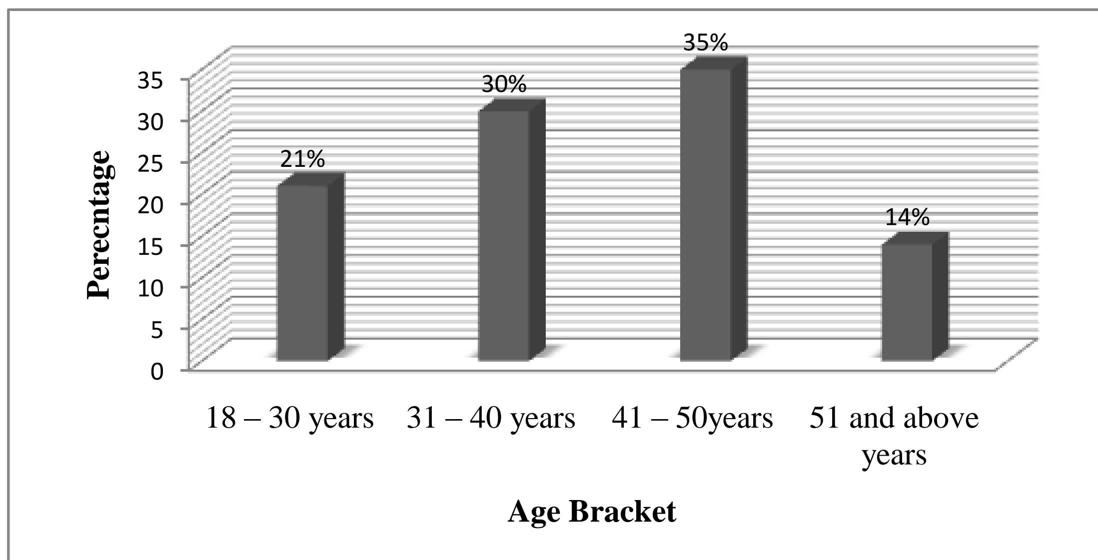
Age Bracket

According to table 5 and figure 4, age group 18 – 30 years constituted 21%, age group 31 – 40 years constituted 30%, age group 41 – 50 years constituted 35% and 51 years and above constituted 14% of the respondents . From the study it can be concluded that majority of the respondents were aged between 41 – 50 years while respondents aged 51 years and above formed the least majority .

Table 5. Age Bracket

Category	Frequency	Percentage
18 – 30 years	9	21
31 – 40 years	13	30
41 – 50 years	15	35
51 years and above	6	14
Total	**43**	**100**

Figure 4. Age Bracket



Highest Level of Education

Table 6 and figure 5 below indicates education level analysis. According to the analysis 14% of the total respondents had secondary level of education while 40% had college education, 27% had university education and masters were represented by 19%. It can be concluded that the majority of the respondents in the organization have acquired college education.

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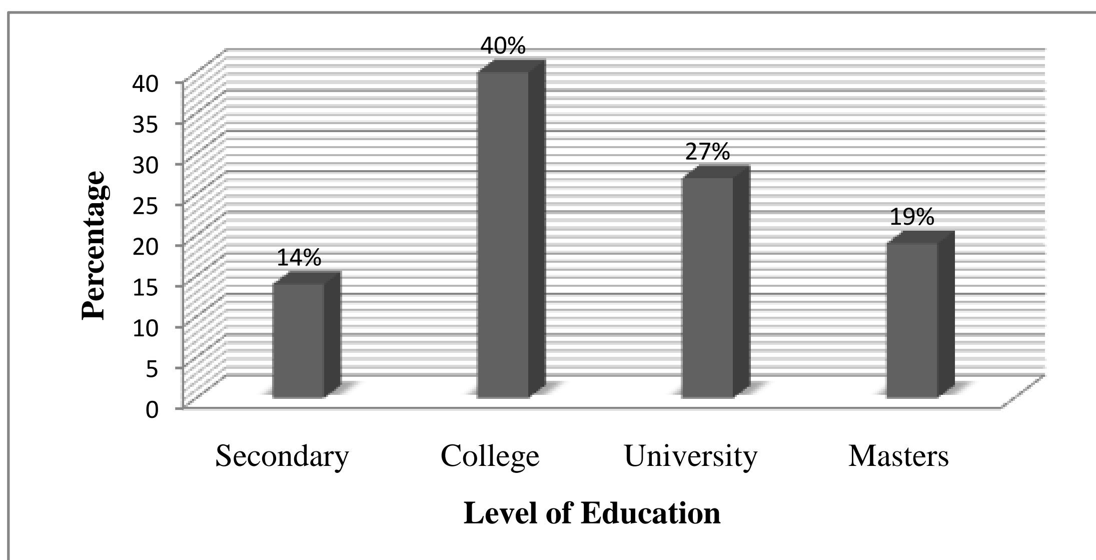
Table 6. Highest Level of Education

Category	Frequency	Percentage
Secondary	6	14
College	17	40
University	12	27
Masters	8	19
Total	**43**	**100**

Figure 5. Highest Level of Education



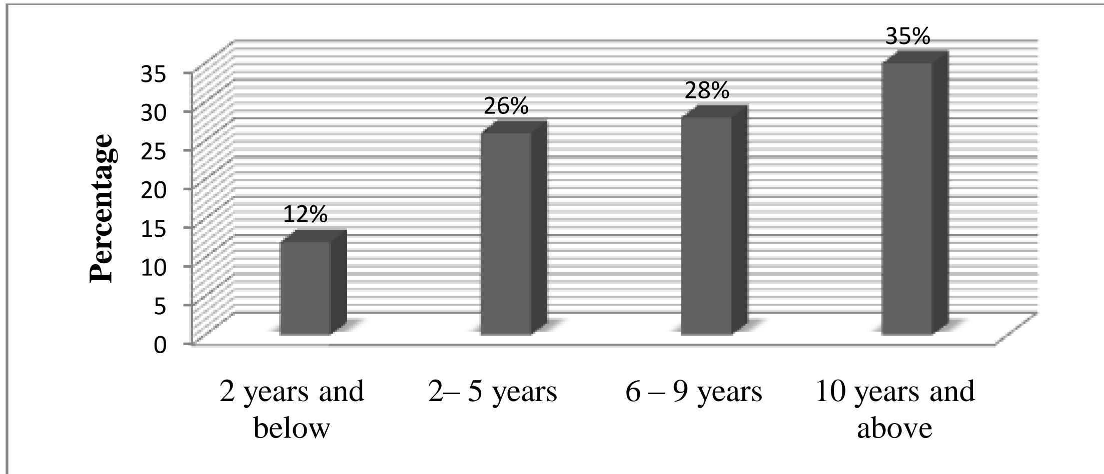
Length of Service

The analysis on table 7 and figure 6 indicates the respondent's length of service in the organization. 11% of the respondents had worked in the organization for 2 years and below, 26% for 2-5 years, 28% for 6-9 years and 35% of 10 years and above. This indicated that majority of the respondents had worked for the organization for 10 years and over.

Table 7. Length of Service

Category	Frequency	Percentage
2 years and below	5	11
2– 5 years	11	26
6 – 9 years	12	28
10 years and above	15	35
Total	**43**	**100**

Figure 6. Length of Service



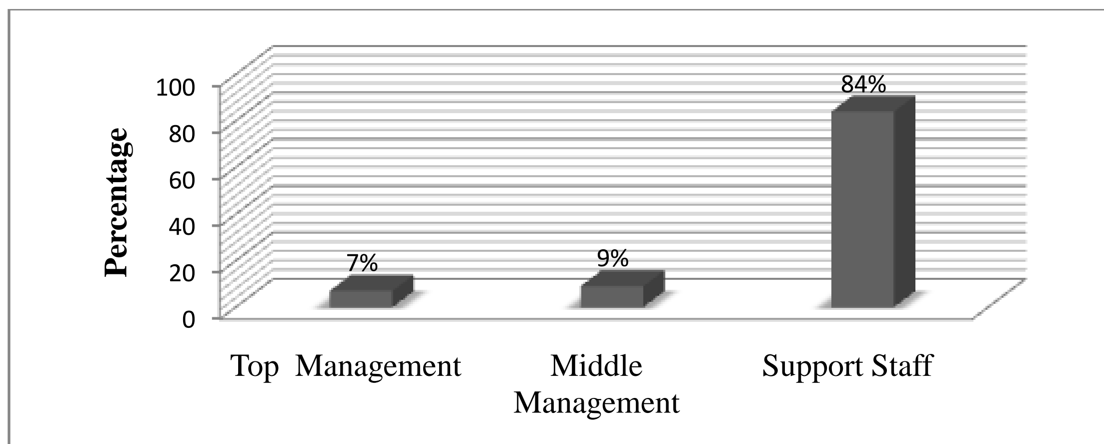
Respondent Category

Table 8 and figure 7 below shows the response on respondent's category. According to the analysis 7% of the total respondents were from the top management, 9% from Middle level management and 84% from action officers. From the study it can be concluded that the majority of the respondents were from the action officers.

Table 8. Respondent Category

Category	Frequency	Percentage
Top Management	3	7
Middle level management	4	9
Action officers	36	84
Total	**43**	**100**

Figure 7. Respondent Category



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Employee Competence

Table 9 below show the effect of employee competence on credit control pactices in the organization. According to the analysis, 81% of the total respondents stated that employee competence affect credit control practices while 19% said it does not affect. From the study it can be concluded that employee competence affect credit control practices in the organization.

Table 9. Effect of Employee Competence on Credit Control Practices

Category	Frequency	Percentage
Yes	35	81
No	8	19
Total	**43**	**100**

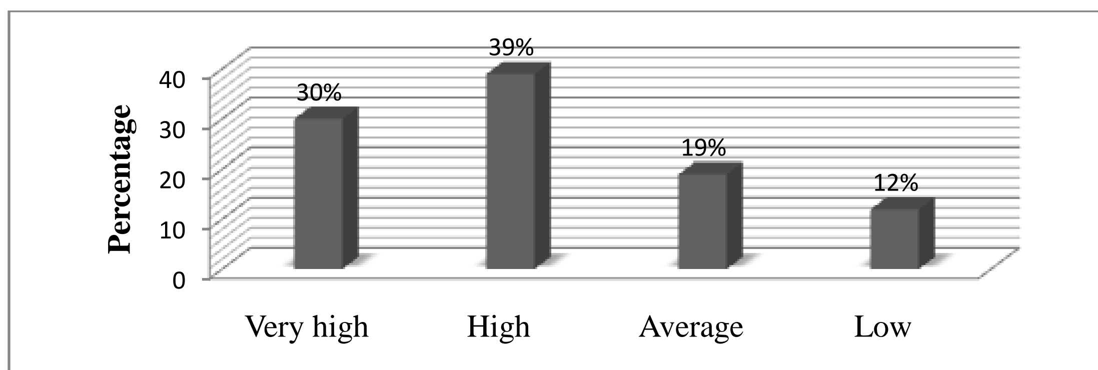
Employee Competence

Table 10 and figure 8 presents the extent to which employee competence affect credit control practices in the organization. According to the analysis 30% said it affects at very high, 39% at high,19% at average and 12% at low extent. Based on the study it can be concluded that employee competence affect credit control practices at high extent.

Table 10. Extent of Employee Competence on Credit Control Practices

Category	Frequency	Percentage
Very high	13	30
High	17	39
Average	8	19
Low	5	12
Total	**43**	**100**

Figure 8. Extent of Employee Competence on Credit Control Practices



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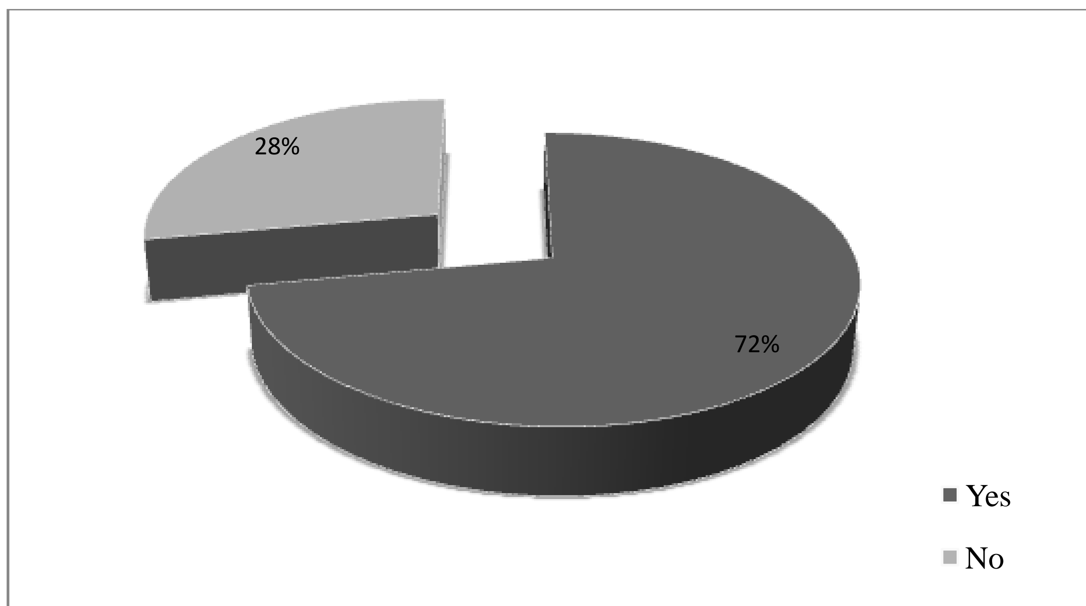
Accountability

Table 11 and figure 9 presents the effect of accountability on credit control practices in a public organization. According to the analysis 72% of the respondents stated that accountability affect credit control practices in the organization while 28% stated that it does not affect. From the study it can be concluded that accountability affect credit control practices in the organization.

Table 11. Effect of Accountability on Credit Control Practices

Category	Respondents	Percentage
Yes	31	72
No	12	28
Total	**43**	**100**

Figure 9. Effect of Accountability on Credit Control Practices



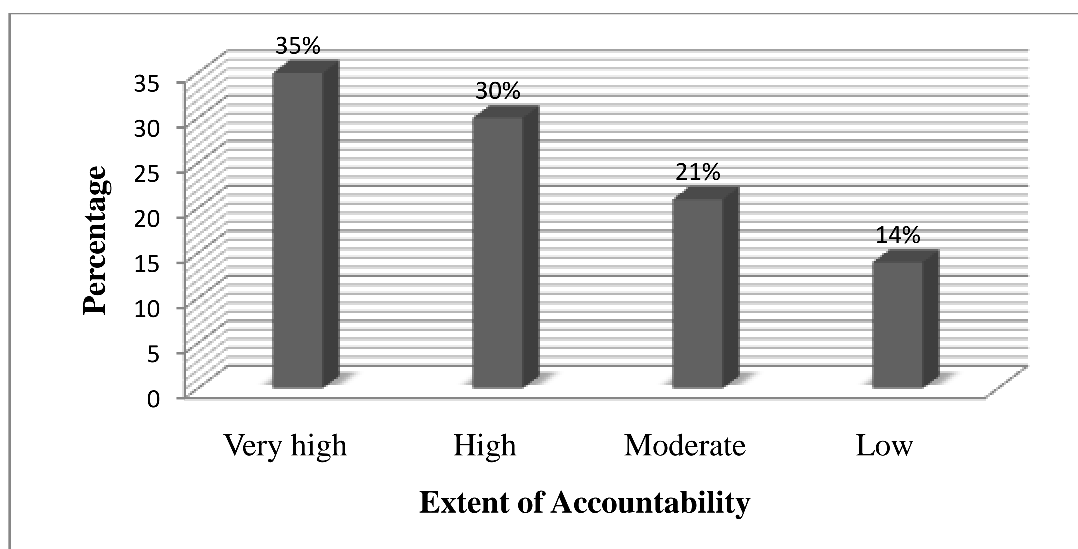
Extent of Accountability on Credit Control Practices

The presentations shown on table 12 and figure 10 shows the study analysis on the extent to which accountability affect credit control practices in organization. Accordingly, 35% said it affect at very high extent, 30% said it affect at high extent, 21% said at affect at moderate and 14% said it affect at low extent. From the study it can be concluded that accountability affect credit control practices at very high extent.

Table 12. Extent of Accountability on Credit Control Practices

Category	Frequency	Percentage
Very high	15	35
High	13	30
Moderate	9	21
Low	6	14
Total	**43**	**100**

Figure 10. Extent of Accountability on Credit Control Practices



Information Technology

Table 13 and figure 11 below represents the findings on effects of information technology on credit control practices in the organization. According to the analysis, 86% of the total respondents stated that information technology affect credit control practices while 14% said that it does not affect. It can be concluded from the study that information technology affect credit control practices in the organization.

Table 13. Effect of Information Technology on Credit Control Practices

Category	Frequency	Percentage
Yes	37	86
No	6	14
Total	**43**	**100**

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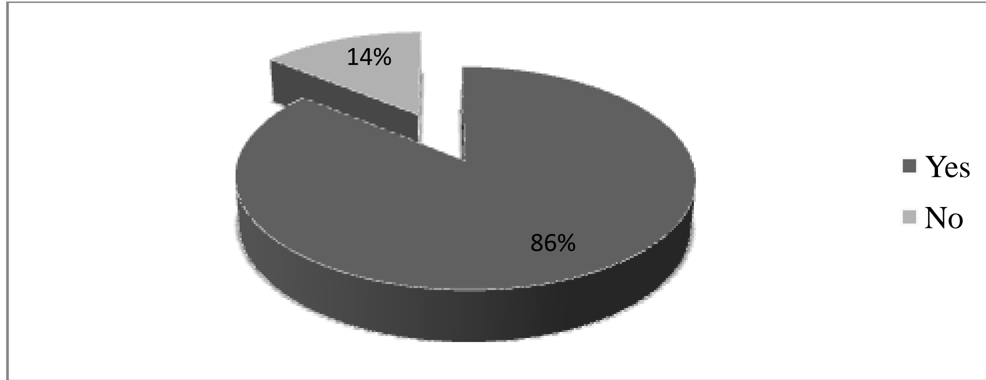
Figure 11. Effect of Information Technology on Credit Control Practices



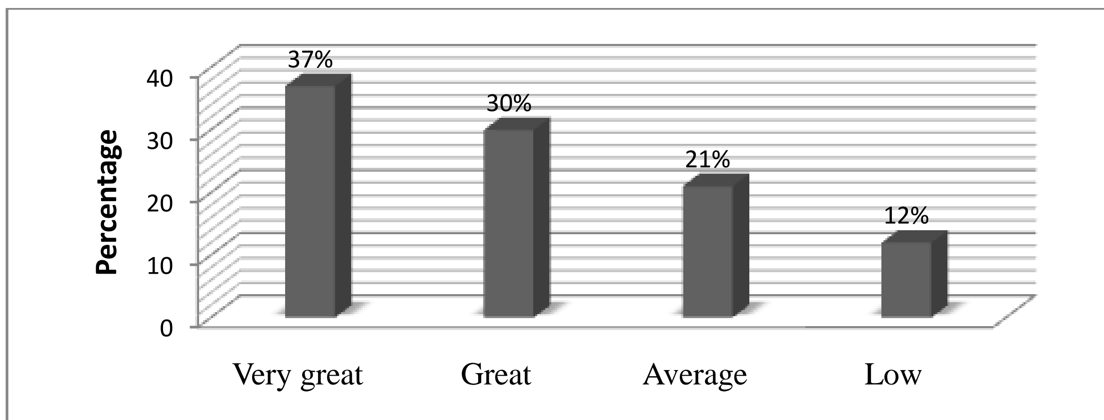
Extent of Information Technology

Table 14 and figure 12 below represent the findings on extent to which information technology affect credit control practices in the organization. According to the analysis, 37% said it affect at very great extent, 30% said it affect at great extent, 21% said it afffect at average extent and 12% said it affect at low extent. From the study it can be concluded that information technology affect credit control policy in the organization to a very great extent.

Table 14. Extent of Information Technolgy on Credit Control Practices

Category	Frequency	Percentage
Very great	16	37
Great	13	30
Average	9	21
Low	5	12
Total	**43**	**100**

Figure 12. Extent of Technolgy on Credit Control Practices



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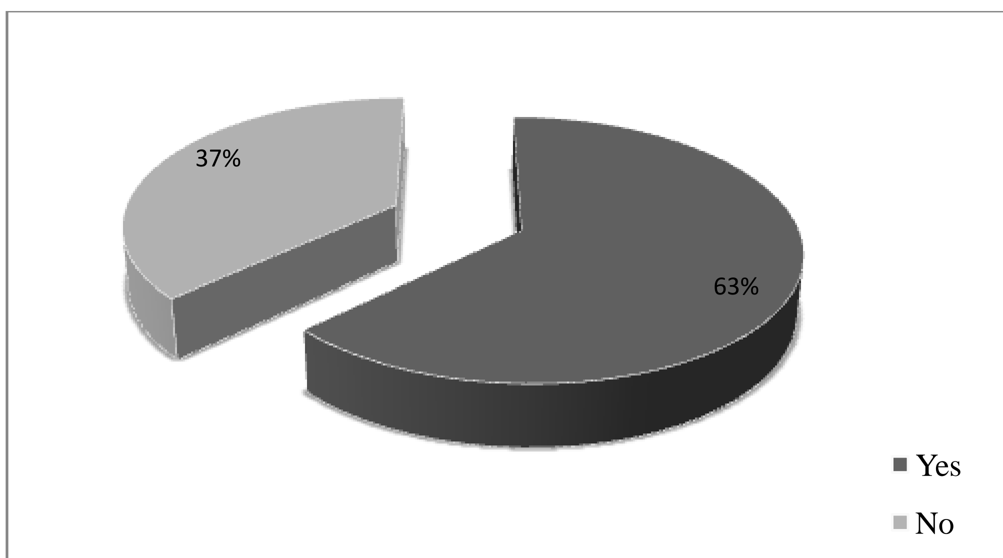
Ethical Issues

Table 15 and figure 13 below represents the findings on effects of ethical issues on credit practices in the organization. According to the analysis, 63% of the total respondents stated that ethical issues affect credit control practices while 37% said it does not affect. From the study it can be concluded that ethical issues affect credit control practices in the organization.

Table 15. Effect of Ethical Issues on Credit Control Practices

Category	Frequency	Percentage
Yes	27	63
No	16	37
Total	**43**	**100**

Figure 13. Effect of Ethical Issues on Credit Control Practices



Extent of Ethical Issues

Table 16 and figure14 represent the findings on extent to which ethical issues affect credit control practices in the organization. According to the analysis, 33% said it affect at very high extent, 41% said it affect at high extent, 14% said it affect at low extent while 12% stated that it affect but at very low extent. From the study it can be concluded that ethical issues affect credit control practices at high extent.

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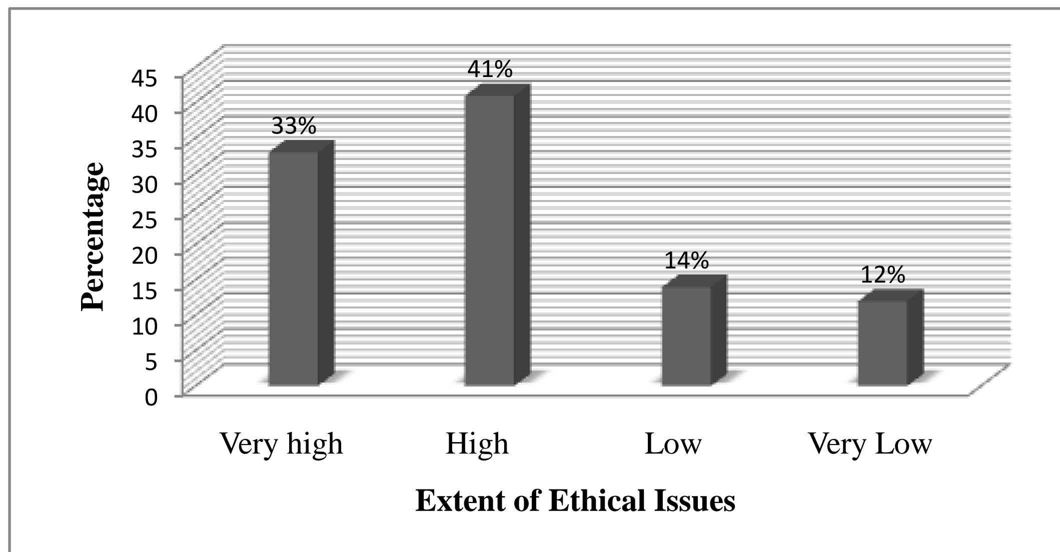
Table 16. Extent of Ethical Issues on Credit Control Practices

Category	Frequency	Percentage
Very high	14	33
High	18	41
Low	6	14
Very Low	5	12
Total	**43**	**100**

Figure 14. Extent of Ethical Issues on Credit Control Practices



SUMMARY

In all 51 questionnaires which were distributed 43 represented by 84% were completely filled and returned for analysis, 16% of the questionnaires were never returned for analysis and therefore were not included in the results. Male respondents were the majority participants in this study at 63% while females were at 37%. Majority of the respondents were between 41-50 years which was represented by 35% followed by 31-40 years at 30%, 18-30 years at 21% and 51 years and above were at 14%. Majority of the respondents had college level of education represented by 40%, 27% had university education, 14% had secondary education while masters were 19%. On length of service in the organization majority of the respondents had worked in the organization for 10 years and above represented by 35%, 2-5 years were represented by 26%, 6-9 years were represented by 28% and 2 years and below were 11%. The study also showed that majority of respondents were from the action officers at 84%, followed by middle level management at 9% while top management was the least at 7%.

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CONCLUSION AND RECOMMENDATIONS

The study finding indicated that employee competence impacted credit control practices in the organization. Majority of the respondents indicated that if the employees lacked competence in their place of work this would limit their abilities to ensure good credit control practices in the organization. The organization should therefore recruit and have employee who have the right skills in this area of work. The researcher recommends that employees should be well trained and with the necessary skills to perform tasks allocated. This will ensure that credit control practices in the organization are conducted in the right manner. Further, the organization should introduce seminars, training workshops and short courses to equip employees necessary skills to perform credit functions.

From the study finding it was established that accountability affected credit control practices in the organization to a greater extent. Majority of the respondents indicated that lack of proper accountability resulted in the organization not achieving the financial goals on time. The organization should therefore ensure there is proper accountability on funds received from third parties. This will ensure that credit control practices are adhered to in the organization and thus minimize conflicts in the organization. The organization should also enlist the services of external auditor as required by the law to ensure that proper accounting principles are adhered to. The organization should put in place strong internal controls mechanism to supplement on the roles played by external auditors.

The study findings also indicated that technology affected credit control practices in the organization. The researcher observed that the lack of appropriate technology in an organization would greatly affect credit control practices. Technology play a very important role when it comes to credit control practices in every organization. Organizations should ensure that technology being used in the organization is user friendly, efficient, foolproof and in compliance with credit control goals of the organization and modern technology.

Finally, it was observed that ethical issues also affected credit control practices in the organization. Research findings showed that if employees were not aware of the principles which should govern them work places, credit control practices would greatly be affected. The organization should ensure employees who are guided by sound ethical standards that are properly communicated and embedded on the employees daily work routines. This will facilitate proper credit control practices in the organization. At the national level and in the spirit of fidelity to the Constitution of Kenya (2010), organizations should ensure strict adherence to chapter six of the Constitution of Kenya (2010) and implement codes of ethics as contemplated therein in the organizations.

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SUGGESTIONS FOR FURTHER STUDY

The researcher recommends that a further study should be carried out on factors affecting credit control practices with additional variables such as organizational structure, company policy among others to address inconsistencies that could result from omission of other variables to generate a near long term solutions.

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