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FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

**An Investigation of the Debt Management Practices on the Performance of
Premier Service Pharmaceuticals (PSP)**

By

Takudzwa Donald Muyambo

Student Registration Number: R123767C

**This dissertation is submitted in partial fulfillment of the requirements for the
award of the Bachelor of Commerce Accounting Honors Degree at Midlands
State University Gweru, Zimbabwe: June 2016**

DECLARATION

I, Takudzwa Donald Muyambo do hereby declare that this research represents my own work, and that it has never been previously submitted for a degree at this or any other university.

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Student`s signature

...../...../.....

Date

.....

Supervisor`s signature

...../...../.....

Date

Approval form

The undersigned certify that they have supervised the student, Takudzwa Donald Muyambo dissertation entitled: An Investigation of Debt Management Practices on the performance of Premier Service Pharmaceuticals, submitted in partial fulfillment of the requirements of the Bachelor of Commerce Accounting Honours Degree at Midlands State University.

.....

.....

SUPERVISOR

DATE

.....

.....

CHAIRPERSON

DATE

.....

.....

EXTERNAL EXAMINER

DATE

Release form

Name of student: Takudzwa Donald Muyambo

Dissertation title: An Investigation of Debt Management Practices on the performance of Premier Service Pharmaceuticals

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Dedication

I would like to dedicate this piece of work to Jehovah, Almighty God, my parents Mr. and Mrs. Muyambo and the rest of my Family and Friends.

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Abstract

Total Debtors increased from \$462 409.67 to \$536 009.80 which is an increase of 13.73% between the years 2012-2013 and also increased from \$536 009.80 to \$633 009.98 which translates to an increase of 15.3% between 2013-2014. Some debtor balances remained unchanged because services are no longer being offered to them since they failed to pay anything in 2012 thus there was no movement in their accounts up to end of 2014. This raised an alarm about the debt collection policy. This has prompted need for this research in which the study analyses the Debtors collection policy for Premier Service Pharmaceuticals. The aim of the research was to understand the Debtors collection policy for the organization, personnel responsible for policy formulation and implementation. It was also the objective of this research to identify controls which are in place over debt collection and the period of reviews of controls. Also the research aimed at recommending the best practices in enhancing debt collection of the local authority basing on research findings and literature review.

A review of related literature was also carried out in a bid to establish what other renowned authors had had to say on the issue of debt collection. The main source of related literature was internet journals. The study used descriptive research design where there was both use of questionnaires and interviews because of its cost effectiveness. Sources of data, research instruments, populations and samples were given in the research. Primary data was presented using diagrams, pie charts and tables, to illustrate research findings and responses gathered. Research findings showed that, debt factoring, payment plans, follow up and rotation of debt collection customers can enhance debt collection in the organisation. As a result, the research recommended that the organisation should establish the best practice highlighted in the research.

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CHAPTER 1

Introduction

1.0 Introduction

The study gives a background on what prompted the researcher to carry out the study, statement of the problem, Main topic, sub-research questions and research objectives. It also identifies the significance of the study to the researcher, the organization and the university, delimitations and limitations of the research study. Technical terms which could be misunderstood or need clarity and the research design to be engaged will be highlighted in this chapter.

1.1 Background of the study

PSP is a service provider under Premier Service Medical Investments which was formed in 2003 in pursuit of Premier Services Medical Aid Society (PSMAS)'s blue ocean strategy to forward integrate medical insurance into medical services provision. With the mandate of being the market leaders in affordable and accessible medical services provision, PSMI has since grown to become the largest private medical services group in Zimbabwe and hopes to expand its footprint to being the leading regional player in synergistically networked health service provision.

Premier Service Pharmaceuticals operates a wide range of pharmacies in Zimbabwe and the credit sales over the years are mainly dominated by PSMAS as a major debtor as shown in table 1.1 below with special contracts being for Grain med, FML,CELMED and Other Medical aid Societies as depicted by the table 1.1 below.

Table 1.1: Breakdown of Sales to Debtors

Medical Aid Society	Percentage sales
PSMAS	90
Grain med	3
Celmed	2
FML	3
Other Medical Aid Societies	2
Total	100

Source: PSP Other Debtors Weekly Claims Submissions

According to Table 1.1 above, PSP relies heavily on one major debtor which is PSMAS for 90% of their total sales. Over reliance on one debtor might be a problem because failure by that debtor to honour its obligations or failure by PSMAS to honour its obligations on time results in disastrous consequences to PSP.

As observed by the researcher during his Work Related Learning at PSP the credit sales between PSP and the various debtors arise after written communication between PSP and the debtors to provide drugs to clients of the relevant medical aid societies. A list of drugs covered by medical aid for each medical aid society is made available at all pharmacies such that drugs which fall outside that list are paid for on a cash basis. Shortfalls are also paid if the patient exhausts their medical aid cover. The Debtors clerk is responsible for following up the debts when the claims have been processed and are ready for payment.

Sales would have been recorded in the Daily Collection reports and Monthly reports and clients receive medication which would have been sourced from the suppliers but on the side of the pharmacies nothing is received or the payments do not come on time. As shown by table 1.2 \$ 462 409.67 was owed to PSP at the end of 2012, \$ 536 009.80 was owed to PSP at the end of 2013 which showed an increase of 13.73% from 2012 and \$ 633 008.98 was owed to PSP at the end of 2014 which showed an increase of 15.3% from 2013. Employees at PSP are owed salaries for 5 months and 3 months respectively for Management and Non-Management despite the directors urging them to soldier on and be patient. (Bridget Manavire, Daily News, 26 November 2014). According to data gathered from the PSP Accountant the wages due for management and non-management staff sum up to \$450 000 for the 5 months and 3 months for Management and Non-Management staff respectively.

Table 1.2**Amounts Owing as at 31 December 2014**

	2012	2013	% Change 2012-2013	2014	% Change 2013-2014
	\$	\$		\$	
PSMAS	412,698.33	482,408.82	14.50	569,708.00	15.32
First Mutual	13,169.21	14,969.83	12.00	16,969.83	11.79
TN Holdings	4836.71	4,836.71	unchanged	4,836.71	Unchanged
Altfin	13,317.55	14,017.33	5.00	15,717.33	10.82
Generation Health	185.27	185.27	unchanged	185.27	Unchanged
ZINWA	619.26	619.26	unchanged	1,019.26	39.24
Northern	985	1,082.00	8.96	1,682.00	35
Suremed	5,900.00	6,360.99	7.21	8,360.99	23.6
Greencard	140	140	unchanged	140	Unchanged
Christian health	3.88	3.88	unchanged	3.88	Unchanged
GMB	6,500.00	7,082.88	8.23	10,082.88	29.76
CEDAS	2,398.58	2,398.58	unchanged	2,398.58	Unchanged
Galaxy	1,655.88	1,904.25	13.05	1,904.25	Unchanged
Total	462,409.67	536,009.80	13.73	633,008.98	15.3

Source : PSP Outstanding Debtors Statement

According to Table 1.2 above the percentage change in the total amounts owing increased by 13.73% between 2012-2013 and by 15.3% between 2013-2014. The major debtor's balance in this case PSMAS increased by 14.5% between 2012-2013 and increased by a further 15.32% between 2013-2014. The amounts owing continue to increase due to the fact that those who owe PSP continue to receive services from the Pharmacies. The debtors which remained unchanged which

are TN, Generation Health, Greencard, Christian Health and Cedas according to Table 1.2 as per observations by the researcher on internship are as a result of them failing to pay anything in 2012 and no further services were provided to them thus there was no activity in their accounts.

1.2 Statement of the Problem

Total Debtors increased from \$462 409.67 to \$536 009.80 which is an increase of 13.73% between the years 2012-2013 and also increased from \$536 009.80 to \$633 009.98 which translates to an increase of 15.3% between 2013-2014. Some debtor balances remained unchanged because services are no longer being offered to them since they failed to pay anything in 2012 thus there was no movement in their accounts up to end of 2014. Employees at PSP are owed monthly dues, Management are owed 5 months' salary whilst junior staff or Non-Management staff are owed 3 months' salary which add up to \$450 000.

1.3 Main Topic

An Investigation of Debt Management Practices on the performance of Premier Service Pharmaceuticals

1.4 Sub Research Questions

- What is the Debt Management Policy at PSP?
- How is the Debt Management Policy being implemented at PSP?
- How competent and adequate is the personnel involved in debt collection department?
- What challenges are being encountered by PSP in recovering their debts?
- What controls are in place for debt management at PSP?
- What is the best practice in debt Management at PSP?

1.5 Research Objectives

- To have a an understanding of the Debt Management Policy at PSP
- To assess the extent to which the Debt Management Policy guidelines are being implemented
- To assess whether personnel involved in debt collection are competent and adequate
- To understand the challenges being encountered by the debt collection department
- To establish the controls at PSP in line with Debtors

- To establish the best practice in debt management at PSP

1.6 Significance of the Study

To the student

The study was done in partial fulfilment of the requirements for the Bachelor of Commerce Honours degree in Accounting of the Midlands State University

To the University

The research may be used as reference for further research at the University especially for Students in the Accounting Department

To the Organization

It is the hope of the researcher that his findings may prove useful to PSP

1.7 Delimitations

The research was conducted at PSP Head office in Harare and the research was confined to findings for 2012, 2013 and 2014 alone

1.8 Limitations

- The researcher had limited time to carry out the research. As a measure to get over the time constraint the researcher had to utilize both day and night to complete the research on time.
- The researcher had limited financial resources to travel to Harare on a regular basis and for printing. To overcome this the researcher had to supplement with his pocket money and use electronic mail and phone calls apart from travelling to Harare

1.9 Abbreviations and Acronyms

PSP – Premier Service Pharmaceutical

PSMAS – Premier Service Medical Aid Society

FML – First Mutual Life

ZINWA - Zimbabwe National Water Authority

GMB – Grain Marketing Board

FLIMAS- Fidelity Life Medical Aid Society

1.10 Summary

Chapter 1 contained the Introduction, Background of the Study, Statement of the problem, Main Topic, Sub research Questions and the Research Objectives of carrying out the Study. The significance of the study to the researcher, the institution and the Organization was also covered together with the Delimitations and the Limitations. Chapter 2 will be on the Literature Review.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter focuses on the Theoretical Framework of the research and looks at what other scholars who studied the topic before had to say. The main objective is to aid the researcher in acquiring an appreciation and comprehension of research done before him by giving him the background of the subject. By making use of the thesis presented by various authors in regards to Debtors Management Policies a starting point for the analytical framework of the research can be established.

2.1 An Overview of Debt Management

According to Carysforth, Neild and Richards (2010) debt refers to money owed to a certain individual or to an Organization. Debt should be managed and collected efficiently to enable the going concern and viability of the firm that is owed money by debtors.

The business dictionary defines debtors as a person/entity that owes money as a result of a credit purchase

According to Martin (2013) Accounts Receivable refer to monies to be received by the business from customers to whom goods and services were provided

2.2 Debtors Management Policy

The business dictionary defines a policy as standing rules, regulations and procedures that govern decision making.

According to www.bulletproof.net a debt management policy ensures that there is sound credit control and recovery of debts in a timely manner without compromising the quality service delivery to customers.

According to Pike and Neale (2009), for a debtor's collection policy to be good it should have clearly defined procedures such that the customers are familiar with the rules. Debtors have a tendency of delaying payments whenever they are dealing with a firm which has poor collection strategies or they might take advantage of the relaxed strategies in debt collection. The same

authors go on to say that debt collection is an art which should be mastered to ensure that payments are received on time. An ideal situation would be one in which a firm's accounts receivables are matched by its accounts payable thus the process would be smooth but delays irregularities in accounts receivable distort the whole process. There are inherent factors which affect debt collection and these do not reflect poor debt collection and management strategies and they include seasonal demands, shortage of vendors, fluctuations of the stock market, unemployment and general economic decline. The above mentioned factors should be recognized and business plans should be formulated with them in mind to establish a solid debtor's collection policy

Davies and Boezko (2010) stresses that entities that sell goods or provide services to their customers on credit need to maintain a policy which should be well managed to ensure the going concern of the firm. Adequate time and resources need to be devoted to managing the debtor's management policy.

The same author goes on to highlight key elements of a debtor's management policy as Choice of customers, ways in which sales are made, sales invoicing system, means of settlement, monitoring of customer settlement performance, overdue accounts collection system, speedy correction of errors and resolution of disputes

Pike and Davies both stress on the need for a debtors management policy to be clear and to be well maintained in order to ensure that both employees and clients adhere to it. Both authors also agree that debtor's management policies help to keep the companies afloat. However, R Pike goes on to mention that despite a clearly laid out policy there are inherent limitations which affect debt collection and are not linked to the policy. These include seasonal changes, shortage of vendors, fluctuations of the stock market, unemployment and general economic decline. In conclusion the debtor's collection policy is not the sole determinant that ensures that debts are collected on time.

2.2.1 Credit Policy

Kumar (2010) outlined that a credit policy is necessary for effective debtor management due to the fact that it lets management decide on whether to implement a strict credit policy or a liberal credit policy. A liberal credit policy increases the amounts of sales and profitability but risks increase as the sales increase. If sales are made to customers who will not pay then bad debts might arise. A strict credit policy increases liquidity and security but decreases profitability in a firm.

www.smallbusinessfinance lays down 6 fundamentals of a good credit management policy

Know your customer

A business has to know the details of the company that it is dealing with in order to assess risks of providing credit and acquire enough information should legal action be required. The information required includes the full name of the company and contact details, individuals responsible for ordering and making payments, references which include a bank reference and the track record of the company in terms of paying debts

Clear Payment Terms and Credit Limits

The company discusses payment terms with the customer in a bid to come up with a common ground on which to do business. These terms are put in writing and signed for future reference and relevant employees are made aware of the contract so that in whatever transactions that pertain to that particular customer they should stick to the terms agreed upon.

Invoice for payment

In order for payments to be made on time there are 3 golden rules. Firstly, invoices should be issued as soon as the goods and services are supplied so as to get paid quickly. Also, invoices should be accurate to avoid disputes with customers which might delay payment. Lastly, an invoice should contain all the necessary details which might be needed by the customer together with payment terms

Working capital finance

Businesses which offer credit terms should be able to source finance at affordable rates to finance the credit. All that should factor in for delays and disputes with the customer with regards to payment of the credit

Non-payment and bad debts

Clear policies and procedures should be in place to deal with delays and non-payment because if customers default or delay payments and fail to meet the due date they will be holding on to money that belongs to the business. There is need for reviewing customers on a regular basis so that those that tend to delay or default payments will have their payment terms amended

Treat suppliers fairly

Suppliers should be treated fairly in the sense that failing to pay dues on time puts pressure on the suppliers when they also want to pay their own suppliers

Bullivant (2010) outlined that a credit policy shows the way in which a company intends to carry out its business and avoid potential misunderstandings and confusion. He laid down steps used by successful companies in terms of the credit function

Involvement of the relevant functional heads in shaping future company policies. Identification of the best practice and working on all inconsistencies. Definition of the job responsibilities and objectives. Avoiding of internal disputes that waste management's time. Closing of loopholes which might result from chaotic procedures. Lastly, the operations should comply with laws of the land

The credit policy starts at the highest level in the organization and go across all levels of the organization. All employees need to know the credit terms, where they came from and the implementation. A credit policy is signed by the Board of Directors and is issued to all departments as a way of highlighting its importance to the survival of the company, liquidity and profitability. Key points to be explained include how credit is approved for new customers, the credit ratings and credit terms of a customer and what should be done to recover debts. However, trading with a customer might not always be done because they conform to best practices of credit management but it might be to attract market share or to fight competition from other competitors. A credit policy should always contain outstanding day's sales, debtors overdue as a percentage of the total, debtor's age analysis and disputed debts.

2.2.2 Length of Credit Period

Chandra (2008) says that credit period refers to the time period extended to customers in order for them to pay for their purchases. Generally a credit period when available varies from 15-60 days and it can be 0 if a firm does not extend credit to its customers. The credit period when no discounts are given is expressed as net of the number of days agreed on by the customer and the supplier. A longer credit period induces existing customers to purchase more goods and is also attractive to new customers though it is risky if the debtors default in their payments. A shorter credit period reduces sales, less monies will be tied to debtors thus reducing the risk of default by debtors.

According to Ganga (2012), credit period refers to the duration for which trade credit is extended and customers should honor up their overdue amounts. Longer credit periods have the effect of boosting sales though they increase the level of investment tied up in receivables thus resulting in lowering of the quality of trade credit. Credit period is mainly determined by competitor activity, rate of stock turnover of the buyer, the nature of the goods and whether funds are available. Generally credit period is expressed as a net of the number of days the debt is supposed to be settled. For instance, net 15 shows that a debt should be settled within 15 days.

Pike and Neale (2009) highlighted factors that influence the length of the credit period extended to customers

Normal terms of trade for the industry

A firm operates its trade credit policy basing on the normal terms in the industry it is operating in unless the firm has a distinct advantage over its competitors.

Trade credit as a marketing tool

The optimum credit period should be the point where the costs associated with increased credit intersect the point where profits generated by the increase in sales due to additional credit extended to customers

Credit ratings of Individual customers

The length of the credit period depends on the customer, regular credit terms are usually offered to those who have a history of paying up on time and specific credit terms or no credit terms at all are extended to customers who do not pay on time

Demand by consumers

Products that have high demand thus high turnover have shorter credit periods unlike slow moving goods which have a low turnover and have longer credit periods to encourage customers to purchase them.

Chandra and Ganga are in agreement in their definitions of a credit period. They both agree that it is the timeframe extended to debtors to pay up their amounts owing. Chandra, S Ganga and Pike also agree that the length of the credit period also affects the demand of the goods and a longer

credit period has an effect of increasing sales. Pike goes on to say that the length of the credit period also depends on the credit rating of the customer unlike the previous two authors who seem to dwell more on competitor activity as a determinant of the length of the credit period.

2.3 Policy Implementation

www.boundless.com defines a policy as a principle of behavior or conduct desirable to be expressed formally by a government or an authority and Implementation is also defined as the evolution of a concept to reality

Slack (2014) highlights ten key steps for a policy to be implemented as follows:

First and foremost, policies should not face insurmountable excess strains. This implies that the policy to be implemented should not be above the jurisdiction or constitution of the area it is to be implemented. Also, adequate resources should be available and the time frame of the implementation should be accounted for lest the policy fails. In addition, adequate staff resources in terms of the implementing agency are of great importance in the implementation. The policy and the theory should be compatible. Furthermore, the policy should abide to cause and effect relationships thus simplifying it since complex theories are less likely to be understood. To add on to that, dependency relationships between the agency in charge of implementing the policy and those required to carry it out. Basic objectives of the policy should be agreed upon and understood by all actors in the policy. This ensures that everyone in the policy understands what they are required to do should the policy be implemented. The tasks to be carried out should sequentially be explained from the conception stage to the implementation stage. Communication and coordination on the side of those implementing the policy should be fluid to ensure thorough understanding of the policy across all levels of the organization from the implementation. Lastly, compliance is the final nail in the coffin to ensure that implementation is successful thus those involved in implementing should work towards total compliance

2.3.1 Implementation of a debtor's management policy

Curtis (2009) says that if a customer does not pay up after their credit period has lapsed the firm has to write a polite letter which reminds the customer of the need for the payment. After the letter the firm should engage the client over a telephone conversation or a personal visit to the client. Failure of the aforementioned methods might result in the firm resorting to legal action if the amounts owing are not settled. The financial position of the debtor should be put into consideration

before legal action is taken, if the customer is delaying on purpose then personal and strict collection policies should be used. Taking legal action against a debtor who is faced by a financial crisis might result in them being declared bankrupt and the firm failing to recover its dues thus the firm has to be patient and try to advocate for reduced payment in such a scenario

Kaleb (2014) says that a business should make sure that it has control over its debtors so that it does not end up facing difficulties. He put forward three steps for implementation of a debtor's management policy:

Setting up credit controls

The process will be in place and customers are therefore encouraged to pay up their debts into the bank account of the business. Credit ratings should be used especially for customers who are new and are placing big orders, their history has to be known and if they have bad credit records then the credit facility is not extended to them.

Manage Debtors

This can be achieved by following up on all slow payers and the business should deal with whoever is authorized to make payments on the side of the debtor to ensure that payments are made on time. Reminder letters have to be sent after every thirty days and visits to the debtor are made and whoever is sent has to leave the debtor at least with a commitment of when the payment can be expected. The telephone can also be used as a reminder tool in addition to the regular visits. Credit ratings should be reviewed regularly because it is often misleading to only focus on assessing new customers yet the existing ones might be a greater risk in terms of default in paying debts. Signed delivery notes should be kept for future reference should the customer try to delay or evade paying the debt citing that they did not get the goods. Rapid growing customers should be treated with caution because they might help in boosting the sales of the business but that expansion might put pressure on the customer and their business might collapse

Problem customers

The credit system should be structured in such a way that customers who do not pay do not get supplies. Past supplies should be paid for first before entering into a new contract regarding the new supplies. The option for a professional debt collector or pursuing legal action should always

be open should conventional methods fail. If possible the customer should put down their commitment to pay their debts in writing

www.granthorton.com says the business should employ a credit controller who is efficient and effective in monitoring customers and they go on to say that debtors are most likely to respond if the deal with the same person unlike dealing with different people. The terms of trade should be drafted in a way that the company passes over the title deeds of the goods after payment of the final installment. A credit investigation has to be undertaken whenever the company is dealing with a new customer and if the new customer delays in paying their first invoice then a warning should be sent promptly to stress the need for paying on time because if the late payment habits become routine it will be difficult to break that habit in future. Threats to pursue legal action or to suspend service delivery should not be issued unless they are to be followed because false threats are not known to result in payments being made.

All the above three authors are in agreement that legal action has to be pursued should the debtor continue to default since it shows the debtor that the company is serious about its debts. E Curtis brings up an angle of his own when he talks about being patient with clients who will be facing financial challenges in terms of pursuing legal action since they might be declared bankrupt by the law and the company will lose out.

2.4 Controls in Policy Implementation

ISA 400 defined Internal Controls as policies and procedures put into place by management to assist in their objective of ensuring the orderly and efficient conduct of its business to safeguard assets, prevent and detect errors and detect fraud and ensure completeness and accuracy of accounting records.

According to Finkel (2014), controls are defined as a subset of business systems specifically designed to protect companies from behaviors or decisions which might be costly to the firm. Controls are there to make sure that avoidable mistakes that might prove costly to the business are avoided thus ensuring maximum usage of resources. Three types of controls were put forward by Finkel. Visual Controls are used to show the right things as they happen or raise a flag when the wrong things are taking place. Procedural Controls are used to ensure a safe pathway to achieving the desired results in the business. Embedded Controls are controls that are operational without people having to go out of their way to make use of them

Loughran (2011) identified five components of Internal Controls. The Control Environment looks at how the organization as a whole views the internal controls. Risk assessment is whereby management identify areas which have the highest risk in the firm and ensure that proper controls are put up to prevent and detect errors. Control Activities are the policies and procedures in an organization that ensure that the organization as a whole adheres to directives from management. Information and Communication entails that an understanding of the policy of the management with regards to Information and Technology, communication and processes of safeguarding assets for instance should be in place. Monitoring is when internal controls have to be monitored by Management to ensure their proper use in the organization, even the best internal controls are worthless if they are not being monitored.

Campbell and Hartcher (2009) came up with assertions which should be satisfied by each control set up by the business. If the internal control measure implemented does not satisfy any of the eight criteria listed below then that Internal Control measure will be questionable.

Firstly, completeness ensures that the reports of the business contain all records and transactions for that period. Also, accuracy pertains to the recording of the correct amounts in the correct accounts. Authorization ensures that all procedures and documents follow proper channels. Furthermore, validity is when all invoices relate to the firm and the firm properly incurred the liability. Existence with whether the assets are present and has liability been incurred. Error handling deals with the identification and processing of errors. Segregation of duties ensures that functions are kept separately. For instance, the personnel responsible for collecting cash should not be the ones responsible for banking. Lastly, presentation and disclosure –financial reports should be prepared on time and in line with generally accepted accounting practice

2.5 Review of Controls in Policy Implementation

KPMG (2010) stipulated that the after due and careful investigation the Board of Directors should after thorough investigation express their opinion on the review of internal controls. In an organization the Board of Directors are tasked with the review of Internal controls and Management since they are available on the ground on a day to day basis and report to the Board are responsible for ensuring that the internal of controls put in place in the organization are functional.

Jackson and Stent (2010) is in agreement with the KPMG report and goes on to say that the assessment and review of internal controls is a key process due to the dynamic environment in which firms operate in. Many loopholes arise especially due to changes in technology thus if the controls are not reviewed regularly they will be rendered obsolete and ineffective in the Organization.

The stipulation of the procedure to be incorporated for the review of Internal Controls as a whole rests with Management who in the annual reports and accounts have to confirm that they have been provided with appropriate documentation regarding to internal controls (KPMG, 2010). The process of review according to the report is as follows

2.5.1 Identify the core business objectives

The responsibility of identifying the key areas necessary for the survival of the firm rests with the directors. The key areas are vital for the survival of the firm and the reputation of the firm might also be on the line if the controls associated with these areas are not reviewed regularly.

2.5.2 Identify and assess the risks which affect the achievement of such objectives

The Directorate is responsible for officially reviewing the risks or reviewing at how the conclusion was reached as to the substantial risks threatening the firm or the prospects of substantial risks. Substantial risks threaten the existence of the company or could as well lead to its collapse if not dealt with

2.5.3 Put in place internal controls to deter those risks

After identifying the risks controls should be put in place to avert the risks and factors like the cost factor should be considered alongside the tolerance level set by directors.

2.5.4 Monitor internal controls

Management are tasked with monitoring internal controls and they report to the directors. Procedures should be instituted that ensure that controls are embedded within the organization as a whole.

2.6 Best Practice in Debtors Management

2.6.1 Centralization

According to Driver (2014), Centralization is whereby the firm as a whole has a single credit department. According to the author, the advantages of centralization of debtor's management include bringing about consistency in debt management. There is a lower risk of others deviating from protocol. Deciding on the credit risk becomes easier when done at the same location. Notices are sent out more efficiently, contacting the debtors and seeking legal action

2.6.2 Identifying Debtor Types

File (2011) has put forward four types of debtors and how to deal with each of them so that companies do not lose revenue from debtors.

Slow Payers

These are the debtors who will be behind in terms of their payments and payment terms habitually. Mainly this group of debtors consists of young people who historically in their credit lives pay slowly. Frequent and gentle reminders are required to enable these debtors to pay their debts

Debtors with Willingness but no ability to pay

This group has expanded the most since 2008, they want to honor their obligations but they do not have the money to pay their debts. Unemployment is the major cause of their predicament and collectors empathize with legitimate members of this group. They require patience and more long term payment plans.

Debtors with ability but no willingness to pay

This group is made up of people who try by all means to avoid paying their debts despite being employed and all their assets being available. They are known to threaten bankruptcy action and they tend to engage in legal battles on the legality of the debts they owe. Firm reminders are often required and the legal route can be taken to recover debts

Credit criminals

This group consists of criminals, fraudsters and habitual offenders who will not pay their debts at all. Due to the use of the internet this group is rapidly growing so they can be dealt with using effective account scrubbing tools and lawsuits to take criminal action against them

2.6.3 Credit Rating

www.thameswater.co.uk Credit Rating Agencies are there to disclose to companies before they make decisions to sell on credit a range of information on their potential customers. The information may include how the company used to pay its debts in the past and the history of all its credit purchases. In the UK, credit rating agencies hold information about most adults from places such as County Court Registers, Electoral Registers and Bankruptcy from the Insolvency Service.

2.6.4 Champion/Challenger Approach

According to Ikemura (2009), the changes in the economic environment in the world are a major reason for collection strategy testing. A sample segment is used to execute the Champion/Challenger approach to provide a learning tool which will show the most effective collection strategy. Assessment of the current environment is done so as to be able to identify areas which can be improved. A test plan which includes well defined goals, proposed strategy design, determination of sample size and the execution approach. Implementation then occurs using the aforementioned test plans. The challenger strategy can be declared the new champion given that it exceeds expectations or when desired results are achieved.

2.6.5 Payment Plans

Dunn (2015) is of the idea that customers have to be given various options to pay their debts for them to pay. If an overdue customer is contacted they might not be in a position to pay the full amount but they might be able to settle the debt in part payments. The payment plan has to be realistic for it to work thus there should be an agreement with the customer. Customers should not be led to believe that payment plans are always available but they are ways which are put into use when solving problems and it is advisable to put the plans in writing.

2.6.6 Debt Factoring

Beare (2013) states that as a last resort debt factoring agencies should be engaged to enforce payment of the debt. Debts over 90 days are surrendered to the agency showing the customer that you are serious in terms of recovering the debt. The debt factoring agency recovers the full amount from the customer gives the firm between 50-90 percent of the invoiced agreement as per agreement. There are two methods of debt factoring, a receivable with recourse which is when the debt factoring agency fails to recover the debt they can come back to the company and a receivable without recourse which transfers all the risks to the debt factoring agency should the debt fail to be recovered

2.6.7 Rotate Debt Collection Staff

Wilson (2011) is of the view that, if the organization has adequate employees in the debt collection department it would be good to rotate them. This shows the defaulting customers that they are not just dealing with one person but with the whole organization. To the staff the rotations help them to gain knowledge and experience in the field

2.7 Research Gap

Scholars in Literature focus more on the components of the debtor's collection policy and how to refine the policy for it to be effective and these are mainly for the developed countries or for countries with growing economies. The research was carried out to cover a gap in developing countries and countries with high unemployment rates and economies that are not performing well. Scholars also seem to dwell on credit rating agencies as part of the Implementation phase of the debtor's collection policy. The research seems to come up with whether credit rating agencies are available or are as effective in developing countries like Zimbabwe as they are in Developed countries covered by the literature already published.

2.8 Summary

This chapter covered an overview of debt management, the debtor's management policy, policy implementation, controls in policy implementation, reviews of controls, the best practice in debtor's management and the Research gap. Chapter 3 will be on the Research Methodology

Chapter 3

Research Methodology

3.0 Introduction

This chapter covers the Research design, Research approach, target population and the sample used. In this case a census was used. Data sources, Research instruments, Data collection procedures, Data analysis and Data presentation wrap up the chapter.

3.1 Research Design

Kumar (2011) defines a research design as a plan, structure and strategy of investigation formulated in a bid to come up with solutions and answers to a chosen research problem or question. The plan referred to above will encompass all that will be done pertaining to the research from how the hypotheses will be written to the operational implication of the research and finally to how the data will be analyzed. Thus, the research design should show a logical path for data collection which should be objective, accurate and economic to bring out the best results possible

B van Wyk (2009) defines research design as the overall plan that connects the research problems to the achievable empirical research. This implies that the research design shows the researcher the type and amount of data required, methods that should be used for data collection and data analysis and how the research questions will be answered.

3.2 Research Approach

3.2.1 Descriptive Research

According to Burns and Grove (2009), a descriptive research portrays a situation as it occurs naturally on the ground thus it is useful for substantiating the present practice, make judgement and formulate theories. Flick (2011) is also in agreement that descriptive research labels a situation, problem or phenomenon as it occurs naturally and scientifically. Thus the aim of this research was to understand the present practice and to be able to understand Premier Service Pharmaceuticals' Debtors Collection Policy and how it is implemented. The descriptive approach was therefore used because of its key features of its ability to take account of various forms of data and how it is able to incorporate human experience in association with the effectiveness of the Debtors Collection Policy as per the questionnaires provided by the researcher.

Advantages of Descriptive Research

People under study at PSP were unaware thus they carried out their activities as they do on a daily basis in their day to day operations. Also, it can collect large quantities of data to be studied in detail. In addition, it encompassed both qualitative and quantitative data in the analysis of the effectiveness of the Debtors Collection Policy at PSP. Data from sources within PSP was collected successfully. Flexibility of the method allowed the researcher to collect data from the head office of PSP and some branches

Disadvantages of Descriptive Research

Due to the reliance on observational methods the results of the research might not be replicated. The responses given by respondents may be motivated to please the researcher thus they do not reflect the truth of their opinions. Respondents are not comfortable in answering questions that are sensitive to them

3.2.2 Case Study Approach

Kumar (2011) outlines that a case study approach is thorough, holistic and encompasses an in-depth exploration of the areas under study. The assumption behind this approach is that the selected case can provide an insight on what takes place in the pool from which the case has been drawn from. The case of PSP under study is expected to give an insight on how other pharmaceutical companies in Zimbabwe are managing their debtors.

Advantages of the Case Study Approach

This approach saves time and resources as it focuses on one company and in this case PSP to gather data on pharmaceutical companies. Boundaries of the study are at PSP and the respondents are the staff. Case studies investigate a contemporary phenomenon within its real life context. This design extends experience to what is known already due to it making use of previous research. Narrows down a broad subject into one easily researchable subject

Disadvantages of the Case Study Approach

Cases selected may not be representative of the larger problem under study. Exposure to one particular case might lead to bias on the side of the researcher in terms of findings. Findings might

only be applicable to the case under study since it might represent an unusual problem for the research

3.2.3 Justification of the Method Used

For the purpose of this study the descriptive approach was used due to the fact that the current practice of debt management had to be observed as it occurs together with its implementation. The ability to take account of various forms of data and how it is able to incorporate human experience in association with the effectiveness of the Debtors Collection Policy as per the questionnaires provided by the researcher also led the researcher to make use of the descriptive approach.

3.3 Target Population

Vonk (2013) outlines that a target population is the group to whom the research results should be based on and apply to. Within the target population are a study population which encompasses the people who meet the operational definition of the target population.

In this study the target population refers to employees in the Accounting Department for Premier Service Pharmaceuticals. The study population are personnel who were working within the Department from 2012 since they can be able provide responses on the goings on in relation to debt management at PSP from 2012 which is the start of the period under study.

3.4 Sample

Keller and Warrack (2009) defined a sample as data obtained from a target population and Steyn et al (2014) alludes with the above definition by stating that a sample is a subset of the target population. The sample size is small thus a census which involves 100% of the total population will be carried out as summarized in the table below

Table 3.1 PSP Population and Samples for the Study

Finance Director	1	1	100%
Finance Manager	1	1	100%
Accountant	1	1	100%
Assistant Accountant	1	1	100%
Debtors Clerk	1	1	100%
Creditors Clerk	1	1	100%
Accounts Clerks	6	6	100%
Total	12	12	100%

3.5 Census

Sigdel (2011) says that a census takes account of the entire population to bring out accurate results. A census is carried out by asking the total population of the study to respond to questionnaires provided the numbers are small. For instance, the staff in the Accounts Department at PSP are 12 thus a census can be carried out since coming up with a sample from 12 people would produce results which are not conclusive.

3.6 Data Sources

According to Kumar (2011) there are 2 sources of Data which are Primary Sources of Data and Secondary Sources of Data

3.6.1 Primary Data

Sindhu (2012) states that primary data refers to the information that is collected by researchers which is specifically for research. This is data gathered and compiled by the researcher from interviews and questionnaires because it has not been published from any forum accessible to the public. Primary data is original in nature and thus it is current and deals with the problem under investigation directly.

Advantages

A high degree of accuracy since the data had originality and relevance to the research topic. Collection of primary data was done in several ways like interviews, questionnaires and telephone surveys .The data is current thus the researcher was gifted with a realistic view of the topic under study. Data is collected from reliable and concerned parties so it is reliable

Disadvantages

It was time consuming to carry out the interviews and distribute the questionnaires to the respondents. Some respondents gave responses which cover up the realities

3.6.2 Secondary Data

Kumar (2011) described secondary data as data that has been previously obtained for other reasons and not for the research in question. It is available in hardcopy or softcopy and it is a valuable tool in gaining insight into the research. Secondary data can be sourced from within the entity or can be externally sourced. The researcher made use of management reports, financial statements and company year books

Advantages

The data was cheaper and easy to access. Secondary data saved the researcher time and money and was also instrumental in value addition to the research. By obtaining documents from the organization and written records factual information was obtained. The researcher got a starting point and a general sense of direction for the research

Disadvantages

Secondary data can be rendered obsolete with the passage of time but for this research only relevant data was used. Secondary data might contain jargon which might confuse external users of the data but for this research classification was sought. Reliability is compromised since some of the sources are questionable but for this research analytical procedures were made and the researcher was also a part of the organization for his work related learning

3.7 Research Instruments

3.7.1 Questionnaires

Chisaka (2009) defines a questionnaire as carefully laid down questions used to collect data. Kothari(2009) is also in agreement and says a questionnaire is a document which contains a list of laid down questions with the hope of obtaining information for analysis. The questionnaires are convenient in that they can be used to gather comparable data from more than one individual due to the fact that the questions will be the same and they have to be clear and precise. These were handed physically to the respondents and were later collected thus the respondents had ample time to complete the questionnaires on their own thus eliminating the risk of research bias. For the purpose of this research both open ended and closed questions are part of the questionnaire which was completed by the respondents.

Advantages

Standardized responses were collected since the same questions were asked to different individuals. Time was saved since the questionnaire administration was done to several respondents at once. A written record of questions and responses was obtained. Maximum coverage at the least cost was achieved through the questionnaire

Disadvantages

Due to the standardized nature of the questions points which were misinterpreted by respondents might go unnoticed but an effort was made to ensure that respondents understood the questions. Some respondents were not willing to answer questions that they thought were sensitive truthfully but names are not written on questionnaires so respondents can answer truthfully

3.7.2 Interviews

According to Sindhu (2012) an interview is whereby the interviewer meets the respondents personally to ask them necessary questions regarding a subject. Efficiency and tactical awareness should be portrayed by the interviewer in order to extract accurate data from the interviewee. For this research personal interviews were conducted with the Accountant and the Debtors Clerk regarding the Debtors collection policy and implementation at PSP.

Advantages

Cross examination of the respondents was done thus the data collected is very reliable. Vague responses were further probed to get the actual responses. Some of the responses led to questions which the researcher had overlooked or had no prior knowledge of in regards to debt collection. The greatest response rate was obtained from the interviews compared to the other methods

Disadvantages

Due to busy schedules of the interviewees they could not meet the appointments but after rescheduling several times the interviews were conducted. Interviewees were not willing to respond to sensitive questions but facial expressions and gestures were noted by the interviewer

3.7.3 Participatory Observation

According to Ross (2014), participant observation is whereby a researcher joins the firm that he is researching on to get a first-hand perspective of the operations in the relative area of study. In the area under study the researcher would participate and observe how the debtor's clerk carried out his tasks as part of the rotation system when he was out on Internship.

Advantages

The researcher spent time with the debtors control team thus he had the chance to observe varied situations. The researcher performed some of the tasks thus when it comes to formulating recommendations feasible and practical recommendations will be available. As a participant and an observer the researcher had the privilege to see how the debtors control system is implemented on a day to day basis

Disadvantages

Active involvement could result in the researcher being biased but the researcher in this case tried his best to be objective

3.7.4 Open ended Questions

Kumar (2011) states that open ended questions are questions whereby responses to complete the questionnaire are not given thus the respondent makes use of their own diction to respond to the questions.

Advantages

Variable responses were obtained from respondents and the responses tackled complex issues. The logical thinking of the respondents was revealed together with the frame of reference. The research was enriched due to unanticipated findings. Open ended questions encouraged creativity and self-expression in the types of responses

Disadvantages

Statistical analysis was made difficult due to variation in responses. Quantifying the responses was made difficult due to different perspectives of responses

3.7.5 Closed/ Structured Questions

According to Kumar (2011) a closed question gives the respondent possible answers on the questionnaire schedule and the respondent ticks the category that best describes their choice of response.

Advantages

The questions were easy and quick for the respondents to respond to in their busy schedules. Responses were given on the “sensitive areas”. Meanings of the questions were deciphered by the choice of responses. Comparison and further statistical analysis was made possible due to standardized responses

Disadvantages

Information obtained lacked depth. Ease of answering of the questions could result to respondents merely ticking the boxes without thinking properly. Thinking patterns of respondents could be conditioned by the choice of responses provided

3.7.6 Likert Scale Questions

LaMarca (2011) defines a Likert scale as an ordinal psychometric measurement of attitudes, beliefs and opinions. Each question has a range of response that vary from strongly agree to strongly disagree thus to the respondent it is more of a multiple choice format as follows

Strongly Agree

Agree

Unsure

Disagree

Strongly disagree

Advantages

It was easily understood by the respondents. Responses given were easy to quantify and further process statistically into pie charts and graphs. Neutral or undecided responses were taken into consideration. They are versatile thus they could be sent via mail or can be conducted in person

Disadvantages

True attitudes of respondents were not measured since only five options were provided. Respondents avoided choosing extreme options on the scale fearing being labeled extremists though the extremes might show the correct position

3.8 Data Collection Procedure

The researcher administered questionnaires and conducted interviews to collect data for the research. Questionnaires were followed up through the use of telephone calls and electronic mail. The interviews were conducted as per schedule of the respondents though some of the interviews had to be rescheduled but eventually they were done

3.9 Validity and Reliability of Research Instruments

3.9.1 Validity

According to Shuttleworth (2015), Validity is whereby it is established whether results obtained by the entire experimental concept have met all requirements of the scientific research method. Validity is influential to the credibleness of the research as a whole though there are always chances that some unknown factors apart from those planned contributed to the findings and results. Phelan and Wren (2013) came up with 5 types of validity. Face validity is a type of validity that focuses on whether the research appears to cover the area under study. Construct Validity ensures that the validity measures only what it was intended to measure thus ignoring all the other

variables. Criterion Related Validity predicts the future or the current performance of the area under study. Formative Validity assesses how measures provide information that aid in improving areas under study. Sampling Validity is whereby a panel of experts ensure that of the area under study an adequate sample is selected since it is not feasible to cover the whole area

3.9.2 Reliability

Shuttleworth (2015) states that for results to be reliable the procedures which led to that particular output should be able to be repeated and the same results should be obtained. If other researchers execute the same procedures and research within the same parameters then the same results should be obtained

Pilot Testing

Schade (2015) views pilot testing as a session done before an actual study or research which should boost the reliability of results by fine-tuning usability studies. In order to ensure that helpers in the research are not confused with what they are supposed to do the pilot test should be run once or twice. A pilot test helps in showing the strengths and weaknesses of the actual study to be carried out and it helps in achieving the required results.

Teijlingen and Hundley (2009) views a pilot study as a mini version of a full scale study. The pilot study is not a guarantee of success for the main study but is only a tool which increases the chances success of the actual study.

Reasons for Conducting Pilot Studies

To develop and test the adequacy of research instruments. Also, it was conducted to assess whether a full scale survey is feasible. Furthermore, to design the research protocol. To assess whether the protocol is both workable and realistic. To establish the effectiveness of the sampling frame. To forecast logistical problems which might hinder outcome of the desired output. For primary data collection. To plan and budget on resources needed to carry out the study. To convince all stakeholders that the research is worth undertaking

Limitations of Pilot Studies

There might be a possibility that inaccurate predictions can be made based on the data obtained from the pilot survey. Data may be contaminated if the data used in the pilot study is included in the main research. There is also a risk that a pilot study might fail and instead of halting the research the researcher makes changes and carries out the research then it fails again

3.10 Data Presentation

For the purposes of this research the data collected from interviews, questionnaires and observations was presented in the form of pie charts, bar graphs and tables. The quantitative information was tabulated and also graphically presented stressing the percentages of some responses obtained from the respondents. The research thus, presented the data in a sequential structure that is questionnaire data supported by interview data. The use of tables was fundamental as they were an effective tool in demonstrating the summarized data accurately, briefly and orderly. Graphs were also utilized considering that they were easy to present data and interpret by readers.

3.11 Data Analysis

According to Kumar (2011) data analysis is dependent upon how it was collected and the way it is intended to be used. The questionnaires after being checked to see whether they had been completed were further processed together with the interviews because the data being raw has no meaning. The data was processed to come up with percentages in terms of a particular response to a question so that whoever uses the data collected can be able to derive meaningful conclusions from the data. Data analysis refers to the transformation of raw data into a form that will make it easy to understand and interpret. Analysis of data gives it meaning for its purpose and intended use, making it available to generate information. Both qualitative and quantitative methods were used. During the analysis stage, the researcher made extensive use of the computer, in storing, retrieving, further processing and analyzing the data. This places emphasis on speed and accuracy, which are paramount in enabling to schedule research feasibility. Microsoft suit applications such as Word and Excel were used.

3.12 Summary

This Chapter covered the research design, research approach, the target population and sample size. Also included are the data sources, research instruments, data collection procedures, validity and reliability of the research instruments. Chapter 4 will be on Data presentation and analysis.

Chapter 4

Data Presentation and Analysis

4.1 Introduction

This chapter covers the Analysis of Data response rates and Data Presentation and Interpretation Procedures. The Data presented and analyzed was obtained from questionnaires and Interviews.

4.2 Analysis of Data Response Rate

4.2.1 Questionnaire response rate

Twelve questionnaires were distributed to the Accounts Department of Premier Service Pharmaceuticals. All the twelve respondents completed their questionnaires resulting in a 100% response rate. Of the planned three interviews, all of them were carried out resulting in 100% of the interviews being carried out. The table below shows the response rates of the questionnaires and interviews.

Table 4.1: Questionnaire Response Rate

Finance Director	1	1	100%
Finance Manager	1	1	100%
Accountant	1	1	100%
Assistant Accountant	1	1	100%
Debtors Clerk	1	1	100%
Creditors Clerk	1	1	100%
Accounts Clerks	6	6	100%
Total	12	12	100%

Source: Raw data

12 out of 12 respondents responded to the questionnaires resulting in a 100% response rate which is satisfactory

4.2.1 Personal Interviews Response Rate

Table 4.2: Interview Response Rate

Description	Interviews arranged	Interviews conducted	Response rate %
Management	3	3	100%

Source: Raw data

The results of the above table denote that all the 3 scheduled interviews were conducted

4.3 Data Presentation and Interpretation Procedures

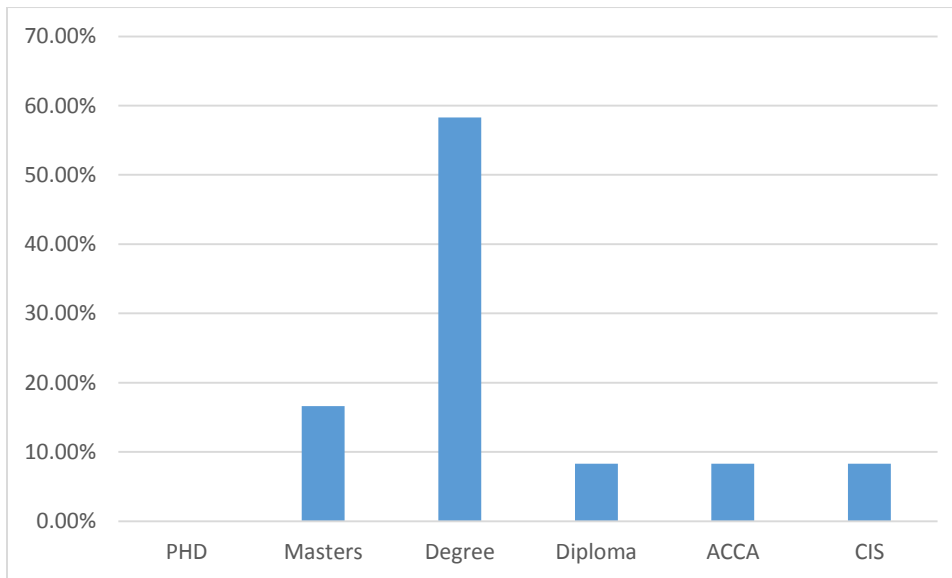
In a bid to present the data and interpret it in ways which can clearly be understood graphs, pie charts and tables were used.

4.3.1 Questionnaire and Interview response presentation and analysis

Question 1: Highest Academic Qualification Obtained

The question was structured in a bid to come up with the educational achievements of the respondents so as to decide on whether they can be able to understand the questions and provide answers which can be relied on.

Table 4.3: Academic Qualifications



Source : Raw data

Findings represented by table 4.3 above show that 0/12 (0%) are holders of PHDs, 2/12 (17%) of the respondents are holders of Masters Degrees and 7/12 (59%) have degrees. 1/12 (8%) represents

respondents with Diplomas, also 1/12 (8%) represents ACCA as a qualification and lastly 1/12 (8%) represents CIS as a qualification.

Danielson and Scott (2009) strongly agree that one’s level of education is a key necessity to implementation of policies in that it determines the competence of the individual so all the respondents based on Educational Qualifications are able to give responses which can be relied on.

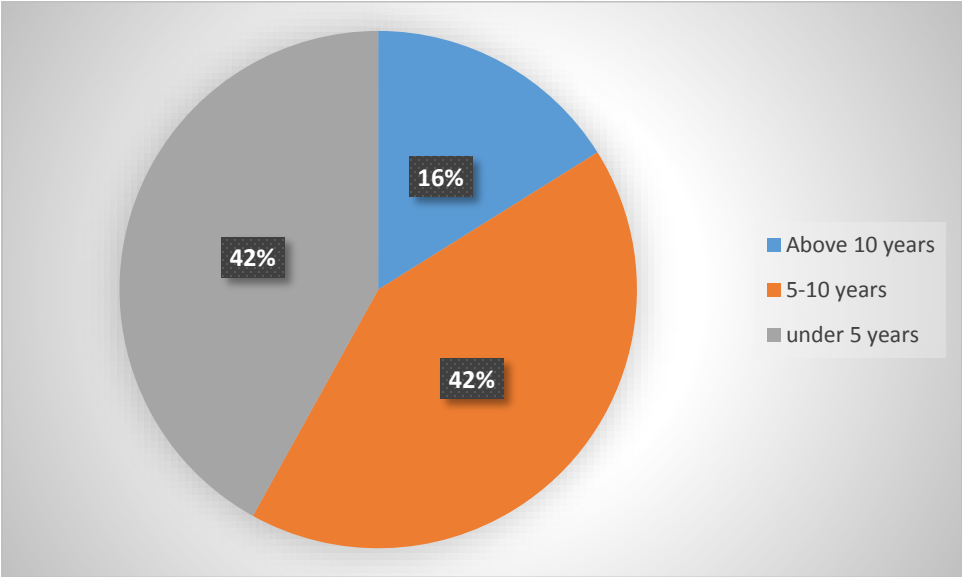
Question 2: Time spent with the Company

The question was structured in a bid to determine the time period in which the employees have served the Company. This helps to determine if the respondents have been with the organization long enough to be able to fall within the parameters of the research and to be able to understand the firm and give helpful responses to the research.

Table 4.4 and Fig 4.1: Time Spent at PSP

Time Period	0-5 years	5-10 years	10 years and above
Responses	5	5	2

Source: Raw Data



Source: Raw Data

The findings represented by table 4.4 fig 4.1 above show that 2/12 (16%) of the respondents served the company for more than 10 years, 5/12 (42%) were employed at PSP for a period ranging

between 5 and 10 years and lastly 5/12 (42%) of the respondents were employed by the company for less than 5 years.

Question 3: PSP has a debt collection policy

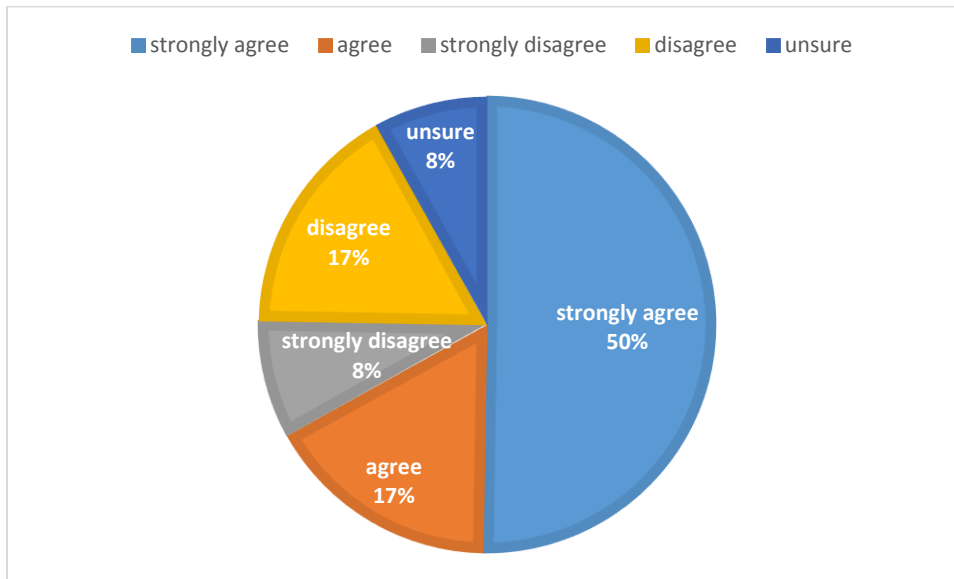
This particular question was drafted to find out whether the collection of debts at PSP is governed or regulated by a policy

Table 4.5 and Fig 4.2: Availability of a Policy

Response	Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
Number	6	2	1	2	1	12
%	50	17	8	17	8	100

Source: Raw data

Fig: 4.2



Source: Raw Data

The findings represented by Table 4.5 and Fig 4.2 above show that 6/12 (50%) strongly agreed, 2/12 (17%) agreed, 1/12 (8%) were unsure, 2/12 (17%) disagreed and 1/12 (8%) strongly disagreed on whether PSP has a debt collection policy.

3/3 (100%) of the interviewees alluded that there is a debt collection policy in place at PSP.

On the whole 8/12(67%) agreed whilst 4/12(33%) disagreed.

Interview findings show 3/3(100%) agreement.

The mode (67%) shows agreement on the existence of a debtor’s collection policy.

This view is supported by Pike and Neale (2009) who stress on the need for a debtors management policy to be clear and to be well maintained in order to ensure that both employees and clients adhere to it

Question 4: Formulation of the debt collection policy

The question helps the researcher to understand the individual or individuals responsible for the formulation of the debtor’s collection policy

Table 4.6: Responsibility for the formulation of the Debtors Collection Policy

	Degree of response									
	Strongly Agree		Agree		Unsure		Disagree		Strongly Disagree	
	f	%	f	%	f	%	f	%	f	%
i. All Employees	2	17	2	17	0	0	2	17	6	51
ii) Clerks	2	17	1	8	1	8	5	42	3	25
iii) Accountant	5	42	4	33	0	0	2	17	1	8
iv) Finance Manager	7	59	3	25	0	0	2	17	0	0

Source: Raw Data

i. All Employees

The findings represented by table 4.6 above show that 2/12 (17%) strongly agreed that the formulation of the debtors collection policy is the responsibility of all employees, 2/12 (17%)

agreed, 0/12 (0%) were unsure, 2/12 (17%) disagreed and 6/12 (50%) strongly disagreed that it was the responsibility of all employees.

On the whole 4/12(33%) agreed whilst 8/12(67%) disagreed.

The mode (67%) disagrees that employees are responsible for formulating the debtors' collection policy.

ii. Clerks

The responses show that 2/12 (17%) strongly agreed that the formulation of the debtors collection policy is the responsibility of Clerks, 1/12 (8%) agreed, 1/12 (8%) were unsure, 5/12 (41%) disagreed and 3/12 (25%) strongly disagreed that it was the responsibility of the clerks.

On the whole 3/12(25%) agreed whilst 9/12(75%) disagreed.

The mode (75%) disagrees that Clerks are responsible for policy formulation.

iii. Accountant

The responses show that 5/12 (41%) strongly agreed that the formulation of the debtors collection policy is the responsibility of the Accountant, 4/12 (33%) agreed, 0/12 (0%) were unsure, 2/12 (17%) disagreed and 1/12 (8%) strongly disagreed that it was the responsibility of the Accountant.

On the whole 9/12(75%) agreed whilst 3/12(25%) disagreed.

The mode (75%) agrees that the Accountant is responsible for policy formulation.

iv. Finance Manager

The findings show that 7/12 (59%) strongly agreed that the formulation of the debtors collection policy is the responsibility of the Finance Manager, 3/12 (25%) agreed, 0/12 (0%) were unsure, 2/12 (17%) disagreed and 0/12 (0%) strongly disagreed that it was the responsibility of the Finance Manager.

On the whole 10/12 (83%) agreed whilst 2/12(17%) disagreed.

The mode (83%) agrees that the Finance Manager is responsible for policy formulation.

KPMG report (2012) states that the ultimate responsibility for policy formulation lies with the management. Thus in this case the Accountant and the Finance Manager are responsible for policy formulation.

Question 5: The Organization has a documented debt collection policy

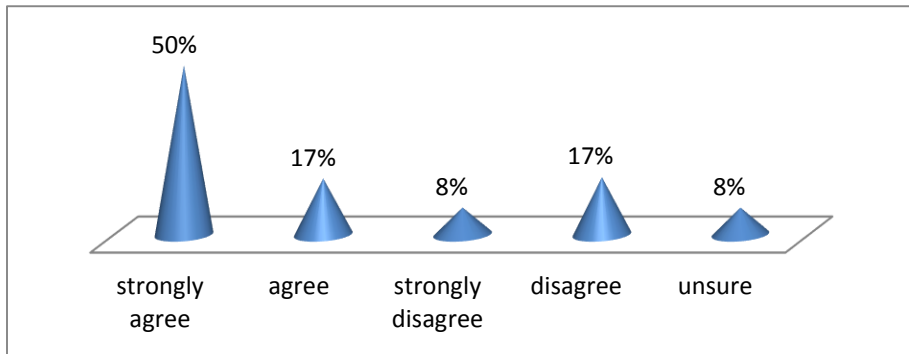
The question is aimed at establishing whether PSP has documented its debt collection policy

Table 4.7 and Fig 4.3: Documentation of the Debt Collection Policy

Response	Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
Number	6	2	1	2	1	12
%	50	17	8	17	8	100

Source: Raw data

Fig 4.3



Source: Raw data

The findings represented by Table 4.7 and Fig 4.3 above show that 6/12 (50%) strongly agree that the debt collection policy is documented, 2/12 (17%) agree, 1/12 (8%) of the respondents were unsure, 2/12 (17%) disagreed and 1/12 strongly disagreed.

On the whole 8/12(67%) agreed whist 4/12 (33%) disagreed.

The mode (67%) agrees that the Debt collection policy is well documented.

Bullivant (2010) outlined that a credit policy shows the way in which a company intends to carry out its business and avoid potential misunderstandings and confusion thus it should be documented.

Question 6: Debt collection policies are communicated to all employees across the Organization

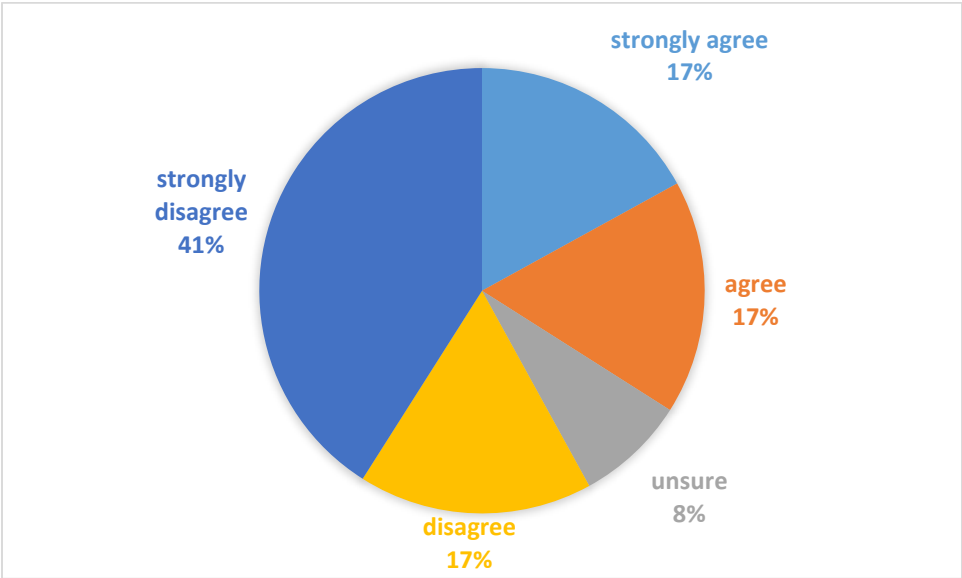
The question was drafted with the aim of ascertaining whether the existing debtors’ collection policy was communicated to all employees

Table 4.8 and Fig 4.4: Communication of the Debt collection Policy

Response	Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
Number	2	2	1	2	5	12
%	17	17	8	17	41	100

Source: Raw data

Fig 4.4



Source: Raw Data

The findings represented by Table 4.8 and Fig 4.4 above show that 2/12 (17%) strongly agreed that the debt collection policy was communicated to all employees across the Organization, 2/12 (17%) agreed, 1/12 (8%) were unsure, 2/12 (17%) disagreed and 5/12 (41%) strongly disagreed.

On the whole 4/12(33%) agreed whilst 8/12(67%) disagreed.

The mode (67%) disagrees that the debt collection policy is communicated throughout the Organization

Slack (2014) Communication and coordination on the side of those implementing the policy should be fluid to ensure thorough understanding of the policy across all levels of the organization from the implementation.

Question 7: The debt collection policy is implemented by:

The question is aimed at establishing who the respondents view as the one responsible for implementing the debt collection policy

Table 4.9: Responsibility for Implementing the Debt Collection Policy

Title	Degree of response									
	Strongly Agree		Agree		Unsure		Disagree		Strongly Disagree	
	f	%	f	%	f	%	f	%	f	%
i)All employees	7	58	2	17	2	17	1	8	0	0
ii)Clerks	4	32	2	17	2	17	2	17	2	17
iii)Accountant	3	25	2	17	0	0	4	33	3	25
iii)Finance Manager	4	33	3	25	1	8	2	17	2	17

Source: Raw Data

i. All Employees

The findings show that 7 out of 12 (58%) of the respondents strongly agree that the debt collection policy should be implemented by all the employees, 2 out of 12 (17%) agreed, 2 out of 12 (17%) were unsure, 1 out of 12 (8%) and 0 out of 12 (0%) strongly disagreed.

On the whole 9/12(75%) agreed whilst 3/12(25%) disagreed.

The mode (75%) agrees that all employees are responsible for policy implementation

ii. Clerks

The findings show that 4 out of 12 (32%) of the respondents strongly agree that the debt collection policy should be implemented by the clerks, 2 out of 12 (17%) agreed, 2 out of 12 (17%) were unsure, 2 out of 12 (17%) and 2 out of 12 (17%) strongly disagreed.

On the whole 8/12(67%) agreed whilst 4/12(33%) disagreed.

The mode (67%) agrees that clerks are responsible for policy implementation

iii. Accountant

The findings show that 3 out of 12 (25%) of the respondents strongly agree that the debt collection policy should be implemented by the accountant, 2 out of 12 (17%) agreed, 0 out of 12 (0%) were unsure, 4 out of 12 (33%) and 3 out of 12 (25%) strongly disagreed.

On the whole 5/12(42%) agreed whilst 7/12(58%) disagreed.

The mode (58%) disagreed that the Accountant is responsible for policy implementation.

iv. Finance Manager

The findings show that 4 out of 12 (33%) of the respondents strongly agree that the debt collection policy should be implemented by the finance manager, 3 out of 12 (25%) agreed, 1 out of 12 (8%) were unsure, 2 out of 12 (17%) and 2 out of 12 (17%) strongly disagreed.

On the whole 7/12(58%) agreed whilst 5/12(42%) disagreed.

The mode (58%) agreed that the Finance Manager is responsible for policy implementation.

2 /3 (67%) of the interviewees explained that the debt management policy is implemented by the clerks since they go into the field to follow up on the debtors. 1/3(33%) of the interviewees explained that management at PSP liaise with management from the debtors to push the payments of the debts.

KPMG (2011) is of the view that all employees have a key role to play and should be held accountable for implementing policies formulated by management.

Question 8: There are adequate personnel to implement the debt collection policy

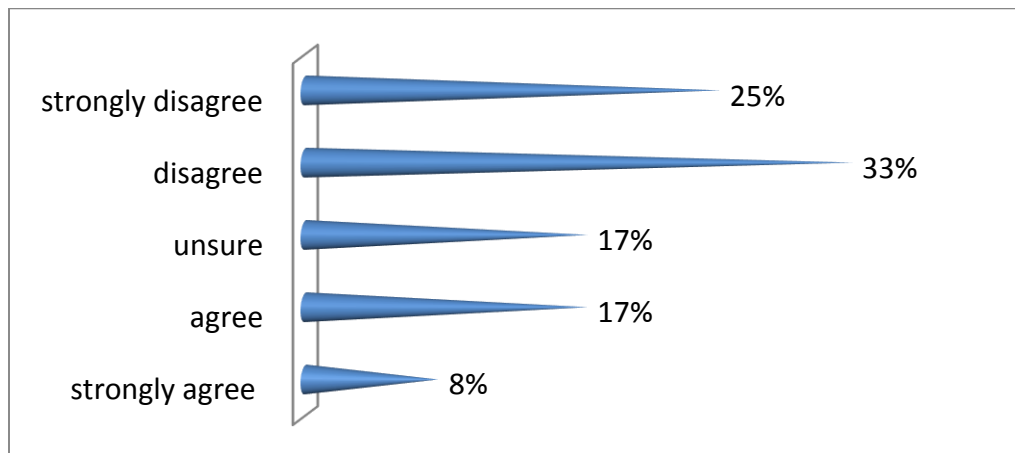
The question is aimed at establishing whether the personnel in the Organization are adequate to implement the debt collection policy at PSP

Table 4.10 and Fig 4.5: Adequacy of personnel for implementation

Response	Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
Number	1	2	2	4	3	12
%	8%	17	17%	33	25	100

Source: Raw data

Fig 4.5



Source: Raw Data

The findings represented by Table 4.10 and Fig 4.5 above show that 1/12 (8%) strongly agree that the personnel are adequate for the implementation of the debt collection policy, 2/12 (17%) agree, 2/12 (17%) are unsure, 4/12(33%) disagree and 3/12(25%) strongly disagree.

On the whole 3/12(25%) agreed whilst 9/12(75%) did not agree.

1/3 (33%) of the interviewees agreed that the personnel at PSP is adequate for debt collection. 2/3 of the interviewees did not agree that the personnel responsible for debt collection is adequate.

The mode (75%) disagrees that personnel is adequate for the implementation of the debtor's collection policy.

Slack (2014) supports this view by saying that, adequate staff resources in terms of the implementing agency are of great importance in the implementation of a policy

Question 9: The personnel responsible for debt collection is competent

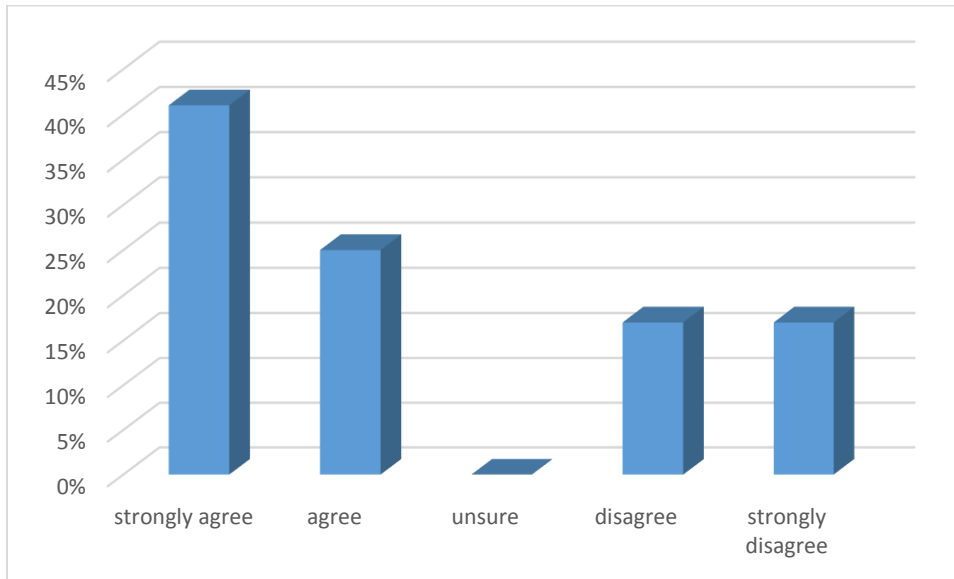
The question was drafted to assess whether the personnel possess the necessary qualifications and skills set required for debt collection

Table 4.11 and Fig 4.6: Competence of personnel in the debt collection department

Response	Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
Number	5	3	0	2	2	12
%	41	25	0	17	17	100

Source: Raw data

Fig 4.6



Source: Raw Data

The findings represented by Table 4.11 and Fig 4.6 above show that 5/12(41%) strongly agree that the personnel responsible for debt collection is competent, 3/12(25%) agreed, 0/12(0%) were unsure, 2/12(17%) disagreed and 2/12 (17%) strongly disagreed.

On the whole 8/12 (67%) agreed whilst 4/12(33%) disagreed.

The mode (67%) agreed that the personnel is competent for debt collection

Farley (2009) is of the view that competent personnel result in successful implementation of policies thus debt collection can be enhanced.

Question 10: PSP has a sound control environment

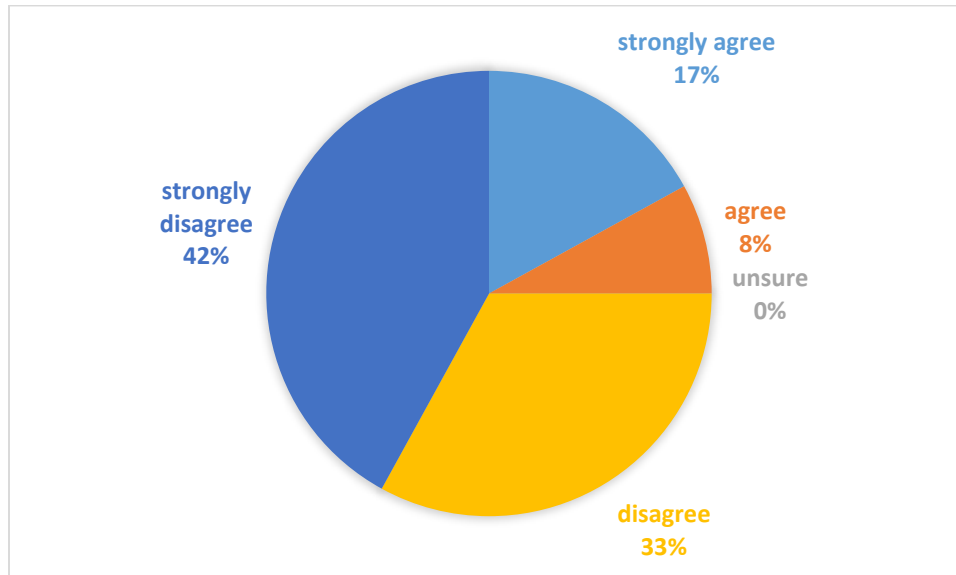
The aim of the question is to establish the whether the control environment of PSP is sound

Table 4.12 and Fig 4.7: Soundness of the Control Environment

Response	Strongly agree	Agree	Unsure	Disagree	Strongly disagree	Total
Number	2	1	0	4	5	12
%	17	8	0	33	41	100

Source: Raw data

Fig 4.7



Source: Raw Data

Table 4.12 and Fig 4.7 show that 2/12(17%) strongly agreed that PSP has a control environment which is sound, 1/12(8%) agreed, 0 (0%) were unsure, 4/12 (33%) strongly disagreed and 5/12(42%) strongly disagreed.

On the whole 3/12(25%) agreed whilst 9/12(75%) disagreed.

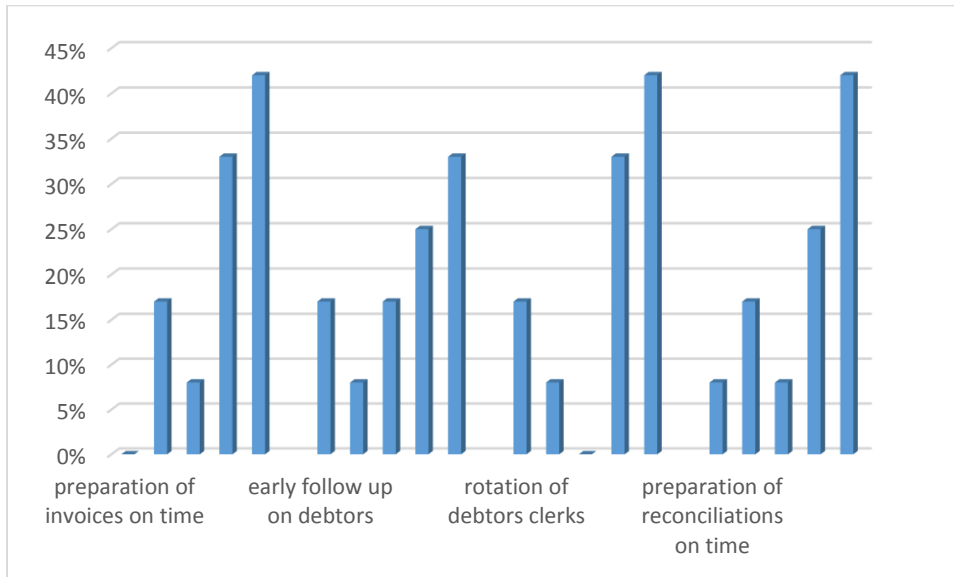
The mode (75%) disagrees that there is a sound control environment.

Finkel (2014) Controls are there to make sure that avoidable mistakes that might prove costly to the business are avoided thus ensuring maximum usage of resources.

Question 11: The following controls over debt collection are in place:

The question aims to establish which controls are available at PSP and how they are implemented

Fig 4.8: Controls over debt collection



Source: Raw Data

i. Preparation of Invoices on time

The findings show that 0/12(0%) of the respondents strongly agree that preparation of invoices is done on time, 2/12 (17%) agree, 1/12(8%) were unsure, 4/12(33%) disagreed and 5/12(42%) strongly disagreed.

On the whole 2/12(17%) agreed whilst 10/12(83%) disagreed.

The mode (83%) disagreed that invoices were being prepared on time.

ii. Early follow up of debtors

The findings show that 2/1217(%) of the respondents strongly agree that there is early follow up of debtors, 1/12 (8%) agree, 2/12(17%) were unsure, 3/12(25%) disagreed and 4/12(33%) strongly disagreed.

On the whole 3/12(25%) agreed whilst 9/12(75%) disagreed.

The mode (75%) disagreed that there is early follow up of debtors.

Lawrence (2016) supports the view by saying that a customers who have missed deadlines should be reminded politely so that they know that the firm is serious in terms of debt collection.

iii. Rotation of debtors' clerks

The findings show that 2/12(17%) of the respondents strongly agree that there is rotation of debtors clerks, 1/12 (8%) agree, 0/12(0%) were unsure, 4/12(33%) disagreed and 5/12(42%) strongly disagreed.

On the whole 3/12(25%) agreed whilst 9/12(75%) disagreed.

The mode (75%) disagreed that there was rotation of debtors clerks

Wilson (2011) is of the view that, if the organization has adequate employees in the debt collection department it would be good to rotate them. This shows the defaulting customers that they are not just dealing with one person but with the whole organization

iv. Preparation of Reconciliations on Time

The findings show that 1/12(8%) of the respondents strongly agree that preparation of reconciliations is done on time, 2/12 (17%) agree, 1/12(8%) were unsure, 5/12(42%) disagreed and 3/12(25%) strongly disagreed.

On the whole 3/12(25%) agreed whilst 9/12(75%) disagreed.

3/3 (100%) of the interviewees pointed out measures in place for debt collection which include preparation of invoices on time, early follow up on debtors, rotation of debtors clerks and preparation of reconciliations on time.

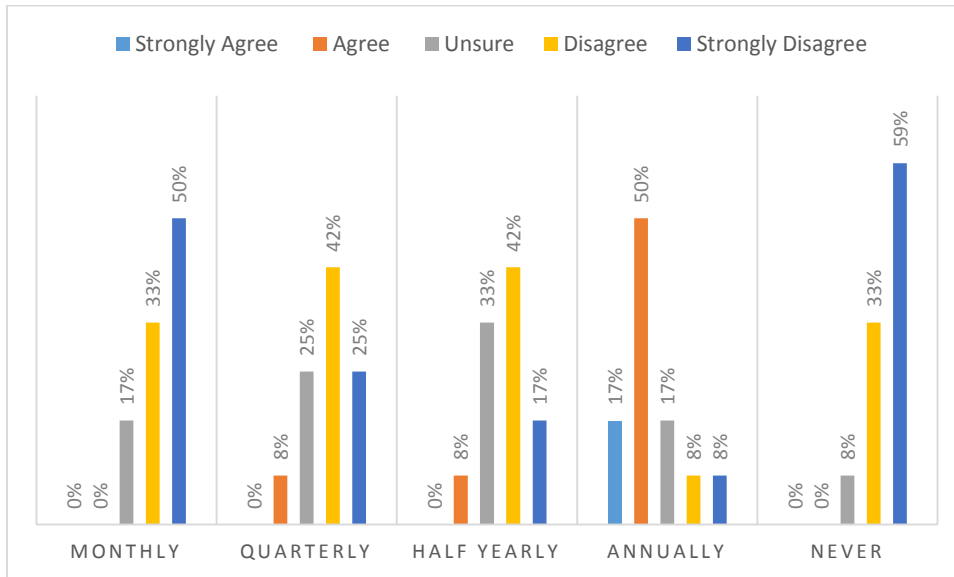
The mode (75%) disagreed that reconciliations were being prepared on time.

Wicks (2009) states that debts owing have to be subjected to internal controls for firms to receive their debts on time and in the right amounts

Question 12: Review of Controls are done

The aim of the question is to assess how often the controls are reviewed

Fig 4.9: Period of Reviews of Controls



Source: Raw Data

i. Monthly

Fig 4.9 shows that 0/12(0%) of the respondents strongly agree that reviews of controls are done monthly, 0/12(0%) agreed, 2/12(17%) were unsure, 4/12(33%) disagreed and 6/12 (50%) strongly disagreed.

On the whole 0/12(0%) agreed whilst 12/12(100%) disagreed.

The mode (100%) disagreed that reviews of controls is done monthly.

ii. Quarterly

Fig 4.9 shows that 0/12(0%) of the respondents strongly agree that reviews of controls are done quarterly, 1/12(8%) agreed,3/12(25%) were unsure, 5/12(42%) disagreed and 3/12 (25%) strongly disagreed.

On the whole 1/12(8%) agreed whilst 11/12(92%) disagreed.

The mode (92%) disagreed that reviews of controls is done quarterly.

iii. Semi-Annually

Fig 4.9 shows that 0/12(0%) of the respondents strongly agree that reviews of controls are done semi-annually, 0/12(0%) agreed, 1/12(8%) were unsure, 5/12(42%) disagreed and 2/12 (17%) strongly disagreed.

On the whole 1/12(8%) agreed whilst 11/12(92%) disagreed.

The mode (92%) disagreed that review of controls are done semi-annually

iv. Annually

Fig 4.9 shows that 2/12(17%) of the respondents strongly agree that reviews of controls are done annually, 6/12(50%) agreed, 2/12(17%) were unsure, 1/12(8%) disagreed and 1/12 (8%) strongly disagreed.

On the whole 8/12(67%) agreed whilst 4/12(33%) disagreed.

The mode (67%) agrees that review of controls is done annually.

Jackson and Stent (2010) is of the view that firms operate in dynamic environments thus the review of controls is necessary so that they remain effective

v. Never

Fig 4.9 shows that 0/12(0%) of the respondents strongly agree that reviews of controls are never done, 0/12(0%) agreed, 1/12(8%) were unsure, 4/12(33%) disagreed and 7/12 (59%) strongly disagreed.

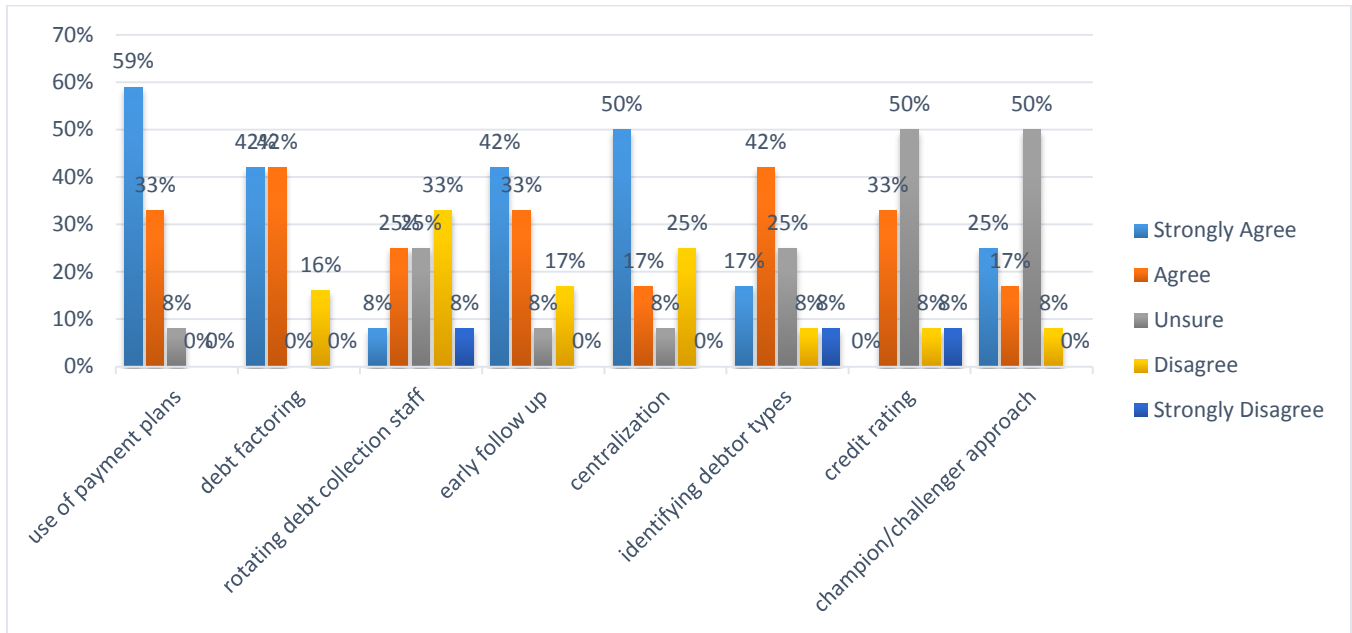
On the whole 1/12(8%) agreed whilst 11/12(92%) disagreed.

The mode (92%) disagreed that review of controls was never done

Question: 14 Debt Collection can be enhanced by

The question aims to establish the best practice for debt collection so that debt collection in the firm as a whole can be improved

Fig 4.10: Best Practice in debt management



Source: Raw Data

i. Payment Plans

The findings show that 7/12 (59%) of the respondents strongly agree that the use of payment plans leads to improvements in debt collection, 4/12(33%) agreed, 1/12(8%) were unsure, 0/12(0%) disagreed and 0/12(0%) strongly disagreed.

On the whole 11/12(92%) agreed whilst 1/12(8%) disagreed.

The mode (92%) agrees that payment plans leads to enhancement of debt collection.

Dunn (2015) agrees that if an overdue customer is contacted they might not be in a position to pay the full amount but they might be able to settle the debt in part payments.

ii. Debt Factoring

The findings show that 5/12 (42%) of the respondents strongly agree that the use of debt factoring leads to improvements in debt collection, 5/12(42%) agreed, 0/12(0%) were unsure, 2/12(17%) disagreed and 0/12(0%) strongly disagreed.

On the whole 10/12(83%) agreed whilst 2/12(17%) disagreed.

The mode (83%) agrees that debt factoring leads to enhanced debt collection.

Beare (2013) states that as a last resort debt factoring agencies should be engaged to enforce payment of the debt

iii. Rotating Debt Collection Staff

The findings show that 1/12 (8%) of the respondents strongly agree that the rotation of debt collection staff leads to improvements in debt collection, 3/12(25%) agreed, 3/12(25%) were unsure, 4/12(33%) disagreed and 1/12(8%) strongly disagreed.

On the whole 4/12(33%) agreed whilst 8/12(67%) disagreed.

The mode (67%) did not agree that rotating debt collection staff enhanced debt collection.

Kearns (2012) is of the view that rotation of debt collection staff does not lead to enhancement of debt collection since the client will be used to dealing with one debt collector and the new collector has to start afresh in building relations with the client.

iv. Early follow up

The findings show that 5/12 (42%) of the respondents strongly agree that the early follow up of debtors leads to improvements in debt collection, 4/12(33%) agreed, 1/12(8%) were unsure, 2/12(17%) disagreed and 0/12(0%) strongly disagreed.

On the whole 9/12(75%) agreed whilst 3/12(25%) disagreed.

The mode (75%) agreed that early follow enhanced debt collection.

Lawrence (2016) supports the view by saying that a customers who have missed deadlines should be reminded politely so that they know that the firm is serious in terms of debt collection.

v. Centralization

The findings show that 6/12 (50%) of the respondents strongly agree that the use of payment plans leads to improvements in debt collection, /12(17%) agreed, 1/12(8%) were unsure, 3/12(25%) disagreed and 0/12(0%) strongly disagreed.

On the whole 8/12(67%) agreed whilst 4/12(33%) disagreed.

The mode (67%) agreed that centralization enhanced debt collection.

This view is supported by Driver (2014) who outlined that the advantages of centralization of debtors' management include bringing about consistency in debt management

vi. Identify debtor types

The findings show that 2/12 (17%) of the respondents strongly agree that the use of payment plans leads to improvements in debt collection, 5/12(42%) agreed, 3/12(25%) were unsure, 1/12(8%) disagreed and 1/12(8%) strongly disagreed.

On the whole 7/12(58%) agreed whilst 5/12(42%) disagreed.

The mode (58%) agreed that identifying debtor types enhanced debt collection.

This view is supported by File (2011) who forward four types of debtors and how to deal with each of them so that companies do not lose revenue from debtors.

vii. Credit Rating

The findings show that 0/12 (0%) of the respondents strongly agree that the use of payment plans leads to improvements in debt collection, 4/12(33%) agreed, 6/12(50%) were unsure, 1/12(8%) disagreed and 1/12(8%) strongly disagreed.

On the whole 4/12(33%) agreed whilst 8/12(67%) disagreed.

The mode (67%) disagreed that credit rating enhanced debt collection.

Chand (2014) argues that credit ratings are a static study which focus on history thus changes which occur after the company has been rated are ignored.

viii. Champion/Challenger Approach

The findings show that 3/12 (25%) of the respondents strongly agree that the use of payment plans leads to improvements in debt collection, 2/12(17%) agreed, 6/12(50%) were unsure, 1/12(8%) disagreed and 0/12(0%) strongly disagreed.

On the whole 5/12(42%) agreed whilst 7/12(58%) disagreed.

3/3 (100%) of the interviewees outlined ways which can be used to ensure that debtors pay their dues on time. These include use of payment plans, debt factoring, rotation of debt collection staff, early follow up, centralization and identification of debtor types

The mode (58%) did not agree that the Champion/Challenger approach enhanced debt collection.

Carole-Ann 2015 states that some situations cannot be anticipated in simulation thus the champion/challenger approach might not enhance debt collection.

4.4: Summary

This chapter covers the Analysis of Data response rates and Data Presentation and Interpretation Procedures. The Data presented and analyzed was obtained from questionnaires and Interviews. The following Chapter is on the Summary, Conclusion and Recommendations.

Chapter 5

Summary, Conclusion and Recommendations

5.1 Introduction

This chapter presents a summary of all the preceding chapters, conclusions and recommendations based on major findings according to the objectives of the research. Subsequent to analyzing the primary research findings as well as the literature available on the topic of discussion, the research went on to conclude the findings and also to make recommendations regarding this matter. The research further carried out an analysis to determine whether it had managed to accomplish the objectives of the study.

5.2 Chapter Summaries

Chapter one provided a background of the study where the research was focusing on the Debt Collection Policy of Premier Service Pharmaceuticals from 2012-2014. The increase in the amounts owing between the three years was the main thrust of the research. Statement of the problem, Main Topic, Sub research Questions and the Research Objectives of carrying out the Study were also highlighted in this chapter. The significance of the study to the researcher, the institution and the Organization was also covered together with the Delimitations and the Limitations

Chapter two reviewed Literature on what scholars who studied the topic before the researcher had to say on the topic. Literature by the scholars helped the researcher to come up with knowledge of what is already in literature in order to establish the research gap. Bullivant (2010) laid down steps used by successful companies in terms of the credit function. Slack (2014) highlighted key steps for a policy to be implemented. It covered an overview of debt management, the debtor's management policy, policy implementation, controls in policy implementation, reviews of controls ,the best practice in debtor's management and the Research gap.

Chapter three covered the research methodology. This research mainly focused on the descriptive approach since its main thrust was on answering questions concerning the Debtors collection policy. The population was too small for sampling and hence the whole population was considered for data collection. In an effort to solicit information regarding Debtors collection policy of the organization, the research employed questionnaires and conducted selected interviews. A

population of 12 people was used and questionnaires were administered to 12 people and the other three were interviewed.

Chapter four presented and analyzed the data collected through the use of questionnaires administered and interviews conducted. The response rate for the interviews and questionnaires was 100%. Tables, pie charts and graphs were used to present the data which was presented question by question. The researcher used the mode and supported the findings by referencing what a scholar said on the findings.

5.3 Research Findings

- PSP has a documented debt collection policy which is not effectively communicated to all employees within the organization.
- The Debt Collection Policy is formulated by Management but all employees are responsible for the implementation
- Personnel in the Debt Collection Department is not adequate
- The control environment for PSP is not sound. Timely preparation of invoices is not being done, preparation of reconciliations on time and early follow up of debtors are not being done.
- Reviews of Controls are done annually

5.4 Conclusion

The research was a success since the factors which might result in the increase in accounts receivables owing were identified. The Debt collection Policy was established, the Implementation, adequacy of personnel, challenges faced, controls available, how they are reviewed and best practice led the researcher to make recommendations.

5.5 Recommendations

- Management at PSP should ensure that the debt collection system is communicated to all employees across the organization. This helps the Organization as a whole due to the fact that staff at different levels deal with customers and the employee-client relations developed might result in the debtors paying up on time due to high quality services offered to them.
- Management at PSP should hire more employees to assist in the debt collection Department. The hiring of more employees in the debt collection department ensures that

the clerk has fewer debtors to deal with thus there will be maximum concentration on the allocated debtors for each clerk.

- Invoices should be prepared on time as part of an effective billing system. An effective billing system results in debtors of the existence of their debts, which ones are due for payment and the ones overdue which should be settled. If the debtors are facing cash flow problems then based on the age analysis of what they owe they can engage PSP for payment plans.
- Reconciliation statements for debtors should be prepared on time by the accounts clerks and submitted to the debtor's clerk. The debtor's clerk will be tasked with the investigation of why the firm is not paying up its dues in order to deal with the firm in an appropriate manner. Measures like payment plans, discontinuing of services or legal action can be taken in relation to discussions between the debtor and the debtor's clerk.
- Due to the dynamic nature of the environment in Zimbabwe which PSP is operating in it would be advisable to review the internal controls quarterly. Waiting to review the controls annually might render them ineffective to the Organization.

5.6 Suggestion for Further Research

From this research, further research should focus on effects of restructuring on Premier Service Medical Investments.

5.7 Summary

This chapter looked at summaries of all chapters, analysis of objectives, research findings, conclusion, recommendations and suggestion for further research.

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Appendix A

Cover Letter

Midlands State University

Private Bag 9055

Gweru

20 April 2016

Premier Service Medical Investments

Premier Service Pharmaceuticals

14 Baines Avenue

Harare

Dear Sir/Madam

RE: AUTHORITY TO CARRY OUT RESEARCH

My name is Takudzwa D Muyambo. I am a final year student at the Midlands State University, studying towards a Bachelor of Commerce Accounting Honors Degree.

In partial fulfilment of the degree programme we are required to carry out an academic research, therefore I am conducting a study entitled “**An Investigation of Debt Management Practices on the performance of Premier Service Pharmaceuticals**”.

I am seeking authority to carry out research in PSMI. All information obtained will be treated with stern privacy and confidentiality and will be used for academic purposes only.

Your support on this is greatly appreciated.

Yours faithfully

Takudzwa D Muyambo

(R123767C)

APPENDIX B

Research Project Questionnaire

An Investigation of Debt Management Practices on the Performance of Premier Service Pharmaceuticals (PSP)

Instructions

1. Do not write your name on the questionnaire.
2. Show response by ticking the appropriate answer box and fill in the relevant spaces provided.

Questions

1 Highest Academic qualification attained.

PhD Masters Degree Diploma other (e.g ACCA)

2 Time spent with the Company

Below 5 years 5-10 years above 10 years

3 PSP has a debt collection policy

Strongly Agree Agree Unsure Disagree Strongly disagree

4 The debt collection policy is formulated by

	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
i. All employees					
ii. Clerks					
iii. Accountant					
iv. Finance Manager					

5 The organization has a documented debt collection policy

Strongly agree Agree Unsure Disagree Strongly disagree

6 Debt collection policies are communicated to employees across the organization

Strongly agree Agree Unsure Disagree Strongly disagree

7 The debt collection policy is implemented by

	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
i. All employees					
ii. Clerks					
iii. Accountant					
iv. Finance Manager					

8 There are adequate personnel to implement the debt collection policy

Strongly agree Agree Unsure Disagree Strongly disagree

9 The personnel responsible for debt collection is competent

Strongly agree Agree Unsure Disagree Strongly disagree

10 PSP has a sound control environment

Strongly agree Agree Unsure Disagree Strongly disagree

11 The following controls over Debt collection are in place:

	Strongly Agree	Agree	Unsure	disagree	Strongly Disagree
i. preparation of invoices on time					
ii. early follow up of debtors					
iii. rotation of the debtors clerks					
iv. preparation of reconciliations on time					

12 Review of Controls are done

	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
i. Monthly					
ii. Quarterly					
iii. Semi-annually					
iv. Annually					
v. Never					

13 Debt collection can be enhanced by

	Strongly Agree	Agree	Unsure	Disagree	Strongly Disagree
i. Use of payment plans					
ii. Debt factoring					
iii. Rotating debt collection staff					
iv. Early follow up					
v. Centralization					
vi. Identifying Debtor Types					
vii. Credit rating					
viii. Champion/Challenger Approach					

14 Any other comments

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Thank you for your cooperation.

Appendix C

Interview Guide

- What is the Debt Management Policy currently being used at PSP?
- How is the Debt Management Policy being implemented by the Organization?
- How competent and adequate is the personnel involved in debt collection department?
- What challenges are being encountered by PSP in recovering their debts?
- What controls are in place for debt management at PSP?
- In your own opinion , what measures should be adopted to improve the debt collection system of PSP