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FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

INVESTIGATING THE EFFECTIVENESS OF DEBT MANAGEMENT PRACTICES

ON THE PERFORMANCE OF A COMPANY: CASE DHL INTERNATIONAL

(ZIMBABWE)

BY

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R145372X

*This dissertation is submitted in partial fulfilment of the requirements of the **Bachelor of Commerce (Honors) Degree in Accounting** in the Department of Accounting at MSU.*

Gweru: Zimbabwe, 2018

DECLARATION

I, Nancy Mlambo 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, except to the extent indicated in the acknowledgement and references.

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DEDICATION

The report is dedicated to the student`s beloved parents, siblings, friends and relatives at large for their continuous and immeasurable support and encouragement, people who were her anchors for support before, during and even after the internship period.

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ABSTRACT

Due to difficulties with limited financial resources available to operators of the market, there is no doubt of an increase in credit transactions as they will be trying to have a sale but there are effects that follow depending on the firm's management of debtors. DHL Zimbabwe has been facing higher financial challenges as it has been experiencing a rapid increase in bad debts written off and a continuous decrease in revenue thus threatening its cash flows and performance. Therefore, it was now a concern of the researcher to investigate on the effectiveness of debtors' management practices on the performance of DHL Zimbabwe. The aim of the research was to understand the practices of debtors' management at the organization, guidelines in place to implement the practices, personnel responsible for formulation and implementation of the practices. It was also the objective of this research to identify controls which are in place over debt collection and the challenges that were being faced by the entity in managing its debtors. Also the research aimed at recommending the best practices that can be instituted towards debt management 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 management. The study used descriptive research design where there was both use of questionnaires and interviews because of its flexibility. 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, timely follow ups, rotation of debt collection staff, cutting supply to customers who are failing to meet their obligations and prepayments and early payments discount can improve debt collection in the organization. As a result, the research recommended that the organization should establish the best practices highlighted in the research.

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CHAPTER 1

INTRODUCTION

1.0 Introduction

This chapter presents the background of study that will be detailing the nature of the problem under research, problem statement underlying the research, main research questions, sub research questions, research objectives. The chapter is also going to highlight significance of the study, limitations and delimitations of the study, assumptions, abbreviations and acronyms. The research is on investigating the effectiveness of debt management practices on performance of DHL.

1.1 Background of the Study

DHL is an international logistic company with a global network of over than 220 countries. The company name DHL derives from its founders being Adrian Dalsey, Larry Hillblom and Robert Lynn. In 1969 the three founding entrepreneurs began operating an international door to door express delivery service thus giving birth to the world's leading courier company DHL. Its services and product lines include international express deliveries, global freight forwarding by air, sea, road or rail, customs clearing and other logistics services. Over 15 years ago the changing aspects in the market relations amplified the uncertainty of the commercial environment where business entities operate there by making risk an inherent part of business and public life (Ayagre 2014).

DHL Zimbabwe like any other entities is also vulnerable to a number of risks which include operational threats, financial threats, accounting misstatements. This is supported by the increase

in credit notes due to incorrect invoicing (minutes of finance department meeting April 2017), increase in amounts of bad debts written off (DHL Zimbabwe Debtors Age Analysis 2016), loss of key customers to its competitors causing a decrease in revenue and its market share.

Irrecoverable debts are increasing each and every year as indicated by Table 1.1 below. Increase in irrecoverable debts results in cash flow challenges which is a financial risk.

Table 1.1 Extract of Bad debts written off schedule DHL Zimbabwe

Year End	Trade Receivables(\$)	Budgeted W/O (\$)	Actual W/O(\$)	Variance (\$)
2015	283950	22716	40119	17403
2016	298790	29879	48244	18365
2017	375450	45054	68195	23141

Source: DHL Zimbabwe Debtors Age Analysis 2015, 2016 and 2017

Table 1.1 above is showing that from 2015 to 2017 DHL Zimbabwe has been having adverse variance throughout; this shows that they are having some challenges in collecting their debts.

At year end 2015 trade receivables stood at \$283950, provision for bad debts was at 8% of debtors which was \$22716 yet actual amount of write offs turned out to be \$40119 leading to an adverse variance of \$17403. Year 2016 provision for bad debts percentage increased to 10% of trade receivables therefore budgeted write offs stood at \$29879, the actual write off was \$48244 leading to a negative variance of \$18365. Year ending 2017 the figure for trade receivables stood at \$375450, the budgeted write off was at 12% of trade receivables giving \$45054 and the actual amount of write offs turned out to be \$68195 resulting in an adverse variance of \$23141.

The variances were on the increase from \$17403 in 2015 to \$18365 in 2016 and lastly to \$23141 in 2017. This is a concern to management because failure to collect those debts can be a threat to company's operations.

Good management of debtors is vital to business cash flow and safeguards business operations. DHL Zimbabwe Global Freight Forwarding has lost some of its major clients due to poor services like delays in clearing shipments and failure to meet their customer demands when it comes to delivery services due to those cash flow challenges that they are facing. They have also closed some of its border post branches e.g Nyamapanda as they were no longer having business there. Table 1.2 below shows a continuous decrease in amounts of revenue as a result of loss of business from their DGF key customers which includes Mbere, MBS, Atlas Copco and Sandvic to mention a few:

Table1.2 DHL Zimbabwe Global Forwarding Revenue Summary

Year End	Budgeted Revenue (\$)	Actual Revenue (\$)	Variance (\$)	Key Clients lost
2015	2056440	1780550	275890	15
2016	1119500	635480	484020	7
2017	940500	625260	315240	10

Source: DHL Zimbabwe Global Forwarding (DGF) Revenue Report

From Table 1.2 above showed that there is a continuous decline in revenue trend every year as the company keeps on losing its key clients. In 2016 budgeted revenue was at \$1119500 and actual revenue turned out to be \$635480; there was an adverse variance of \$484020 because of loss of its major clients Sandvic and Mbere which were contributing about a quarter of the

revenue amount of DHL Global Forwarding (DGF Manager's meeting minutes and DGF Revenue Report ending Dec 2016). Year end 2017 DHL Zimbabwe DGF lost about 10 clients which were contributing half of its revenue leading to a negative variance of \$315240 as budgeted revenue was greater than actual revenue collected.

At a town hall meeting which was held at DHL headquarters in Harare on 14/02/17 Jeff Phiri the MD said that the employees were supposed to work an extra mile so as to get back all those lost customers for them to meet their yearly targets since for the past few years they were always behind. This indicates that the company is struggling to attain its objectives and goals as the MD acknowledges the challenges and calling for commitment to duty by the workers (MD's minutes 14/2/17), therefore given these challenges there seems to be a problem facing DHL Zimbabwe.

1.2 Statement of the Problem

Due to our difficulties with limited financial resources available to operators of the market, there is no doubt of an increase in credit transactions as they will be trying to have a sale, the effect of these credit sales on the operations and performance of the company now depends on how the entity manage its credit sales. DHL Zimbabwe has been facing higher financial problems as it has been experiencing a rapid increase in bad debts written off and a continuous decrease in revenue as a result of loss of key customers and thus threatening its market share, cash flows and performance. Therefore, it is now a concern of the researcher to investigate on the impact of debtors' management practices on the performance and operations of DHL Zimbabwe.

1.3 Main Research Question

Investigating the effectiveness of debt management practices on the performance of DHL (Zimbabwe).

1.3.1 Sub- Research Questions

- What debt management practices are at DHL?
- What guidelines are in place to implement the practices?
- What personnel capacity is in place to effect the guidelines?
- What controls are in place to ensure implementation of the guidelines?
- What challenges are being faced in debt management at DHL?
- What best practice can be instituted towards debt management?

1.4 Research Objectives

- To establish debt management practices at DHL.
- To establish guidelines which are in place when implementing the practices.
- To determine personnel capacity that is in place to effect the guidelines.
- To establish the controls that are in place to ensure implementation of the guidelines.
- To establish challenges faced by DHL in debt management.
- To determine best debt management practice.

1.5 Significance of the Study

- To the researcher

It is part of the requirements to carry out the research in order for the researcher to complete a degree in Accounting at MSU. Apart from being a requirement to carry out a research, the research will enable the researcher to appreciate the theory learnt in class and also skills and knowledge of the industry will be improved.

- To the Organization

The study will provide information on the effects of debt management practices in the performance of the company and the best practices that can be introduced in trying to manage trade receivables effectively.

- To the University

The study will be useful to students who wish to carry out a study on debt management practices.

1.6 Limitation of the Study

- Confidentiality

Some respondents were not willing to cooperate when asked about certain questions due to confidentiality issues. To do away with this the researcher made use of other secondary sources of data that were obtainable. The researcher assured respondents that findings would be held in confidence.

- Financial limitations

Due to lack of funds to meet costs of printing and transport, the researcher used emails to communicate with DHL staff.

- Time constraints

The researcher had limited time to carry out the research due to having other studies as well as the deadline for submissions. To overcome the challenge, the student worked beyond normal hours so as to complete the research.

1.7 Delimitations of the study

The research study will be covering the period starting from year end 2015 to 2017. The study will focus on DHL Zimbabwe limited to the head office which is situated in Harare.

1.8 Assumptions

- The respondents would provide unbiased data.
- Debt management practices would not be reviewed in the course of the researchers study.

1.9 Abbreviations and Acronyms

DGF- DHL Global Forwarding

MD- Managing Director

MSU- Midlands State University

W/O- Write Offs

1.10 Summary

The chapter covered the background of the study, problem statement, main and sub research questions, research objectives, significance of the study, limitations and delimitations of the study, assumptions, abbreviations and acronyms. The next chapter is on literature review.

CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This chapter focuses on what other scholars who have carried out this research before had to say concerning debt management. It focuses on providing clear understanding of the area of study by providing a broad discussion and also review of debt management theories by previous researchers.

2.1 Debtors and debt management

According to Aberdeen Group (2012) debtors can be trade receivables which are defined as the money owed by customers to another entity in exchange for goods or services that have been delivered or used but not yet paid for. The money must be collected from the debtors to enable the company to run smoothly without facing any cash flow challenges.

According to Kumar Vinod (2011) debt management is a strategy that includes designing policies and procedures that direct how a company offers credit to its customers. These policies and procedures must be monitored or managed so as to minimize the amount of write offs the company might incur due to failure of debtors to clear their debts. According to Business dictionary debt management is meant to serve the dual purpose that is of increasing sales by extending credit to clients who are considered a good credit risk and at the same time minimizing risk of loss from bad debts written off by limiting credit to clients who are not a good credit risk.

Credit risk is known as the risk that a debtor may not be able to meet his or her obligations as agreed. According to Belman (2011) effectiveness of credit control dwells in the procedures used for assessing client's credit worthiness rather than just in procedures used in collecting the owed amounts.

As mentioned by Ibida and Owolabi (2012), serious attention is being given to the concept of liquidity management especially with the current financial situations. It is a concern of owners and managers of firms to develop a strategy of handling their day to day operations in order to increase their profitability.

2.2 Debt Management Practices

According to Martin (2013) practices are defined as methods, procedures, processes or rules used in a certain field. Debt management practices are those practices that actualize and keep up an arrangement of strategies and procedures to reduce the degree of capital tied up in debtors. These practices encourage the debtors to pay on the agreed dates thereby minimizing the number of bad debts.

Bad debts are losses that arise when the firm is incapable of collecting its accounts receivable. In the words of Donald and Penne (2014), the quality of credit customers accepted by the firm determines the size of bad debts losses to be incurred. Donald and Penne (2014) suggested that it is wise to discourage bad debts and efforts should be made to encourage cash discounts.

2.2.1 Credit Policy

According to Dengov (2014) credit policy is a written parameter which set out the terms and conditions for providing goods on credit, procedures for collections, customer qualification criteria, and actions to be involved in case of customer wrongdoing. Companies need to have an

agreement with the customer before offering credit. Necessary information such as customers' tax, legal name used by the company, should be gathered to perform a credit check. The customer must submit a list of credit reference and contacts to make sure that the client is credit worthy.

Credit worthiness is a creditor's judgment of an entity current and future capability and inclination to respect its debt obligations as agreed upon, this is according to Daniel (2013). It is generally based on the credit ratings, history and character of the debtor.

Maysami (2010) says that a company's policy refers to the actions taken by an organization to grant, monitor and collect cash from the outstanding debtors. It should contain customer documentation and information, cash discounts, collection policy, credit standard and credit period. According to Maysami (2010) these components which are found in a company's credit policy must be used as a tool for monitoring debtors.

Credit policy outlines guidelines that determine which customers are sold on open account, the limits set on outstanding balances, the exact payment terms and how to handle delinquent accounts. Properly developed credit policy can be an important tool for maintaining alignment on credit issues in a company. A well written credit policy supports and documents corporate goals, defines expectations, clarifies levels of authorization and responsibilities.

Easy credit terms can boost sales but they can actually increase losses if customers fail to honor their debt obligations. According to Pollen (2010) a firm's investments in trade receivables are affected by some other external factors which include economic conditions such as competition. Therefore for an effective management of those receivables, companies should come up with some procedures and guidelines to granting credit to customers and collection.

Below are some of the items that are supposed to be addressed in a credit policy document as stated by Dengov (2014);

- Credit standard. Pandey (2009) elaborate that credit standards are criteria which is used by a firm in selecting customers for the purpose of offering goods and services on credit. He further states that a firm may have light credit standards for example it may mostly offer goods and services on cash basis and credit sales may be extended to the most financially strong and reliable customers.

The effect of the above is that it will result to fewer losses incurred on bad debts and less cost on credit administration. However such a firm may not be able to increase its sales revenue. Therefore the choice of optimum credit standards involves a tradeoff between incremental returns and incremental costs.

- Credit terms and limits. This is when the creditor agrees to bill the customer and decides the due date of the payment. This must also include any other conditions for payment and whether there are any discounts for early payment and late payment penalties. These terms manage a credit sale. They represent an agreement between buyer and seller. Credit limit is defined by Pollen (2010) as the maximum amount of credit a company will extend to a debtor. Dengov (2014) mentioned that trade terms should be documented and it must also cover areas such as down payments and prepayments.
- Deposits. This includes the amount of money to be deposited for the account to start to function. The customer will have to pay a portion of the due amount in advance.

According to Kalunda, Karibu and Nduku (2012), company's credit policy can be either lenient or stringent. A lenient policy tends to offer credit to clients on very liberal standards and terms

such that credit is even allowed for longer periods to those clients whose credit worthiness is not sound. On the other hand a stringent policy is restrictive and only allows credit to those clients who are financially strong and those who have been ascertained their credit worthiness. Whether the firm adopts stringent or lenient credit policy, it must make sure that the policy retains and attracts good customers without having a negative cash flow impact.

However according to Adamko (2014) it is stated that despite the formation of sound credit policy, a percentage of debtors will eventually be unwilling to honor their obligation. In conclusion it is important to establish procedures to minimize this kind of situations. Therefore, when it comes to collections, a method that begins with a kindly reminder at early periods of delinquency proceeding to a final demand should be taken into consideration. It is vital to remember that the more an account ages the less probable it is to be collected.

2.2.2 Credit assessment

According to Gavlakova, Kliestik (2014), credit assessment involves credit information evaluation. It is a process of screening potential clients by carrying out credit investigations thus determining whether to grant credit or not and if yes how much. Gitman (2016) reviewed 5C's that are based on when granting credit which includes, capital, collateral, condition, character and capacity. According to Bordie K.M (2015) capital is defined as the value of paid up business. It takes into considerations the net worth of the firm. Collateral is defined by Houston (2015) as the security that is provided for credit facility by the client. In addition it is said to be the secondary protection intended to guarantee the debt obligation. Condition looks at what others in the same market or line of business are offering. It refers to overall market sensitivity, economic and environment climate surrounding the business. For example it looks at questions like what are the normal credit terms. According to Persuade and Ramadhin (2011), character is defined as

one's reputation that is honesty and personal integrity of the client. The firm can judge character basing on experience reference or background of the previous dealing and past litigations. Gitman (2016) describes capacity as the capability of a firm in terms of human and physical capital. Bart (2015) also defines capacity as the ability to manage payment or meet the obligations; therefore the client's business is evaluated to determine sufficient liquidity to make scheduled payments.

2.2.3 Ageing Analysis

This system is time based, it determines time which has passed since due date. According to Woolf (2011), ageing analysis is defined as a schedule which summaries the number of debtors with outstanding amounts. This can help the management in making decisions on whether to continue offering services to those late payers or to cut supply as the analysis indicates potential bad debts customers.

2.2.4 Debt collection practices

Woolf (2012) states that collection policies have to be set given that credit is offered to customers. This is to ensure that customers honor their commitments in paying up their amounts of the credit purchase. Furthermore these practices aim to speed up collections from slower payers and thus lowering bad debts losses. Collection practices can be defined for each credit customer and this should be done in a way that will not endanger the relationship with the customer.

Debt collection is also defined as the process of pursuing payments of debts owed by company customers. It is essential to have a plan of action when attempting to collect a debt from customers who are delinquent. The collection policies are termed as lenient and strict according to Garvey et al (2012).A strict collection policy involves more effort on collection and this has

effects that are both positive and negative. The money collected from debtors will increase but at the same time there will be an increase in collection costs and also decrease in sales volume. A lenient policy may increase the period of debt collection and increase in bad debts.

According to Rajan (2015), attempt to contact the customer first before taking any action is the most inexpensive and quickest way to resolve the debt. However, it may be necessary to pursue other courses of actions including mediation, arbitration and referring the debt to an external debt collection agency. Mediation and arbitration are legally acceptable ways that brings the seller and buyer together to negotiate a settlement. It allows the two parties to determine a solution. Arbitration provides for a resolution determined by a court appointed arbitrator. Vinton (2014) encourages the use of debt collection agencies as a last resort, as they are costly and are not required to accept every case referred to them.

According to Adamko (2014) some companies usually agree on a clear sequence to collect the debt after the expiration of the typical credit period granted to the customers. Firms may actually first send an email as a reminder to a customer and then followed by other strategies such as telephone calls and personal visits by firm's representative. He went on to say that if all of the mentioned strategies fail, the firm will be left with no option than to resort to the use of credit collection agencies and legal actions.

As a result of the above, there will be a shift of patronage to competitors and loyalty giving rise to loss of sales. However according to Vinton (2014), a situation where a lenient collection procedure is adopted, there will be an increase in trade receivables at the same time decreasing the profitability of the firm. An inflexible collection procedure is not necessary for a good firm to survive.

These debt collection practices must be favorable to both the client and the firm to enable both of them to attain their objectives. Attention should be taken in contrast to stringent practices especially on permanent customers because as mention before it may cause them to shift to competitors. In addition Kaleb (2014) encourages that before taking any legal actions suppliers should take into consideration the financial position of the debtor so as to differentiate whether the debtor is intentionally delaying payment or not. If so then tough collection practices applied towards that debtor.

2.3 Guidelines to Implement Debtors Management Practices

Guidelines to implementation are those detailed plans or explanations that guide the firm when determining the way it is going to apply its debtors management practices. According to Aberdeen Group (2012) the practices to be implemented must not be that challenging and complicated to those who will be involved in debt management. They must be clear and applicable for them to be effective and efficiency.

- Adequate resources

Adamko (2014) adds on to say, for the practices to be effective, adequate resources such as staff members who are supposed to carry out the practices should be available to perform the procedures and also information needed should readily be available. According to Enzhu (2008) aging accounts receivables can impact the workload for collections specialists in the accounting team. A higher percentage of overdue debtors can distract limited accounting personnel from their daily routines thereby decreasing departmental productivity. Thus there should be adequate employees.

- Collecting credit information, credit analysis and decision

According to Daniel (2013), the first step in implementing credit policy will be to gather information about the customers so as to have a proper analysis about the financial position of the customers. This information may be available from credit ratings agencies, financial statements, reports from banks to mention a few.

Credit analysis must be done after gathering the required information about the customer. The information gathered should be analyzed by the manager to find out the credit worthiness of potential customers and they satisfy the standards of concern or not. The analysis will define the risk associated with the account, capacity and ability of the customer to pay.

Credit decision is then done by the finance manager on whether it is worth to extend credit to the customer or not and if yes then up to what level.

- Training and educational programs

Stack (2016) brings upon the issue of training and education programs. He mentioned that for implementation stage to be a success the actors should have a clear understanding and agreement on the objectives of debt management thereby motivating the staff to work on the same goals. Trainings and educational programs ensures that every participant understands what they are expected to do should be the practices be implemented.

Kevin (2015) says that training concentrate on equipping staff who will be in direct contact with debtors with techniques on how to deal with them. It can give staff member confidence to make those difficult phone calls in a professional manner. According to Kevin (2015) the staff need be trained on the policy matters and legal issues just in case they form part of a debtor disagreement.

- Coordination and communication

Coordination and communication on those implementing the practices need to be fluent to ensure complete understanding of the practices throughout all levels of the organization. However implementation stage cannot be a success if there is no compliance to practices this is according to Stack (2016).

- Compliance

Therefore in conclusion, all efforts can be made in trying to implement those debt management practices but if staff members are not complying with the outlined procedures all will be in vain. According to Paris (2016) the firm should consider use of debt management systems. Implementing these systems call for careful planning in redesigning procedures and setting up the system. These systems can actually program routine tasks that include, monitoring that payments are paid on time and alerting staff on those clients with an overdue account. This frees up time of more experienced staff to pay more attention on challenging cases and less experienced staff to deal with other cases using regular procedures.

2.3.1 Management Involvement

Driver (2014) says that where senior management takes a direct and active interest in managing debtors, collection improvements follow. If management takes a less active role, practices tend to lose momentum. It is management's role to make sure that the objectives of the practices are clear and attainable. They also have to monitor progress and clearing obstacles that emerge.

According to Kaleb (2014) as economic and other factors change, debt management also needs to change. There should always be a review in those debt management practices so as to allow them to continue to be effective as they will be changing in accordance with time.

2.4 Controls to ensure implementation of practices

According to Finkel (2014), controls are a division of business system designed specifically to protect firms from decisions or behaviors which might cost the company. They are there to make sure that avoidable mistakes that are costly to the firm are totally avoided.

Willis (2010) says that there are five components of internal controls which includes, risk assessment, control environment, monitoring, information and communication and lastly control activities.

Finkel (2014) defined control activities as are procedures and policies in a firm that make sure that the organization as a whole adheres to instructions from the management. These mechanisms are put in place to enable management's directives and firm's objectives to be achieved.

According to Pollen (2014) these control activities involves authorization, verification, segregation of duties and reconciliation.

- Authorization

Procedures should only be approved by one who has the power and authority to do so. This means that all transactions and approvals should be authorized, initiated and recorded by the rightful person. Terms and conditions in which authorization can be completed should be clearly communicated to the employees and management. Reviews must be carried out to verify whether there are any alterations done after authorization.

- Verification, reconciliation and auditing

Transactions must be verified before and after processing as a way of minimizing errors. Agwor and Akenbor (2015) give the view that verification minimizes the risk of intentional manipulation and errors, for instance supplied goods must be verified with goods ordered. As stated by Agwor and Akenbor (2015) reconciliations must be done on regular basis making use of the appropriate documentation, which is debtor's statement should be reconciled with the accounting statements of the company.

According to Dixu (2013), it is essential to audit invoice packets. He encouraged that after completing invoicing there should be a packet on file that contains the credit authorization, sales order, bill of lading and a copy of invoice. Additionally, the internal audit team is supposed to review a selection of these packets. This must be done to verify that the billing clerk accurately reviewed all of the official procedures and correctly created an invoice.

The internal audit team should also match billings to shipping log since it is likely that items will be shipped without a corresponding invoice or vice versa. Therefore for auditors to detect these situations they have to investigate any differences by comparing billings to the shipping log.

- Segregation of duty

Dunn (2015) supported that functions must be kept separately that is personnel responsible for collecting cash should not be responsible for banking too, therefore this can be done through segregation of duties. Beare (2013) cited that, authorization, recording and verification should not be done by one individual and also no one should be able to handle incoming customer payments and creating credit memos at the same time. Duties and responsibilities should be assigned to different individuals. This can help in reducing risks of errors and fraud.

Risk is defined by Gavery et al (2012) as the possibility of an event arising and adversely affecting objectives that are set by the firm. According to Willis (2010), risk assessment is the identification of areas that have highest risk in the organization and the management ensures that proper controls are set to detect and prevent errors. Risk assessment includes identification of what can go wrong and trying to bring up remedies to lessen the risk.

According to Akenbor and Agwor (2015) monitoring is a process which encompasses observing employee's behavior or actions. This can include monitoring the relationships of the employee and the debtor that may cause the debtor to start delaying payments, missing documents and so forth. Moreover, these controls have to be monitored by the management so as to ensure their proper use in the firm and this should be done time to time.

Information and communication is said to be essential by Vinton (2016) for the set goals to be achieved. At all levels of the organization, appropriate channels of communication should be set to avoid communication breakdowns, moreover the information provided should be timely, current and exact for it to be useful. If everyone understands what is supposed to be done and also their role in debt management, it becomes easy for the management to assess the effectiveness of the practices of debt management implemented.

2.5 Challenges being faced in management of debtors

- Receiving late payments

According to Pandey (2009) none and delayed payments of debts have been one of the challenges faced by those firms that offer some of their goods and services on credit. Late payments by customers can be either caused by real financial difficulties faced by the client, or

the clients might be intentionally delaying payment or they might not have any intention of paying.

However, to minimize this Pollen (2010) encourages suppliers to introduce a penalty system because if they don't the customers will continue making late payments intentionally. He also states that, offering incentives for paying off outstanding invoices early can encourage customers to clear their debts early before due date.

- Fear of losing credit customers

According to Pollen (2010) some companies feel that when they try to implement debt management practices or controls, their clients will shift to competitors. The customers will end up opting other alternatives because they may have felt the heat of tough credit policies, therefore the firms might end up choosing to deal with bad debts rather than losing the customers. However, Dunn (2015) mentioned that a sale is not a sale until money is in the bank. This means that the firm might record highest revenue amounts but as long as that money is not collected there are no profits to be realized.

- Conflicts between finance team and sales team

Sales team and finance team are always having conflicts. The sales section may be receiving commissions and get reviewed based on company's revenue generated. On other hand, credit section's salaries and bonuses are based on the company's ability to collect on accounts.

The main objective of sales team is to have a sale and it doesn't matter to them to consider who they are selling to, whilst the finance team wants to screen first before approving a sale. The entity might end up being reluctant to implement debt management control systems as the sales

department will be much worried about their sales level when the finance team request to cut supply to those clients that are not honoring their commitments.

- Errors and mistakes

As stated by Anderson (2012) management of debtors involves human activities hence probability that errors in processing might occur is very high. These errors can be caused by fatigue, distraction, simple mistakes in judgments, carelessness, misunderstanding of instructions, and complexity of the new introduced computerized system to mention a few. Woolf (2011) cited that when decision and judgments are made under pressure there is a high probability that errors and mistakes would occur.

2.6 Best Practices that can be instituted towards debt management

Debtor management is crucial in ensuring that the firm has sufficient working capital to grow and reinvest. In analysis of debt management practices, Vinton (2016) realizes that not all debt management practices can apply to all type of issuers of debt. The below mention practices are found to be useful to DHL organization in Zimbabwe.

- Revision of credit terms and verifying contract terms

According to Vinton (2016) firms should review their credit terms each and every time. This is because of the rapid changes in business environment which are taking place now and then due to changes in economic, technological and political factors. The firms need to make sure that their credit terms are being adjusted in accordance with the changes in business environment. He went on to emphasize that, if there are any unusual payment terms, it is important to verify them before creating an invoice. Otherwise, accounts receivables will contain invoices that customers

refuses to pay. Vinton (2016) states that all purchase orders, invoices quotes and any other linked documentation should refer credit and contract terms so as to minimize misunderstandings.

- Payments plan

According to Dunn (2015), for debtors to clear their debts they need to be given different options on how they can settle their debts. Overdue customers might not be able to pay the full amount once therefore if that's the case, there should be a realistic payment plan which should be agreed upon by both parties. Dunn (2015) advised that these plans agreed upon should be in writing and they should be signed for reference just in case the customer fails to fulfill the commitment.

- Factoring

Factoring is a finance and collection service designed to improve firm's cash flow position according to Beare (2013). The procedures of factoring given by the author are as follows;

- a) Under an arrangement between the factor firm and the selling firm, the factor firm makes an appraisal of credit worthiness of a potential customer and may also set credit terms and limits.
- b) The sales document will enclose the command to make payment directly to the factor who is now responsible for collection.
- c) The factor shall credit the balance to the firm's account after deducting its fees and charges when payment is received by the factor on the due date.

According to Loughran (2015) debt factoring involves two methods which include, a receivable with recourse that is the factoring firm can always come back to the company when it fails to collect the debt and lastly a receivable without recourse which handovers all the risks to the factoring firm should the debt fail to be collected.

- Centralization

Centralization is defined by Driver (2014) as when a company as a whole has a single credit department which will be responsible for monitoring and management of debtors. He went on to say that centralization in the sense of management of debtors can be of benefit to the firm as it brings about consistency in debtors management and also reducing risk of others not complying to the protocols. Management of debtors becomes easier when everything is being done at the same place with the rightful people.

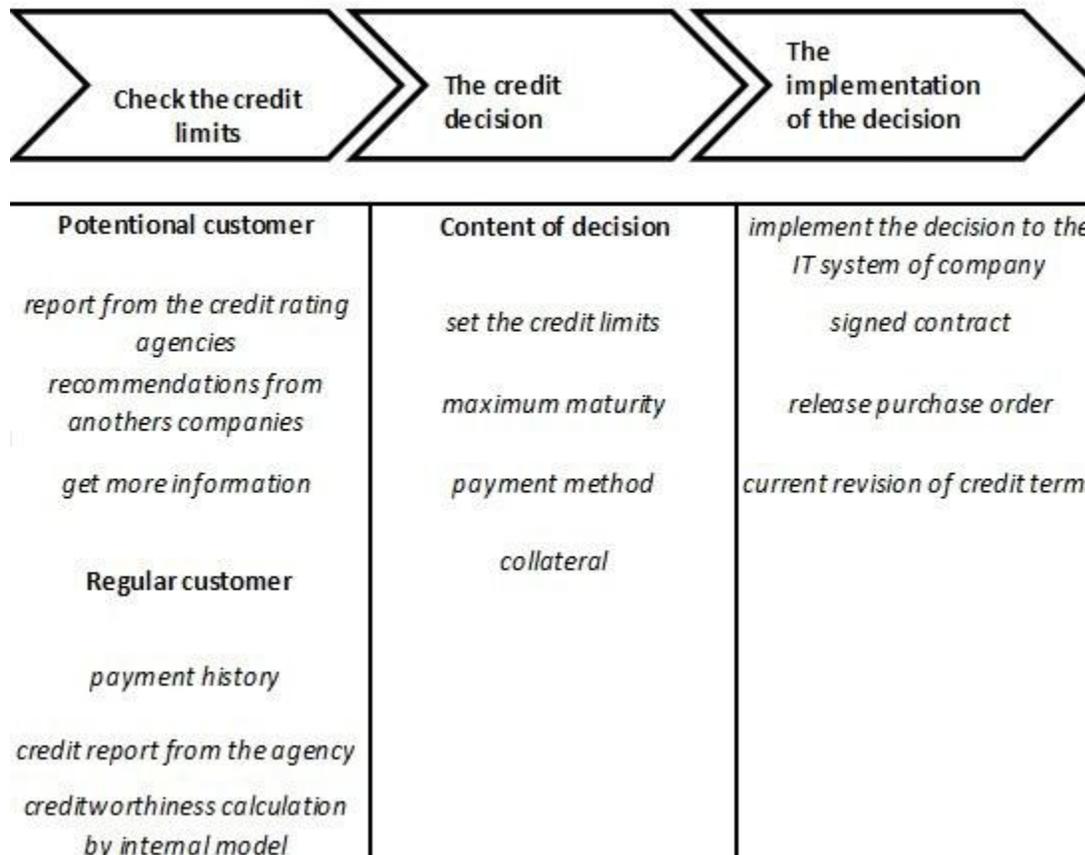
- Cutting supply

According to Driver (2014) customers who do not pay their debts are not supposed to be kept, they are not worthy having as they are a burden to the firm. Thus goods and services will not be delivered to the customer until debts have been cleared. Cutting supplies is therefore relevant to such customer so as to minimize costs of bad debts. Management may use this strategy to debtors who have exceeded their credit limit. However management is reluctant to do so because of being afraid to lose clients therefore it should be regarded as a last option when other strategies have failed.

2.6.1 Debt management practices in other developed countries

According to Anand 2014; Deloof 2015 some research studies have been undertaken on the effect of debt management practices of both small and large businesses in UK, India and Belgium using either a survey based approach to identify the push factors for firm to adopt good debt management practices. Following figure shows the simplified process in the management of risk associated with trade receivables.

Fig 2.1: Debtors management process



Source: www.thameswater.co.uk

- Credit rating agencies

www.thameswater.co.uk credit rating agencies are there to disclose to firms a range of information on their potential clients before they make decisions to sell on credit to them. In UK, information about most adults is being obtained by credit rating agencies from places such as Country Court Registers, Electoral Registers and Bankruptcy from the Insolvency Service.

- Challenger or Champion Approach

As mentioned by Adamko et.al. (2014), changes in the world's economic environment are a main reason for collection strategy testing. A sample segment is used to implement the approach to deliver a learning tool which will display the greatest effective collection strategy. Appraisal

of the current environment is done to enable identification of areas to be improved. A test plan is also carried out, it includes well defined goals, determination of sample size, proposed strategy design and the execution approach. Using the aforementioned test plans, implementation then occurs. Given that desired results are achieved or the challenger strategy exceeds expectations, it then can be declared the new champion.

2.7 Gap Analysis

Emery et al (2004) state that receivables are large investments in a company's asset, which are, like capital budgeting projects, measured in terms of their net present values. However according to Enzhu (2008) if those receivables are not managed properly they lead to decrease in firm's profits, cash inflows and large volume of the entity's money being lost in bad debts. According to Bastos and Pindado (2012), the effects of debtors during financial problems period would be huge as working capital is locked up and financial mediators become extra observant about offering financial aid to companies at such positions. Enzhu (2008) revealed that improper management of debtors is a direct financial crisis in which the company would have no cash to operate and even end up running into debts. The situation is worse as this increases the bargaining power of buyers to the sellers company because insufficient funds leading to sell at lesser prices for the cash instead of accounts receivables (Love et.al. 2007)

- Cash flow challenges

Although debtors appear in balance sheet of a firm as an asset, it can affect company's cash flows negatively. To provide services and products to customers, the company has to pay for labor. However Mishakova et al (2016) is of opinion that cash flow challenges is not as a result of poor management of debtors but it can be because of low profits being gained by the entity. Barbole et al (2013) adds on to say most loss making companies eventually run into cash flow

problems. These losses can be because of poor costs control and over investment in capacity. When companies spend too much on investment capacity, there will be some equipment which will not be in use thereby being wastage of cash since there is no revenue being generated from them.

- Long term effects

According to Baveld (2012), although debtors have a positive effect on balance sheet, scenario could evolve that could negatively affect net worth. If there is a constant shortage of cash because the firm has financed sales that have not brought in returns yet, the company would be forced to take out loans and incur finance charges. Long term revenue will decline if the firm fails to have sufficient cash flow to pay employees and buy inventory.

- Increase in bad debts

As stated by Enzhu (2008), improper management of accounts receivables may lead to increase in bad debts. However Valaskova (2014) argued that it is not only because of poor debt management that can cause an increase in bad debts. Debtors might be facing some financial challenges that may be hindering them from honoring their obligations being caused by factors such as environmental and economic factors.

- Decrease in company's profits

According to Rajguru and Mahatme (2017) poor customer service and any decrease in revenue will result in a decrease in profits. Once a company's sales decreases below the total amount spent for expenses and cost of goods sold in a given period, a net loss will occur. Poor pricing strategies, ineffective marketing programs, competition, inability to keep up with market changes and inefficient marketing personnel are common causes of decreasing revenues. To reverse the

negative margin, management must implement ways to increase market share and revenues. Budget overruns or unexpected costs incurred in excess of budgeted estimates can result in a negative profit margin. Even if target revenues are met and cost of goods sold kept within projected estimates, a negative profit margin can still occur if expenses incurred during the current period go beyond gross profit

2.8 Summary

The chapter covered the definition of debtors and debt management, debt management practices and the guidelines to implementation of the practices, controls to ensure the implementation of the guidelines, challenges which are being faced in debt management, best practices that can be instituted towards debt management and lastly gap analysis. Chapter three will be on Research Methodology.

CHAPTER 3

RESEARCH METHODOLOGY

3.0 Introduction

This chapter will describe the procedures and instruments used by the researcher to gather information in order to meet the objective of the study. Basically it is going to cover the research design, research approach, population, census, data sources, research instruments, types of questions, data validity and reliability and finally data presentation and analysis.

3.1 Research Design

According to Wyk (2012) research design is a framework which is created to assist in finding the answers to the research questions. It is defined by Kumar (2011) as an overall plan, procedures and methods which are going to be used to collect information needed in fulfilling the research objectives and questions.

Creswell (2013) defines research design as the plan that ties the research problems to the attainable empirical research. The design should show a logical path for data collection which should be accurate and objective to bring out best results. Creswell (2013) further highlighted that the research design must certify the attainment of evidence which enables the research problem to be effectively addressed in a clear way.

3.2 Research Approach

Researchers can choose which design to use for data collection from a variety of research approaches which are available for example, descriptive approach, exploratory approach or case study approach.

3.2.1 Descriptive Research Approach

Burns and Grove (2009) state that descriptive research approach portrays a situation as it occurs naturally on the ground thus it is useful for sustaining the present practice, make judgments and formulate theories. Flick (2011) concurs also that descriptive research labels a situation or problem as it occurs scientifically and naturally. Thus the purpose of this research is to understand the present debtor's management practices at DHL Zimbabwe and to be able to comprehend collection practices used as well as how they implement those practices.

Bush et al (2002) defines descriptive design as a process of collecting questions and answers.

Advantages

Descriptive research approach can gather large quantities of data since lots of information can be attained through description. Descriptions can be used as an indirect test of a model or theory with situations or behaviors that cannot be studied by any other way. Descriptive approach is very useful for recognizing variables and hypothetical concepts which can be further looked upon using other means. According to Haiying (2014) descriptive approach helps in identifying variables which can be tested meaning it assists the researcher to point out specific variables that impact the performance of the company which may require further studies. Moreover, it includes both quantitative and qualitative data in investigation of the effectiveness of debt management practices available at DHL. Kumar (2014) further said that the use of descriptive approach allows the researcher to describe what occurred in the area of study thus assisting in establishing new facts and meaning of the research question, projecting to a more significant research being done. The researcher was able to collect data from DHL head office and some of its branches successfully because of the flexibility of the method used.

Disadvantages

Descriptive approach does not permit statistical testing. It does not verify nor test research problem, this is according to Cresswell (2013). Absence of statistical testing might reflect the possibility of some bias.

3.2.2 Exploratory Research Approach

According to Wyk (2001), exploratory research approach is tailored at discovering insights as well as new ideas. A research process is carried out for an area that is little know.

Advantages

Exploratory design is flexible with regard to the methods used for gaining insights. It increases familiarity with the problem especially where the author does not know much about the research problem.

Disadvantages

Exploratory research approach does not probe definitive answers when employed over a large population since it is commonly suitable for reasonably small directed populations who are not randomly selected for participating.

3.2.4 Justification of the method used

Descriptive research design was opted for by the researcher in order to attain the objective of the study which is investigating the effectiveness of debt management on performance of a company. It is being used by the researcher because of its ability to take into account various forms of data and how it is able to integrate human experience in relationship with the effectiveness of debt management practices as per the questionnaires provided by the researcher

thus enabling the interpretation of relationships that exist between variables. It also rely on firsthand information rather than just basing on what other authors said and historical data.

3.3 Targeted Population

Any wide-ranging group that shares the same mutual characteristics is referred to as a population by Zikmund et al (2012). According to Vonk (2013), targeted population is referred to as a group from which research results are based on and applied to, that is a pool of people considered suitable for a research under study. The targeted population in this study comprises of permanent employees in customer services, sales and finance department who were at DHL for five years and above.

3.4 Census

It increases the ability of the researcher to assemble enhanced demographic data across the whole population, this will assist in having transparency regarding on which department is comfortable with the current debt management practices available, Kumar (2014). Morris (2003) clarified that a census involves every element and unit of certain population receiving an equal probability consideration. In addition Sigdel (2011) supported that to bring out accurate results census takes into account the whole population unlike sampling which does not present the entire population and makes it tough to generalize the findings.

As stated by Rahi (2017), when conducting a census every participant of the targeted population is involved thus increasing the statistical assurance in survey results as the researcher will be completely confident that the data produced reflects the suitable population parameters, unlike sample which reduces statistical confidence.

Table 3.1 Targeted Population

Respondents	Population
Senior management	3
Junior management	3
Customer services department	9
Sales department	7
Finance department	6
Total	28

As illustrated in table 3.1, targeted population size is 28 employees inclusive of 3 senior management employees, 3 junior management employees and 22 low level employees. Hence, due to the fact the population size is small and manageable in terms of financial resources and time, the researcher will conduct a census.

3.5 Data Sources

Kumar (2011) identifies two sources of data, primary and secondary sources of data.

3.5.1 Primary Data

Data is captured where it is generated thus being raw information. It is defined by Sindhu (2012) as data specifically collected for the project. Data to be collected by the researcher has not been published from any forum open to the public therefore the researcher will have to carry out interviews and questionnaires on the targeted population. Due to that primary data is original in nature as it is contemporary and deals with the problems under research directly.

Advantages

It is flexible since it can be collected from either focus groups, interviews, surveys, questionnaires. The information gathered is current thereby giving a more realistic view to the researcher about the effectiveness of debt management in performance of a company. According to Bokin (2009), when using primary data there is a high degree of accuracy since the collected data had relevance and originality to the study. Data is gathered from the concerned and reliable parties so it is very much reliable. Jackson (2015) also added that it is far much easier for researchers to analysis information that they have gathered themselves as they would have considered the procedures that their researches need.

Disadvantages

Collection of primary data that is distributing questionnaires and conducting interviews to the respondents can be time consuming and expensive. There can be distortions when assembling data from different sources.

3.5.2 Secondary Data

Secondary data involves the extraction of the existing data. It can be gathered from both the internal sources for instance financial reports, and external sources for example documentary reviews, textbooks to mention a few. Welman and Kruger (2003) state that the data must be adjusted and validated before put into use because it may be historical or contemporary. In addition when assessing the reliability of the data consider credibility, reliability, completeness, authorship and authenticity.

Advantages

According to Babin (2010) secondary data is cheap and less time consuming when compared to collection of primary data, as it is readily available. It provides a starting point to the researcher.

Disadvantages

Babin (2010) clarified that with time secondary data can be rendered absolute. Moreover the sources used by secondary data may contain information collected for other researches which may be inapplicable and irrelevant to the current research.

3.6 Research Instruments

3.6.1 Questionnaires

According to Kothari (2009), it is a document or instrument used for gathering data through the use of thoroughly compiled questions with the aim of obtaining information for analysis. It is supported by Ozge (2010) that questionnaires are scripts of questions documented for the respondents to fill their answers. Questions can be either open ended or closed ended.

Advantages

Babbie and Mouton (2004), state that questionnaires make large sample achievable. Large amounts of data can be gathered with relative ease from a variety of people. This practice enables the obtaining of opinions and attitudes as well as information about the past and current experiences. The way the questions were asked also allowed greater uniformity and this enabled greater comparability of answers. Standardized responses were gathered because same question were asked to different individuals. A written record of responses and questions is obtained.

Disadvantages

Space limit can be a challenge to respondents as their answers are going to be limited according to the space provided. Unwillingness of respondents to answer honestly the questions which are sensitive.

3.6.2 Interviews

An interview is where by the interviewer meets with the respondent personally to ask questions which are required regarding a subject, this is according to Sindhu (2012). Competence and strategic awareness should be shown by the interviewer in order to gather accurate data from the interviewee.

Advantages

According to Winner and Dominick (2010), the interview provides the respondents values, opinions, relocations, feelings, motivations and experience. This can be of assistance to the researcher to grasp even the most obvious and basic aspects of a situation. The interviewee also has an opportunity to ask for clarification where they do not understand. The interviewer is able to notice whether the interviewee is not being honest or hiding something through facial expressions, gestures and the way the interviewee responds.

Disadvantages

Interviewees might not be willing to respond to the sensitive questions therefore the interviewer must take note of gestures and facial expressions. Interviewees may not be able to meet the appointment due to busy schedules and so there should be always a reschedule.

3.7 Types of Questions

- Open ended questions

According to Kumar (2011) open ended questions are questions whereby the respondent makes use of their own choice of words to respond to the questions since responses to complete the questionnaire are not given.

Advantages

Variable responses can be obtained from the respondents. The research can be improved due to unanticipated responses. Open ended questions encourage self-expression and creativity in the types of responses. Ozge (2010) highlights that open ended questions allow for the gathering of more qualitative information as respondents have the platform to air out their view without being limited. Malliar and Togar (2016) open ended questions enable the respondents to openly express themselves freely without influence from the researcher thereby increasing the validity of the study

Disadvantages

The interpretation, presentation and analysis of findings from open ended questions is complex to digest according to Reis et al (2004). Statistical analysis and quantifying the responses can be difficult due to variation in responses.

- Closed or structured questions

According to Willis (2008) these questions have explicit choices of answers for respondents, for instance Yes or No questions. The author further states that closed ended questions make data presentation, arrangement and interpretation easy since respondents are limited to answers that can be statistically arranged. 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

Comparison and further statistical analysis can be possible due to standardized responses. These normally result in a higher response rate as they are easy and faster to answer. Responses to closed ended questions are easy to interpret and statistically analyze thus it is easier to come up with conclusions on the subjects under study according to Reis et al (2004).

Disadvantages

Information gathered from closed questions is not detailed this is according to Heyvaert et al (2013). 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.

- Likert scale questions

It is a summary of the respondent’s opinion highlighting their level of agreement with the question or statement given according to Reis et al (2004). LaMarca (2011) defines a Likert scale as an ordinal psychometric measurement of attitudes, beliefs and opinions. Likert scale enables the researcher to make an evaluation easily. The scale is a model used in research as a closed ended question form giving respondents choices that vary from strongly agree to strongly disagree as shown by table 3.2 below;

Table 3.2: The Likert Scale

Item	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
Points	5	4	3	2	1

Advantages

According to Heyvaert et al (2013), likert scale questions are easy for respondents to understand since it uses a universal method of data collection. They are flexible thus they could be sent via mail or can be conducted in person. Working with quantitative data, it is easy to draw conclusions, reports, results and graphs from the responses.

Disadvantages

Malliari and Togia (2016) reviewed that true attitudes of respondents are not measured since only five options were provided. There is a social desirability bias since respondents may agree with statements as presented to portray themselves or their organizations in a more favorable way. Attitudes and opinions are complex and not readily summarized in a scale. Ranked questions do not provide means for respondents to elaborate on or explain reasons behind the stated degree of satisfaction.

3.8 Data Validity and Reliability

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 ensures that of the area under study an adequate sample is selected since it is not feasible to cover the whole area.

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.

3.9 Data Analysis and Data Presentation

3.9.1 Data Analysis

According to Bird (2013) data analysis is the process of applying numerical and sound techniques to explain and illustrate and evaluate data. Reis et al (2004) alludes that data analysis is done to come up with a conclusion from the data presented. This means a summary has to be used for such a purpose then comparisons made with the research questions to ensure findings are relevant and reliable to the research. 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.

3.9.2 Data Presentation

The presentation of data entails grouping or arranging and showing the data gathered, Willis (2008). The data is grouped first and then presented in tables as figures and percentages. Presentation tools like pie charts and graphs aid in visualizing the findings and even in interpreting and analyzing the data. The use of diagrams in the presentation of data enables the

readers to have a better appreciation of the information gathered and being explained according to Haiying (2014).

3.10 Summary

This chapter focused on research design, research approach and the targeted population. It also covered data sources, research instruments, types of questions, data validity and reliability and lastly data analysis and presentation. The following chapter will be on Data presentation and analysis.

CHAPTER 4

DATA PRESENTATION AND ANALYSIS

4.0 Introduction

This chapter will cover the analysis of data response rate, procedures of data presentation and interpretation of data and the summary. Data to be presented was collected from DHL Zimbabwe through interviews and questionnaires.

4.1 Data Response Rate Analysis

4.1.1 Questionnaire response rate

Total number of questionnaires distributed to respondents amounted to 28. Out of the 28 questionnaires distributed, only 1 of them was not returned, resulting in a 96% response rate.

Below is the table that shows the response rates of questionnaires submitted.

Table 4.1: Questionnaire response rate

Respondents	Population Targeted	Returned questionnaires	Response rate (%)
Senior management	3	3	100%
Junior management	3	3	100%
Customer service department	9	8	89%
Sales department	7	7	100%
Finance department	6	6	100%
Total	28	27	96%

Source: Primary Data

Out of the 28 questionnaires distributed, 27 of were successfully returned and only 1 from the customer service department could not be responded to due to uncontrollable circumstances, giving 96% response rate which is good.

4.1.2 Interviews response rate

Out of the 3 interviews planned to be carried out, all of them were successful, resulting in 100% interviews conducted. Table 4.2 below shows the number of successful interviews conducted.

Table 4.2: Interview response rate

Respondents	Scheduled interviews	Conducted interviews	Response rate (%)
Senior management	3	3	100%

Source: Primary data

As indicated by table 4.2 above, all the 3 interviews scheduled with senior management were conducted. The senior management team is made up of the Managing director, Finance manager and Sales manager. This population was targeted for interviews because they are the ones who directly deal with debtors and they have the final say when it comes to decisions concerning issues to do with debtors.

4.2 Procedures of Data Presentation and Interpretation

In an effort to interpret and present data collected clearly or in a way that can be easily understood, tables, graphs and pie charts were used.

4.3.1 Interview and questionnaire response analysis and presentation

Question 1: Gender

Table 4.3 Gender

Female		Male	
Fraction	Percentage	Fraction	Percentage
8/27	30%	19/27	70%

Source: Primary Data

As illustrated on Table 4.3 above, 30% (8/27) were females and 70% (19/27) were males.

In general out of the 27 respondents 19(70%) were males and 8(30%) were females.

According to David (2011) staff diversity is considered to be important at an organization as there are certain tasks where males are more tolerant than females and also tasks where females are more suitable than males.

Question 2: Age

Table 4.4: Age

Age	Below 25	25 – 55	55 and Above	Total
Respondents	4	20	3	27
Percentage (%)	15%	74%	11%	100%

Source: Primary Data

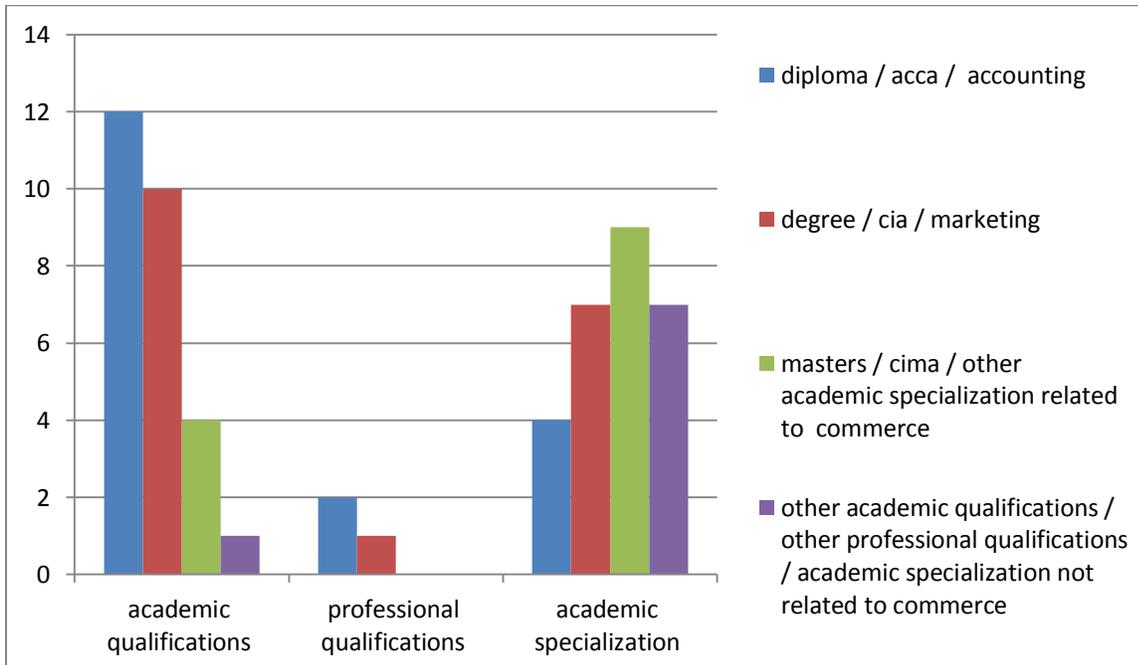
Table 4.4 above is showing that out of the 27 respondents, 4(15%) were below the age of 25, 20(74%) were between the age of 25 and 55, lastly those who were at 55 years and above were only 3(11%).

Therefore these people are bound to be mature enough to manage situations of the grounds. This implies that they are expected to be more responsible.

Question 3: Qualifications of the respondents

This was a requirement for the respondent to indicate his or her highest academic qualifications attained so as to assume whether they can be able to understand and provide reliable answers to the questions.

Table 4.5: academic and professional qualifications of the respondents



Source: Raw data

Findings indicated by Table 4.3 above shows that, on academic qualifications, 12/27(44%) are holders of diplomas, 10/27(37%) have degrees, 5/27(19%) respondents are holders of masters degree and only 1/27(4%) has got A level as his highest academic qualification.

Under professional qualifications only 2/27(7%) represents holders of ACCA and 1/27(4%) for CIA as professional qualifications.

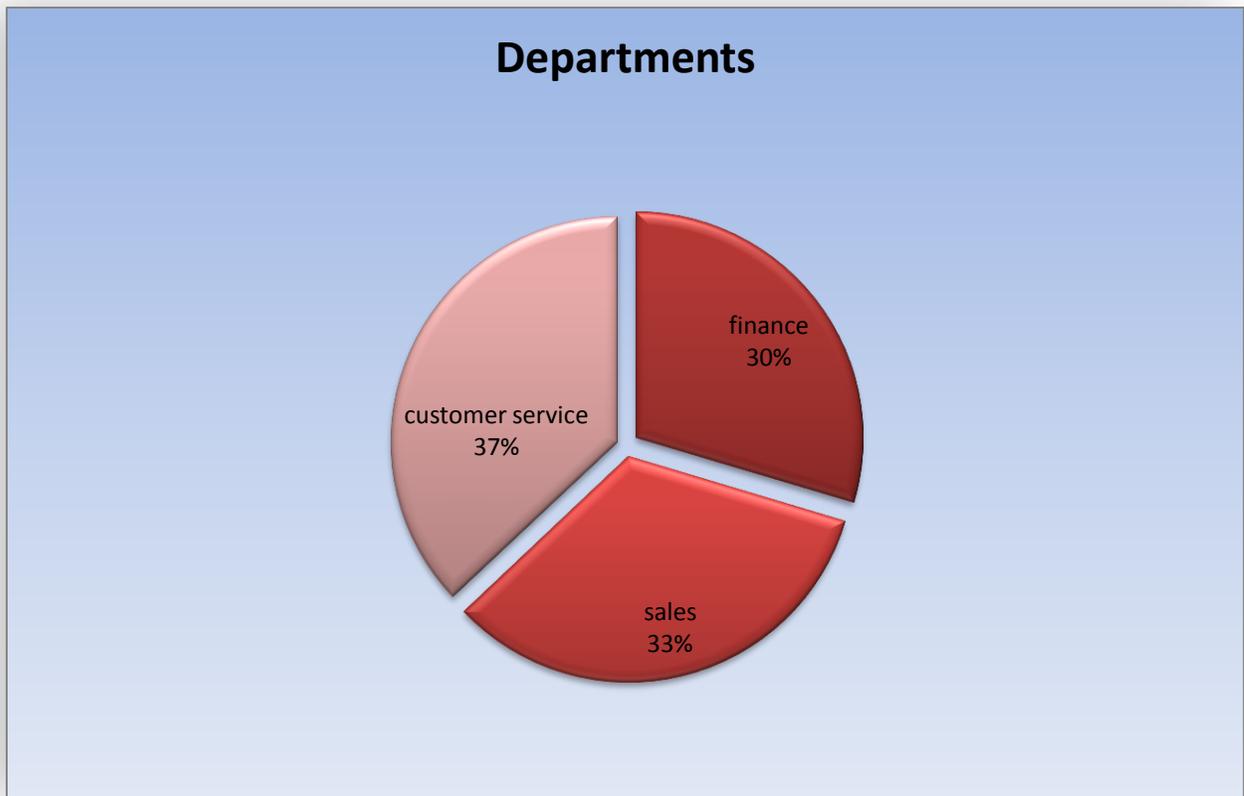
4/27(15%) specialized on Accounting, 7/27(30%) on marketing, 9/27(33%) on courses related to commerce such as Economics, Retail and logistics and Business studies, lastly 7/27(30%) are those who specialized on courses that are not related to commerce that is African languages and English and communications.

Danielson (2010) supported the view that employee's level of education determines his/her competence and also when it comes to implementation of policies it is a key necessity. Thus basing on educational qualifications of the respondents it can be confirmed that their responses can be reliable.

Question 4: Department of the respondent

This was structured to make sure that the information is obtained from the rightful persons who are involved or have influence over debtors' management.

Fig 4.1: respondents departments



Source: Primary Data

As presented by fig 4.1 above, 10/27 (37%) of the respondents are from customer service department, 8/27 (30%) from finance department and lastly 9/27 (33%) from sales department.

As a result from the above, data gathered from the respondents can be dependable as it is evenly coming from employees who are working directly with customers.

Question 5: Time spent at the company

This question was designed to acknowledge the period of time which was served by the respondents on the company. This can assist in identifying the level of understanding of the respondents on how the entity operates thus giving helpful information.

Table 4.6 Time spent by respondent at DHL Zimbabwe

Period	Below 5 years	Above 5 years	Total
Employees	12	15	27
Percentage %	44%	56%	100%

Source: Primary data

According to data collected which is shown in Table 4.4, 12/27(44%) of the respondents were at DHL for less than 5years and the remaining 15/27(56%) were there for more than 5years.

This implies that the information gathered can be relied on as it is being collected from employees who are familiar with the company's operations.

Question 6: DHL has a debt management policy

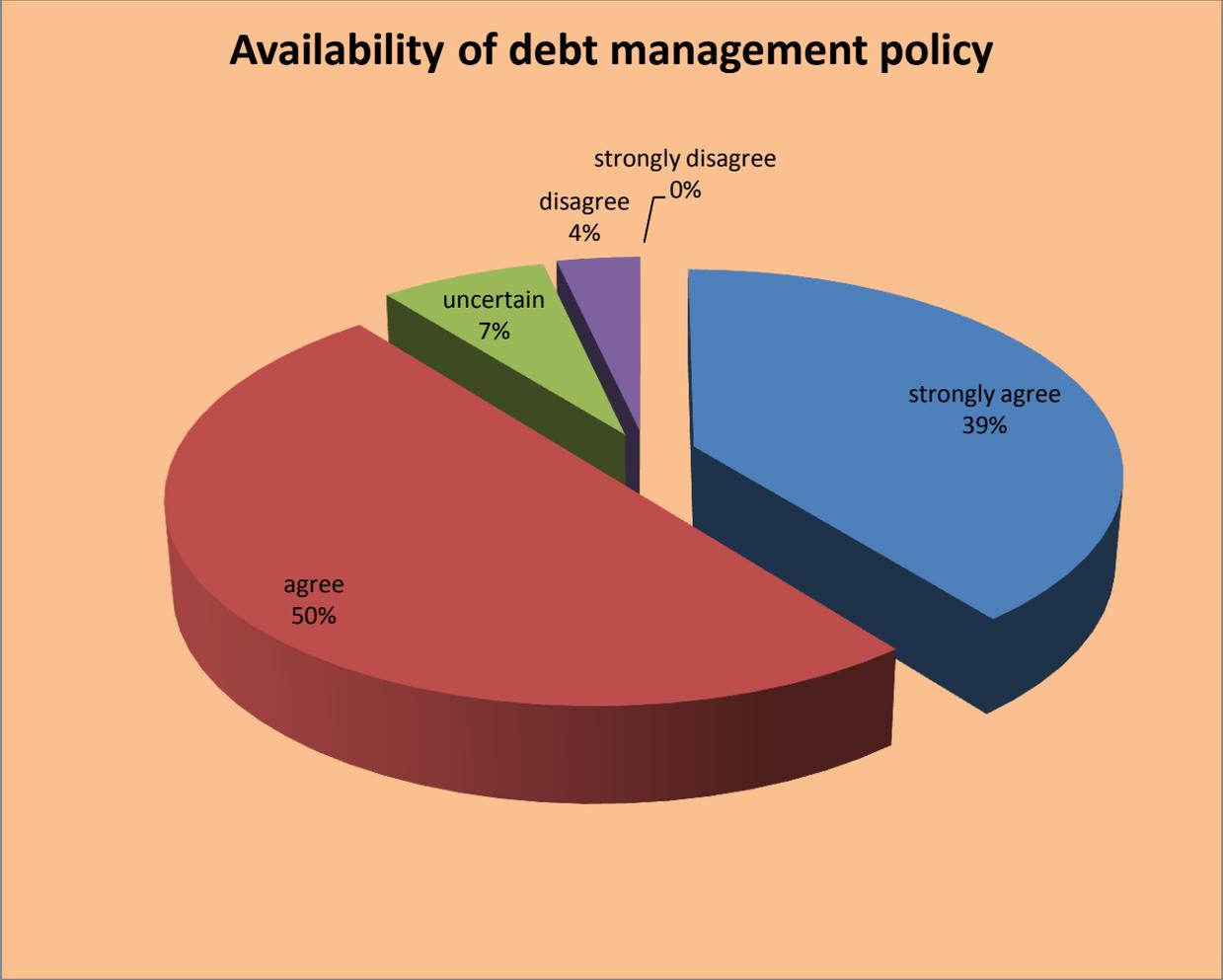
Table 4.7: Availability of debt management policy

Response	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	Total
# of respondents	11	14	2	1	0	27
% rate	39%	50%	7%	4%	0	100%

Source: Primary Data

As shown by Table 4.5 above and Fig 4.2 below, 11/27(39%) strongly agree, 14/27(50%) disagree, 2/27(7%) uncertain, 1/27(4%) disagree and last of all no one strongly disagree on whether DHL has a debt management policy.

Fig 4.2: Availability of debt management policy



Source: Primary Data

Out of 3 interviews conducted, all of them (3/3) indicated that there is a debt management policy at DHL, giving 100% response rate.

In conclusion, 89% of the population agreed whilst 11% disagreed on the existence of debt management policy.

The mode 89% agreed on the existence of debt management policy.

Interviews conducted show that 100% of the interviewees are on agreement that debt management policy exists.

Neale and Pike (2010) emphasized that debt management policy must be well maintained and clear to everyone especially those working directly with debtors, this can enable both clients and employees to stick to it.

Question 7: The Company has a documented debt collection policy

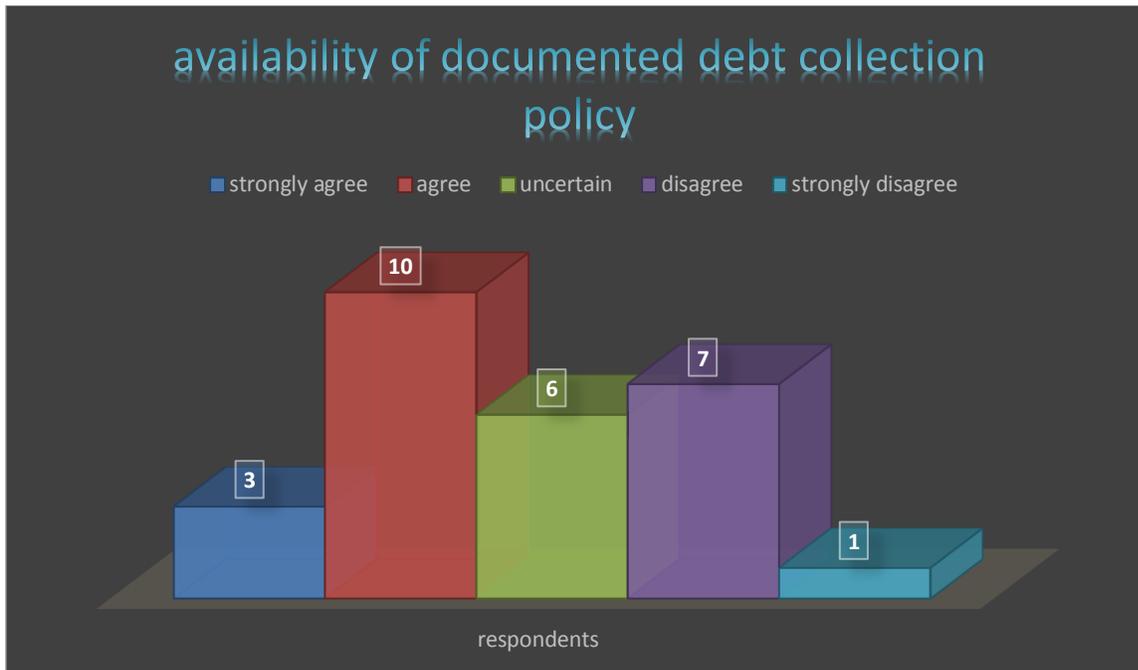
The question was structured so as to identify whether the firm has a documented debtor’s collection policy.

Table 4.8 Availability of documented debt collection policy

Response	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	Total
# of respondents	3	10	6	7	1	27
% rate	11%	37%	22%	26%	4%	100%

Source: Primary Data

Fig 4.3: Availability of documented debt collection policy



Source: Primary Data

From the fig 4.3 and table 4.6 above, it is shown that 3/27(11%) strongly agree that there is a documented debt collection policy, 10/27(37%) agree, 6/27(22%) are uncertain on whether the documented debt collection policy exists, 7/27(26%) disagree and only 1/27(4%) strongly disagrees on the availability of the documented debt collection policy.

In total (48%) 10/27 of the respondents are in agreement that there is a documented debt collection policy whilst (52%) 17/27 disagree on the existence of the policy.

Going by the mode of 52%, the respondents are in agreement that there is a documented debt collection policy.

Conducted interviews shows that 100% respondents are in agreement that there is a documented collection policy.

According to Bullivant (2011) the policy allows every employee to understand what is required and procedures to be carried out when it comes to debt collection. This avoids confusion and misunderstandings; hence it must be clear and documented.

Question 8: Debt management practices are framed by

Table 4.9: Department responsible for debt management practices formulation

	Strongly Agree		Agree		Uncertain		Disagree		Strongly Disagree	
	F	%	F	%	F	%	F	%	F	%
a) All employees	1/27	4%	6/27	22%	3/27	11%	8/27	30%	9/27	33%
b) Senior management	10/27	37%	10/27	37%	4/27	15%	2/27	7%	1/27	4%
c) Finance manager	12/27	44%	9/27	33%	0/27	0%	5/27	19%	1/27	4%
d) Clerks	1/27	4%	3/27	11%	2/27	7%	13/27	48%	8/27	30%

Source: Primary Data

a) All employees

The table above shows that 1/27(4%) strongly agrees that it is the responsibility of all workers to formulate debt management practices, 6/27(22%) agree, 3/27(11%) were uncertain, 8/27(30%) disagree and 9/27(33%) strongly disagree that all employees are responsible in the formulation of debtors management policies.

In total 7/27(26%) agreed whereas 20/27(74%) disagreed.

Going by the mode of 74% there is disagreement that all employees are responsible for formulating debt management practices.

The above results emphasizes that not all employees are responsible for formulation of debtors management practices.

b) Senior management

From the data collected, it is shown that, 10/27(37%) of the population questioned strongly agree that it is the senior management's responsibility to frame debt management practices, 10/27 (37%) agree, 4/27(15%) were uncertain about it, 2/27(7%) disagree and 1/27(4%) strongly disagree that the formulation of the practices are responsibilities of the senior management only.

All in all, 20/27(74%) agreed that it is the responsibility of the senior management to make sure that the practices are formulated, whereas, 7/27(26%) are not in agreement with that.

Given the mode of 74% there is agreement that senior management team is responsible for formulating the practices.

c) Finance manager

Information gathered shows that when it comes to formulation of debt management practices as the responsibility of the finance manager, 12/27(44%) strongly agree, 9/27(33%) agree, 0/27 which means no one is uncertain, 5/27(19%) disagree on that and 1/27(4%) strongly disagree that it is the duty of the finance manager only.

This shows that in total 21/27(77%) are in agreement that the finance manager is accountable for structuring debtors management practices, however 6/27(23%) disagree on that.

The mode 77% is on agreement that the finance manager is accountable for structuring debtors management practices.

d) Clerks

Above table 4.5 illustrate that from the data collected 1/27(4%) that is no none from the respondents strongly agree that it is the responsibility of clerks to formulated the practices for debt management, 3/27(11%) agreed, 2/27(7%) are uncertain about it, 13/27(48%) disagreed and 10/27(30%) strongly disagreed that the clerks are accountable.

This shows that in total only 4/27(15%) agreed that it is the responsibility of the clerks to formulate debt management policies nevertheless 23/27(85%) disagreed on that.

Going by the mode of 85%, it is the responsibility of the clerks to formulate debt management practices.

Interviews conducted show that it is the responsibility of senior management especially the managing director and the finance manager to formulate practices of debtor’s management.

According to KPMG (2014) report, the major responsibility on the formulation of debtor’s management practices lies with the senior management thus involving the Managing Director and the Chief Financial Officer that is the finance manager.

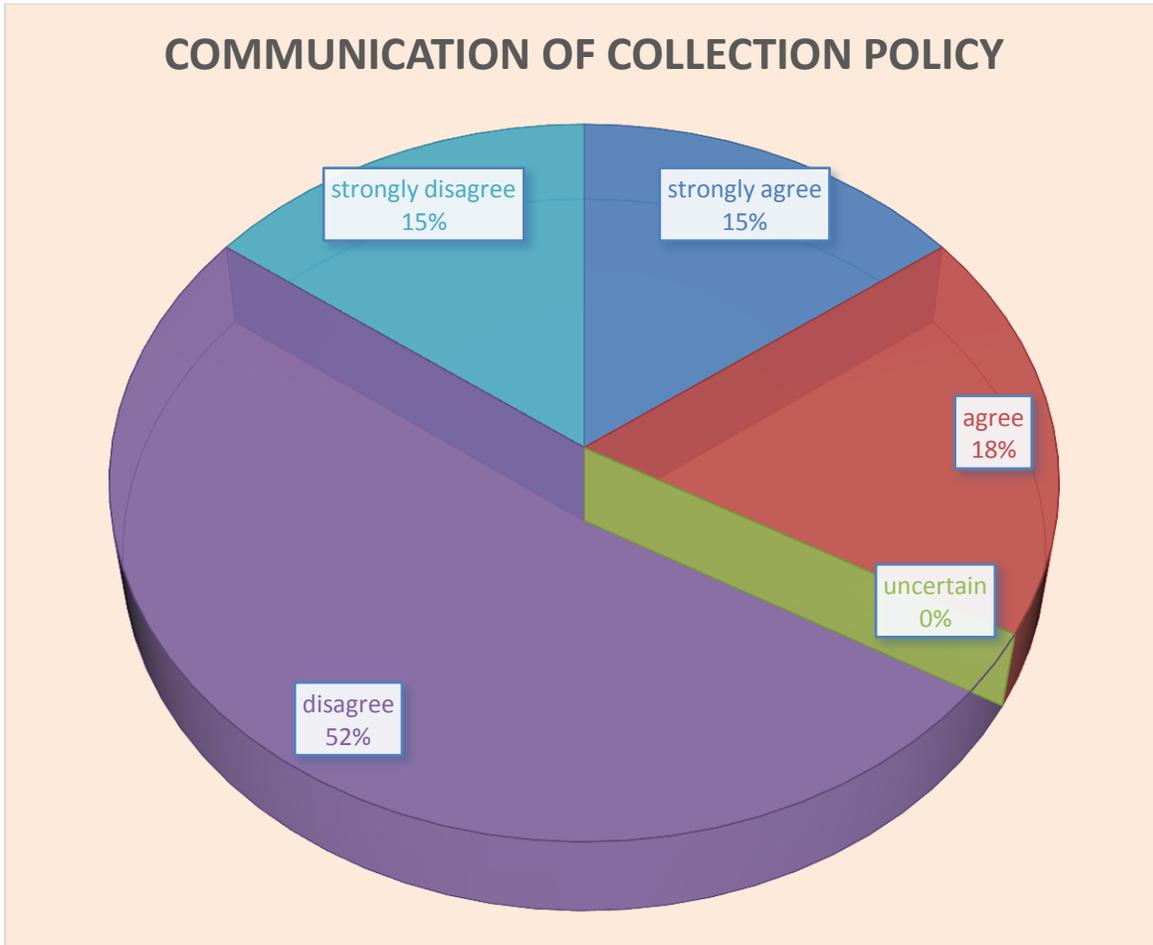
Question 9: Debtor’s collection policies are communicated to workers across the firm

Table 4.10 Communication of collection policy across the entity

Response	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
# of respondents	4	5	0	14	4
% rate	15%	18%	0	52%	15%

Source: Primary Data

Fig 4.4: Communication of collection policy across the entity



Source: Primary Data

According to data illustrated in table 4.7 and fig 4.4 above, 15% (4/27) of the respondents agree that debt collection policy is communicated to the entire entity, 18% (5/27) agree, 0% (0/27) that is none of the responds given show that they are uncertain whether the policy is communicated, 52% (14/27) disagree and only 15% (4/27) strongly disagree that debt collection policy is communicated.

In summation, 33% (18/27) agreed that there was a communication of debt collection policy to the workers, whereas 67% (9/27) disagree on that.

100% (3/3) of the interviewees agreed that there was a communication of debt collection policy.

Given the mode of 67% (9/27) disagreed that there was a proper communication of debt collection policy to the workers.

As mentioned by Slack (2014), coordination and communication is very important when it comes to achievements of organizational goals.

Question 10: Implementation of debt management practices is done by

The question was structured so as to analyze how the workers view issues to do with implementation of company policies.

Table 4.11: Implementation of debt management practices

	Strongly Agree		Agree		Uncertain		Disagree		Strongly Disagree	
	F	%	F	%	F	%	F	%	F	%
a) All employees	10/27	37%	11/27	41%	2/27	7%	4/27	15%	0/27	0%
b) Senior management	3/27	11%	3/27	11%	1/27	4%	11/27	41%	9/27	33%
c) Finance manager	4/27	15%	6/27	22%	4/27	15%	8/27	30%	5/27	19%
d) Clerks	0/27	0%	3/27	11%	2/27	7%	14/27	52%	8/27	30%

Source: Primary Data

a) All employees

The table 4.8 above shows that (37%)10/27 strongly agrees that it is the responsibility of all workers to implement debt management practices, (41%) 11/27 agree, (7%)2/27 were uncertain,

(15%)4/27 disagree and (0%)0/27 strongly disagree that all employees are responsible in implementation of debtors management practices.

In total 21/27(78%) agreed whereas 6/27(22%) disagreed.

Given the mode of 21/27(78%) there is an agreement that all employees are responsible in implementation of debtors management practices.

b) Senior management

From the data collected, it is shown that, 3/27(11%) of the population strongly agree that it is the senior management's obligation to implement debt management practices, 3/27 (11%) agree, 1/27(4%) were uncertain about it, 11/27(41%) disagree and 9/27(33%) strongly disagree that the implementation of the practices is senior management's responsibility.

All in all, 6/27(22%) agreed that it is the responsibility of the senior management to make sure that they implement the practices, whereas, 21/27(78%) are not agreeing that implementation of the practices is the responsibility of senior management only.

Using the mode 21/27(78%) there is no agreement that implementation of the practices is the responsibility of senior management only

c) Finance manager

Information gathered shows that when it comes to implementation of debt management practices as the responsibility of the finance manager only, 4/27(15%) strongly agree, 6/27(22%) agree, 4/27(15%) which are uncertain, 8/27(30%) disagree on that and 5/27(19%) strongly disagree that it is the duty of the finance manager only.

This shows that in summation, only 10/27(37%) are in agreement that the finance manager is accountable for implementing debtors management practices, however the remaining 17/27(63%) disagree on that.

Given the mode of 17/27(63%) there is a disagreement that the finance manager is responsible in implementation of debtors management practices.

d) Clerks

Above table 4.5 illustrate that from the data collected 0/27(0%) that is no one from the respondents strongly agree that it is the responsibility of only clerks to implement the practices of debt management, 3/27(11%) agreed, 2/27(7%) are uncertain about it, 14/27(52%) disagreed and 8/27(30%) strongly disagreed that the clerks are the only workers responsible for implementation of debt management practices.

This shows that all in all 3/27(11%) agree that it is the responsibility of the clerks to implement debt management policies nevertheless 24/27(89%) disagree on that.

According to the interviews conducted 3/3(100%) were of view that everyone at the organization has an obligation of implementing the set policies.

Going by the mode 24/27(89%), there is a disagreement that the clerks are the only workers responsible for implementation of debt management practices.

Taking into consideration what was mentioned by Bullivant (2011), all workers in the firm have a role to fulfill when it comes to implementation of practices and policies of the organization.

Question 11: Availability of adequate personnel to implement the practices

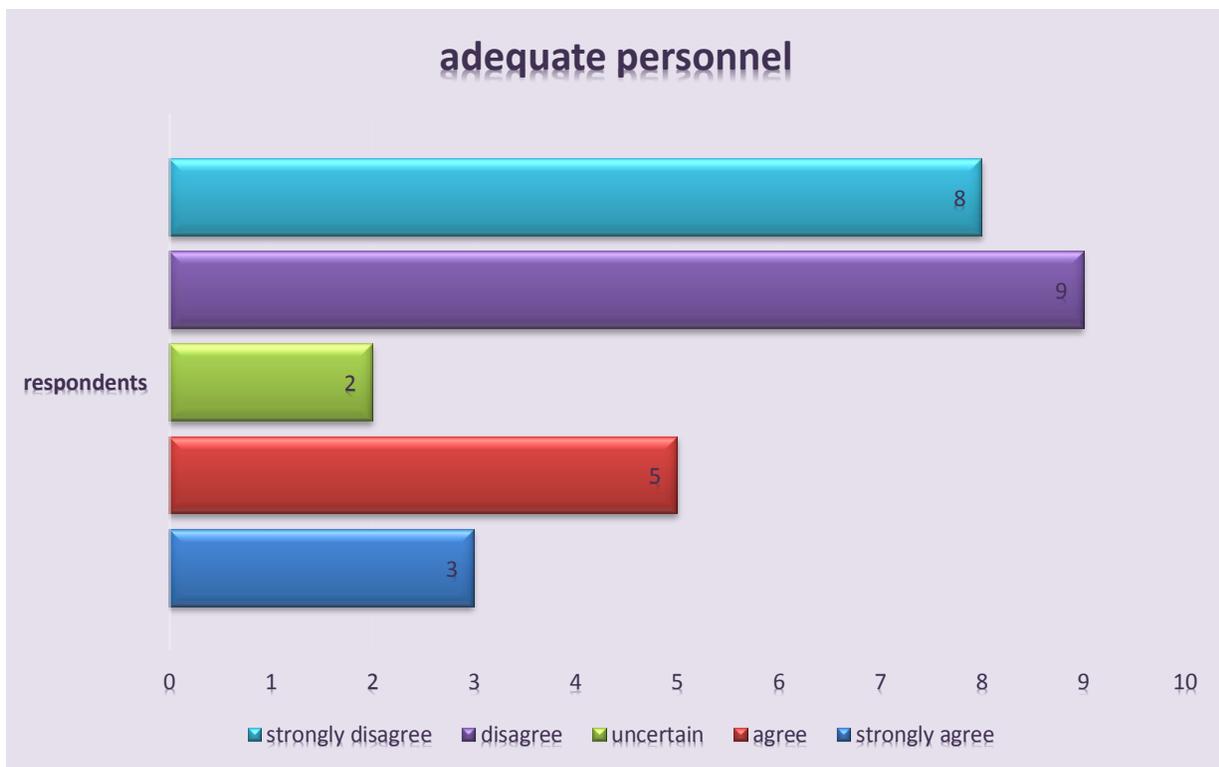
The objective of this question was to investigate whether there were adequate personnel to implement debtor’s management practices.

Table 4.12: Availability of adequate personnel to implement practices

Response	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
# of respondents	3	5	2	9	8
% rate	11%	19%	7%	33%	30%

Source: Primary Data

Fig 4.5: Availability of adequate personnel to implement practices



Source: Primary Data

According to data illustrated in table 4.9 and fig 4.5 above, 11% (3/27) of the respondents strongly agree that there is enough personnel to implement the practices formulated, 19% (5/27)

agree, 7% (2/27) of the responds given show that they are uncertain whether there is adequate personnel to implement debt management practices, 33% (9/27) disagree and only 30% (8/27) strongly disagree.

In summation, 30% (8/27) agree on the availability of adequate personnel to implement the practices, whereas 70% (19/27) disagree on that.

67% (2/3) of the interviewed respondents agreed that there were adequate personnel to implement the practices

The mode 70% (19/27) disagrees on the availability of adequate personnel to implement the practices

However as it was emphasized by Bullivant (2012), for an organization to achieve its set objectives and goals, adequate resource must be available. Thus for implementation of debt management practices to be successful appropriate personnel should be available.

Question 12: The personnel responsible for debt management is competent

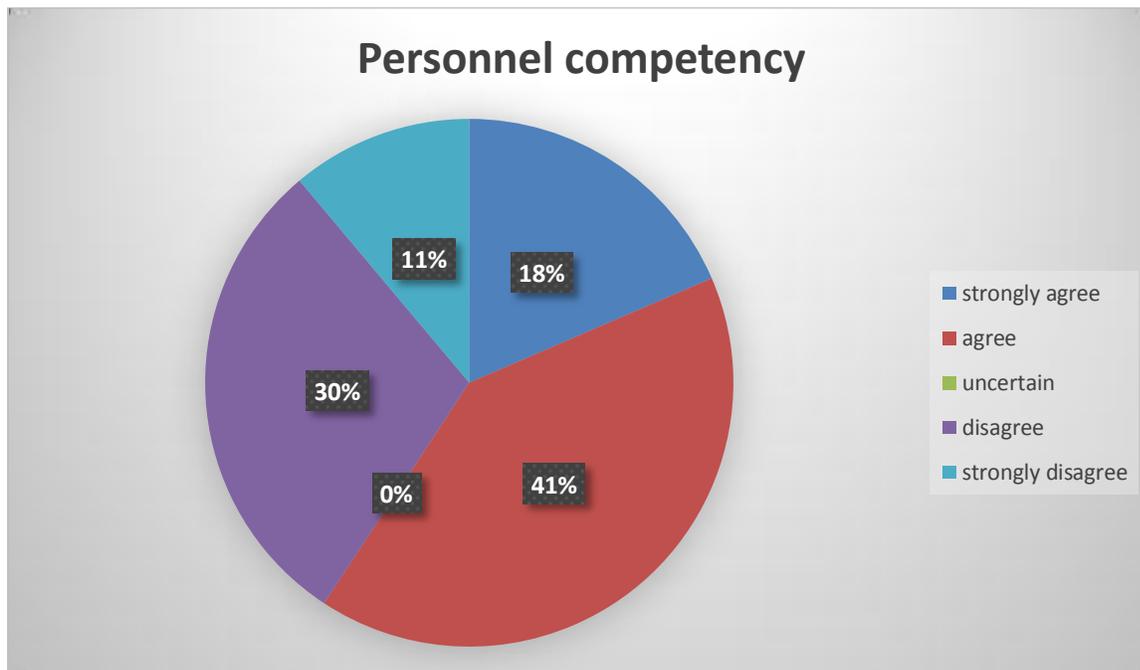
The question was drafted so as to evaluate personnel capability when it comes to debt management practices and debt collection.

Table 4.13: Personnel competency

Response	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
# of respondents	5	11	0	8	3
% rate	18%	41%	0	30%	11%

Source: Primary Data

Fig 4.6: Personnel competency



Source: Primary Data

From the fig 4.5 and table 4.10 above, it is presented that 18% (5/27) strongly agree that personnel involved in debtors management and debt collection policy are competent, 41% (11/27) agree, 0% (0/27) this shows that none of the respondents are uncertain on whether the documented debt collection policy exists, 30% (8/27) disagree and only 11% (3/27) strongly disagrees on competency of those responsible for debt management.

In total 59% (16/27) of the population agree that the personnel responsible for management of debtors are competent, whereas 41% (11/27) disagree.

Going by the mode of 59% (16/27), there was an agreement that the personnel responsible for management of debtors are competent.

Question 13: Challenges faced by DHL Zimbabwe in debt management

Table 4.14: Challenges faced

	Strongly Agree		Agree		Uncertain		Disagree		Strongly Disagree	
	%	F	%	F	%	F	%	F	%	F
a) Receiving late payments	56%	15/27	37%	10/27	0%	0/27	7%	2/27	0%	0/27
b) Conflicts between finance team and sales team	19%	5/27	44%	12/27	11%	3/27	15%	4/27	11%	3/27
c) Fear of losing credit customers	4%	1/27	48%	13/27	11%	3/27	22%	6/27	15%	4/27
d) Errors and mistakes in judgments of creditworthy customers	0%	0/27	22%	6/27	7%	2/27	41%	11/27	30%	8/27
e) Poor communication	22%	6/27	48%	13/27	0%	0/27	22%	6/27	7%	2/27

Source: Primary Data

a) Receiving late payments

The findings confirm that 15/27(56%) of the population strongly agree that DHL is facing challenges on late payments, 10/27(37%) agree, 0/27(0%) uncertain, 2/27(7%) disagree and 0/27(0%) strongly disagree.

In total, 25/27(93%) is in agreement that debtors are delaying payments however 2/27(7%) disagrees.

The mode 93% (25/27) agrees that debtors are delaying payments.

b) Conflicts between finance team and sales team

5/27(19%) strongly agrees on the existence of conflicts between sales team and finance team, 12/27(44%) agree, 3/27(11%) are uncertain, 4/27(15%) disagree and 3/27(11%) strongly disagree.

Thus in total, 17/27(63%) agrees that there are conflicts between the sales department and finance department whereas the remainder of 10/27(37%) disagree.

Going by the mode 63% (17/27) there is an agreement that there are conflicts between sales team and finance team.

According to Janet (2016) conflicts can be a result of communication breakdown between two parties. It affects productivity and performance.

c) Fear of losing credit customers

As demonstrated by the table above, 1/27(4%) strongly agree that there is fear of losing credit customers, 13/27(48%) agree, 3/27(11%) are uncertain, 6/27(22%) disagree and 4/27(15%) strongly disagree on the existence of fear of losing credit customers.

All in all 14/27 (52%) are in agreement that there is fear of losing credit customers, 48% (13/27)

The mode 14/27 (52%) shows that there is an agreement that the company is managing its debtors with fear of losing them.

d) Errors and mistakes in judgments of creditworthy customers

0/27(0%) strongly agree, 6/27(22%) agree that there are errors and mistakes in judgment of credit worth customers, 2/27(7%) are uncertain, 11/27(41%) disagree and 8/27(30%) strongly disagree that there is such a thing.

In summation, only 6/27(22%) agreed on the occurrence of misjudgments while 21/27(78%) are not in agreement with that.

Going by the mode 22% (6/27) there is disagreement on the occurrence of misjudgments when assessing credit worthiness of a potential client.

e) Poor communication

According to data collected which is shown in table 4.11, 6/27(22%) strongly agree on the issue of poor communication, 13/27(48%) agree, 0/27 uncertain, 6/27(22%) disagree and 2/27(8%) strongly disagree on the issue of poor communication.

All in all it is shown that 19/27(70%) is in agreement that there is a challenge of poor communication, however 8/27(30%) disagree.

The conducted interview has shown that the firm has been facing challenges in collecting its debts early. It is said that it's affecting the company's cash flow and performance.

Question 14: The following controls over debt collection are in place

The question was structured to verify whether there were controls in place over debt collection practices.

Table 4.15: Controls in place

	Strongly Agree		Agree		Uncertain		Disagree		Strongly Disagree	
	%	f	%	f	%	f	%	F	%	f
a) Preparing invoices on time	7%	2/27	33%	9/27	11%	3/27	30%	8/27	19%	5/27
b) Early debtors follow ups	4%	1/27	19%	5/27	15%	4/27	44%	12/27	19%	5/27
c) Debtors clerks rotation	11%	3/27	22%	6/27	0%	0/27	52%	14/27	15%	4/27
d) Reconciliations are prepared on time	4%	1/27	33%	9/27	19%	5/27	37%	10/27	7%	2/27

Source: Primary data

a) Preparation of customer invoices on time

According to what is being shown in table 4.12 above, 2/27(7%) strongly agree that invoices are being prepared on time, 9/27(33%) agree, 3/27(11%) uncertain, 8/27(30%) disagree, 5/27(19%) strongly disagree that preparation of customer invoices are being done on time.

In summation, 11/27(40%) agrees whilst 16/27(60%) disagree on that preparation of invoices is being done on time.

Given the mode 60% (16/27) there is disagreement, giving a conclusion that invoicing is being delayed.

As encouraged by Slack (2014), invoices should be sent to clients immediately after rendering the services. Delays in preparation of invoices can lead to delays in receiving payments.

b) Early debtors follow ups

From the table above, 1/27(4%) strongly agree that early debtors' follow ups are being done, 5/27(19%) agree, 4/27(15%) are uncertain whether follow ups are being done early, 12/27 (44%) disagree, 5/27(19%) strongly disagree.

In summation, 6/27(23%) agreed and 21/27(77%) disagreed

Going by the mode of 21/27(77%)

According to Lawrence (2016), clients who did not manage to meet their obligations on time must be reminded quickly and politely to show the seriousness of the entity in debt collection.

c) Debtors clerks rotation

3/27(11%) strongly agree on the existence of duties rotations when it comes to debtors desk, 6/27(22%) agree, 0/27 uncertain, 14/27(52%) disagree and 4/27(15%) strongly disagree.

In total, 9/27(33%) agreed that there is rotation of duties and 18/27(67%) disagreed.

The mode (18/27) 67% disagree that there was rotation of duties.

Where there are enough workers at an entity, Lawrence (2016) encouraged that there must be delegation and rotation of duties. This can be used as a control and also it shows the defaulting customers that they are not just dealing with one person but with the whole organization.

d) Reconciliations are prepared on time

1/27(4%) strongly agrees that reconciliations are done on time, 9/27(33%) agree, 5/27(19%) were uncertain, 10/27(37%) disagree and only 2/27(7%) strongly disagree that reconciliations are prepared on time.

All in all those who agreed that reconciliations are done on time added up to 10/27(37%) and those who disagreed were 17/27(63%)

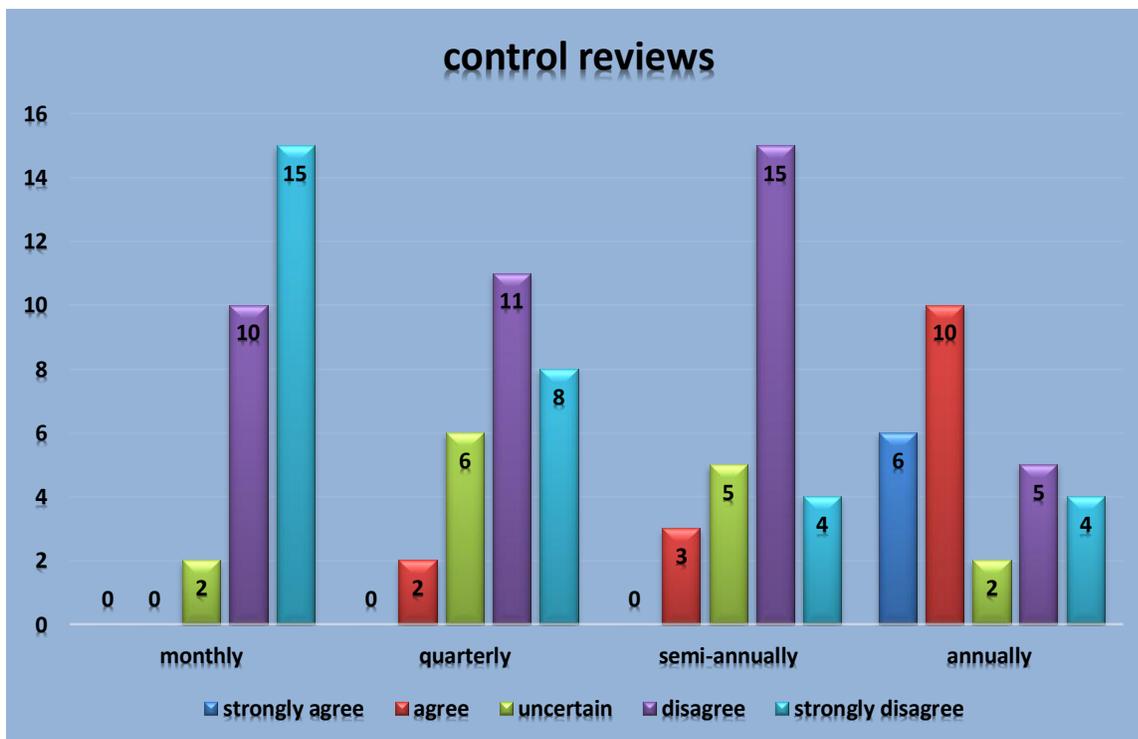
3/3(100%) of the interviewed respondents agreed that there are controls in place over debt management and they interviewees pointed out measures in place for debt collection which include preparation of invoices on time, early follow up on debtors, rotation of debtors clerks and preparation of reconciliations on time.

Going by the mode 63% disagreed that reconciliations are done on time.

Question 15: Controls reviews done

The question was structured so as to evaluate how often reviews are being done.

Fig 4.7: control reviews



Source: Primary data

a) Monthly

Above Fig 4.6 indicates that 0/27 of the respondents strongly agreed that control reviews are done monthly, 0/27 agreed, 2/27(7%) were uncertain, 10/27(37%) disagreed and 15/27(56%) strongly disagreed.

In summary, 0% agreed that reviews on controls are being done monthly and 100% were not in agreement with that.

Given the mode of 100%, reviews of controls are not done monthly.

b) Quarterly

It is indicated on Fig 4.6 above that 0/27 strongly agreed on reviews being done quarterly, 2/27(7%) agreed, 6/27(22%) were uncertain on whether the reviews were done quarterly, 11/27(41%) disagree and only 8/27(30%) strongly disagreed.

In summation, 2/27(7%) was in agreement that reviews on controls are done quarterly while 25/27(93%) disagreed.

Going by the mode 93% there is an agreement that reviews on controls are not done quarterly.

c) Semi-annually

According to the data presented, 0/27 strongly agreed that control reviews are done semi-annually, 3/27(11%) agreed, 5/27(18%) were uncertain, 15/27(56%) disagreed and 4/27(15%) strongly disagreed.

In overall, 3/27(11%) agreed, whilst 24/27(89%) disagreed.

The mode 89% disagrees that control reviews are done semi-annually.

d) Annually

It is shown that 6/27(22%) agreed that reviews on controls are done annually, 10/27(37%) agreed, 2/27(7%) were uncertain, 5/27(19%) disagreed and 4/27(15%) strongly disagreed.

In general, 16/27(59%) agreed and 11/27(41%) disagreed.

According to the conducted interviews 100% agreed that reviews are being done annually.

Going by the mode 59% reviews on controls are done annually.

According to Jackson and Sent, for the controls to remain effective they should be reviewed frequently. This is all because entities operate in an active environment where changes occur every now and then.

Question 16: Debt collection can be improved by

Table 4.16: ways to enhance debt collection

	Strongly Agree		Agree		Uncertain		Disagree		Strongly Disagree	
	%	F	%	F	%	F	%	F	%	F
a) Use of payment plans	23%	6/27	56%	15/27	11%	3/27	11%	3/27	0%	0/27
b) Debt factoring	0%	0/27	33%	9/27	52%	14/27	11%	3/27	4%	1/27
c) Centralization	11%	3/27	52%	14/27	0%	0/27	26%	7/27	11%	3/27
d) Timely follow ups	19%	5/27	48%	13/27	0%	0/27	33%	9/27	0%	0/27
e) Rotation of debt collection	22%	6/27	26%	7/27	15%	4/27	22%	6/27	15%	4/27

	staff										
f)	Credit rating involving estimating credit risk of a potential investor	4%	1/27	41%	11/27	22%	6/27	22%	6/27	11%	3/27
g)	Cutting supply	0%	0/27	52%	14/27	19%	5/27	22%	6/27	7%	2/27
h)	Prepayment and early payment discounts	19%	5/27	48%	13/27	0%	0/27	19%	5/27	15%	4/27

Source: Primary data

a) Use of payments plan

6/27 (22%) strongly agree that payment plan can enhance debt collection, 15/27 (56%) agree, (11%) 3/27 were uncertain, (11%) 3/27 disagree and 0/27 strongly disagree.

In overall, 21/27 (78%) are supporting that payments plan enhance collections of debts whilst only 6/27 (22%) disagree.

Given the mode 78% payments plan enhance collections of debts.

According to Dunn (2015), clients may fail to pay full amount of their overdue account thus it is wise to come up with a plan that allows them to pay their debt partially.

b) Debt factoring

As illustrated by the table above, (0%) 0/27 strongly agreed on debt factoring, (33%) 9/27 agreed, (52%) 14/27 were uncertain, (11%) 3/27 disagreed and (4%) 1/27 strongly disagreed.

In general, (33%) 9/27 were agreeing on debt factoring as a way to enhance collection, however (67%) 18/27 were disagreeing.

The mode 67% disagreed that debt factoring can enhance debt collection.

Debt factoring should be used as a last alternative when trying to collect money from debtors Beare (2013).

c) Centralization

(11%) 3/27 strongly agreed, (52%) 14/27 agreed, (0%) 0/27 were uncertain on whether centralization can be used as a way of enhancing debt collection, (26%) 7/27 disagreed, (11%) 3/27 agreed.

In total, (63%) 17/27 agreed and (37%) 10/27 disagreed.

Mode 63% agreed that centralization can be used as a way of enhancing debt collection.

Centralization was viewed as a way that can enhance debt collection by Driver (2014) as it encourages consistency in management of debtors.

d) Timely follow ups

From the table above, (19%) 5/27 strongly agree that early debtors' follow ups can improve debt collection, (48%) 13/27 agree, (0%) 0/27 are uncertain whether follow ups can enhance debt collections, (33%) 9/27 disagree, (0%) 0/27 strongly disagree.

In summation, (67%) 18/27 agreed and (33%) 9/27 disagreed

Going by the mode 67%, there is agreement that early debtors' follow ups can improve debt collection.

According to Lawrence (2016), clients who did not manage to meet their obligations on time must be reminded quickly, timely and politely to show the seriousness of the entity in debt collection.

e) Rotation of debt collection staff

22% (6/27) strongly agree, 26% (7/27) agree, 15% (4/27) were uncertain on whether job rotations can be of help in improving debt collection, 22% (6/27) disagreed and 15% (4/27) strongly disagreed.

In overall 13/27 (48%) were agreeing and (52%) 14/27 were disagreeing.

Taking the mode 52% there is an agreement that job rotations can be of help in improving debt collection.

Kearns (2012) viewed that staff dealing with debtors can be rotated but it does not necessarily mean that there can be an improvement in debt collections since sometimes the client was used to deal with the previous employee and it will be difficult for the employee to adjust and build relations with the customer.

f) Credit ratings that involves estimating the credit risk of a potential debtor

4% (1/27) strongly agreed that credit ratings can be useful in trying to enhance debt collection, (41%) 11/27 agreed, (22%) 6/27 were uncertain, (22%) 6/27 disagreed and (11%) 3/27 strongly disagreed.

In overall, (45%) 12/27 agreed though (55%) 15/27 were disagreed.

Given 55% as the mode, credit ratings can be useful in trying to enhance debt collection.

Considering the argument which was given by Chad (2014), credit ratings mainly focuses on the history of the client who is being under investigations and also it deals with statistics to assume what it will be like in the future ignoring changes that cannot be predicted.

g) Cutting supply

As a way of enhancing collections, 0/27 strongly agreed on cutting supply, (52%) 14/27 agreed, (19%) 5/27 were uncertain, (22%) 6/27 disagreed, (7%) 2/27 strongly disagreed.

In overall, (52%) 14/27 agreed on cutting supply as a way to improve debt collection and (48%) 13/27 disagreed.

The mode 52% agreed on cutting supply as a way to improve debt collection.

File (2011) emphasized that it is better to cut supply to clients who continue to delay payments or clients who are failing to meet their obligation. This can push the clients to make early payments as they will be afraid of losing their supplier.

h) Prepayment discounts and early payment discounts

As shown table 4.14 above, (19%) 5/27 strongly agreed, (48%) 13/27 agreed, 0/27 were uncertain on whether discounts can enhance debt collection, (19%) 5/27 disagreed and (15%) 4/27 strongly disagreed.

In general, (67%) 18/27 were in agreement that prepayment and early payment discounts can improve debt collection, however (33%) 9/27 disagreed.

According to the interviews conducted 100% were in agreement on ways that can be used to ensure that debtors pay their dues on time. Outlined ways include the use of payment plans, debt

factoring, and rotations of debt collection staff, early follow up, centralization and identification of debtor types.

According to Carole-Ann (2015), customers like any other humans always want something in return as a way of appreciating their faithfulness in doing business with your entity. This can motivate them to continue to meet their obligation on time as they will be aware of the benefits rewarded.

4.3 Summary

The chapter covered the analysis of data response rate, procedures of data presentation and interpretation of data. Data presented was collected from DHL Zimbabwe through interviews and questionnaires. The following chapter will be on the summary, conclusion and recommendations.

CHAPTER 5

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The chapter aims to present summary, conclusion and recommendations on the research which was being carried out. The major objective of the research was to investigate the effectiveness of debt management practices in the performance of DHL Zimbabwe. Thus the findings of the research will be listed and conclusion and recommendations will be presented.

5.1 Chapter Summaries

Chapter one presented the background of study, specifying the nature of the problem which was under research. The rise in the amounts of bad debts written off was the main drive for the research. Problem statement underlying the research, main research questions, sub research questions, research objectives were also discussed. It also highlighted the significance of the study to the University, researcher and the organization, limitations and delimitations of the study were also discussed.

The definitions of debtors and debt management were discussed on chapter 2. The chapter also presented issues to do with debt management practices and Stack (2016) identified the guidelines to implementation of the practices, controls to ensure the implementation of the guidelines were also highlighted by Pollen (2014), challenges which were being faced in debt management, best practices that can be instituted towards debt management and lastly gap analysis.

Chapter 3 described the procedures and instruments used by the researcher to gather information so as to meet the study objective. It focused on research design, research approach and population. The researcher conducted census due to the population size which was small and manageable.

Presentation, interpretation and analysis of data collected from the respondents was done on chapter 4. Data was gathered through questionnaires and interviews. Out of a population size of 28, 27 employees were able to attend to the questionnaires which were structured by the researcher. Charts, graphs and tables were used to present the collected data.

5.2 Research Discoveries

- Availability of debt management policy at DHL Zimbabwe which is framed by the senior management inclusive of the Managing Director and Chief Financial Officer but even though all workers are responsible for implementation.
- Major number of respondents are disagreeing on the existence of a documented collection policy.
- Poor communication of debt collection policy to the entity.
- Inadequate personnel to implement collection policy.
- The company is receiving late payments from its debtors.
- There is poor control environment at DHL. Job rotations are not being done, invoices are not prepared on time, reluctant in following up debtors who are having overdue accounts.
- Control reviews are done annually.

5.3 Conclusion

There might be a documented collection policy at DHL but it may not be known by the employees because of poor communication between the senior management and the workers.

Factors which might be causing an increase in the amounts of write offs may include; inadequate personnel to implement the collection policy and unsound control environment.

The research was successful as it has been reviewed that the company's debt management practices are not effective and the factors which may be causing continuous increase in bad debts written off were identified.

5.4 Recommendations

- There should be a debt collection policy which is documented and clearly communicated to the employees of the entity.
- The company should increase its number of employees responsible for debtors' management. This can allow segregation of duties thereby minimizing pressure on workers. When workload has been reduced, employees will be able to complete all their expected duties perfectly.
- Billing should be done right on time. This can enable the clients to receive their invoices early and by so doing payments arrangements can be done early.
- Discounts and promotions should be introduced to those clients who are fulfilling their obligations early. This can motivate other debtors to pay their debts on time thereby increasing collection rate and decreasing the amounts of bad debts written off.
- Controls safeguard an organization from financial losses and they also support in maintaining reliable reporting and maximizing effective operations. As the company operates in a changing environment, reviews of the controls should be done semi-annually for the controls to be much effective.

5.5 Summary

Introduction, chapter summaries, research discoveries, conclusion and recommendations were covered on this chapter.

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APPENDIX I

COVER LETTER

Midlands State University

P Bag 9055

Gweru

12 April 2018

DHL

Corner 4th and Central

Harare

Dear Sir/Madam

RE: SEEKING AUTHORITY TO CONDUCT RESEARCH IN DHL

I am a final year student at Midlands State University and carrying out research study, on **“Investigating the effectiveness of debt management practices on the performance of DHL Zimbabwe.”** The study is carried out in partial fulfilment of the requirements for the award of Bachelor of Commerce Accounting Honors Degree with Midlands State University. This questionnaire is meant to enhance my research. I kindly ask you to assist in responding to the attached questionnaire.

The information that you provide will be treated with confidentiality and strictly used for academic purposes only.

Your positive response on this is greatly appreciated.

Yours sincerely

Nancy Mlambo

R145372X

0783899901



Midlands State University
Established 2000

Our Hands, Our Minds, Our Destiny

APPENDIX II

QUESTIONNAIRE

Dear respondent

My name is Nancy Mlambo a fourth year student at Midlands State University (MSU), studying Bachelor of Commerce Accounting Honors Degree. It is a requirement of the University to carry out a research in line with my degree program. I am investigating the effectiveness of debt management practices on the performance of a company (DHL Zimbabwe). Could you spare some few time to attend to my questionnaire. The information gathered will be specifically used for academic purposes only, confidentiality is being guaranteed.

Instructions

- All questions must be answered.
- Do not write any personal details or name in the questionnaire.
- Where applicable, show responses by ticking corresponding answer box and fill in the appropriate spaces provided.

Questions

1. Gender

Female [] Male []

2. Age

Below 25 [] 25-55 [] Above 50 []

3. Indicate your highest academic qualification attained:

Diploma [] Degree [] Masters [] Other (please indicate below)

.....

4. Indicate your area of academic specialization

Accounting [] Marketing [] Other (please indicate below)

.....

5. Please indicate your professional qualification if any:

ACCA [] CIA [] CIMA [] CISA [] Other (please indicate below)

.....

6. Indicate department you worked in:

Finance [] Sales [] Customer Services []

7. Time spent with the company

Below 5 years Above 5 years

8. DHL has a debt management policy

Strongly Agree Agree Uncertain Disagree Strongly Disagree

9. The company has a documented debt collection policy

Strongly Agree Agree Uncertain Disagree Strongly Disagree

10. Debt management practices are framed by

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
e) All employees					
f) Senior management					
g) Finance manager					
h) Clerks					

11. Debt collection policies are communicated to employees across the firm

Strongly Agree Agree Uncertain Disagree Strongly Disagree

12. Debt management practices are implemented by

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
(i) All employees					
(ii) Senior management					
(iii) Finance manager					
(iv) Clerks					

13. There is adequate personnel to implement the debt management practices

Strongly Agree Agree Uncertain Disagree Strongly Disagree

14. The personnel responsible for debt management is competent

Strongly Agree Agree Uncertain Disagree Strongly Disagree

15. Challenges faced by DHL Zimbabwe in debt management

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
f) Receiving late payments					
g) Conflicts between finance team and sales team					
h) Fear of losing credit customers					
i) Errors and mistakes in judgments of credit worth customers					
j) Poor communication					

Any other (specify)

.....

.....

16. The following controls over debt collection are in place

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
e) Preparation of invoices on time					
f) Early follow ups on debtors					
g) Rotation of debtors clerks					
h) Preparation of reconciliations on time					

17. Reviews of controls are done

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
(i) Monthly					
(ii) Quarterly					

(iii)	Semi-annually					
(iv)	Annually					

18. Debt collection can be improved by

	Strongly Agree	Agree	Uncertain	Disagree	Strongly Disagree
i) Use of payment plans					
j) Debt factoring					
k) Centralization					
l) Early follow ups					
m) Rotation of debt collection staff					
n) Credit rating					
o) Cutting supply					
p) Prepayment and early payment discounts					

19. Any other comments

.....

.....

.....

.....

.....

.....

Thank you for your cooperation!

APPENDIX III

INTERVIEW GUIDE

- What debt management practices are at DHL?
- What guidelines are in place to implement the practices?
- What personnel capacity is in place to effect the guidelines?
- What controls are in place to ensure implementation of the guidelines?
- What challenges are being faced in debt management at DHL?
- What best practice can be instituted towards debt management?

The End