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# An assessment of credit management on organization performance: A case of Industrial Area, Nairobi.

Kiarie, Grace Wanja

Mount Kenya University

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AN ASSESSMENT OF CREDIT MANAGEMENT ON ORGANISATION  
PERFORMANCE: A CASE OF INDUSTRIAL AREA, NAIROBI

GRACE WANJA KIARIE

A research project submitted in partial fulfillment for the award of degree  
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## ABSTRACT

This research paper sought to assess Credit Management on organization performance taking Alpha Grain millers, Pembe Flour ltd, Bake 'n' Bite, Supaloaf, Ndovu Millers, Packaging Industries Ltd, Unilever Ltd, Unga Group Ltd, Kifaru Ltd and Premier Flour Millers in Industrial area in Nairobi as the case study. The researcher looked at a few elements of credit management including the importance of credit limit of customers, credit worthiness of customers, credit period granted to customers and the cost of customers. The researcher looked at the statement of the problem for the research, Objectives of the study, Study Questions, Significance of the Study, Limitation of the study, Scope of the study and Basic Assumptions. The researcher carried out a literature review on the importance of Credit limits, credit worthiness, credit period and cost of credit from different authors and writers and looked at how these elements of credit management can act as key to having a sound organizational performance. The researcher examined the challenges that are faced by organizations in implementing sound credit management systems and how organizations can deal with these challenges. The study adopted survey design since it would help gather relevant information about the topic. The questionnaires sought to outline the methodology on how the researcher administered the questions to the respondents selected randomly. Data used descriptive statistics and requisite conclusions were drawn. The data was analyzed using Statistical Program for Social Science (SPSS) version 22.0 and then the results were presented in graphs, charts and narrations. A regression analysis was duly done to show the relationship between the variables and credit management. The findings were obtained including that most sales are credit, lack of credit policies in companies, lack of coordination of credit control with accounting systems, assistance by debt collectors to collect debts and that most of the credit control managers are responsible for all the transactions involving credit. It was recommended that credit limitation should be relooked, businesses need to have credit policies, credit systems should be computerized, companies should seek assistance from debt collectors and that companies should identify and scrutinize customers with whom they are dealing.