

# Original Research Article

## **ANALYSIS OF CREDIT MANAGEMENT TECHNIQUES ON THE FINANCIAL PERFORMANCE OF LOGISTICS FIRMS IN MOMBASA COUNTY**

### **ABSTRACT**

Financial performance depicts survival rate of any business enterprise. This rate for most firms internationally have been at a declining rate of 70% and 80% mostly in the sub-Saharan Africa. The Logistic firms in Kenya Mombasa County have been striving to survive reasons among other factors the deteriorating credit management techniques. The adverse performance is evidenced by the collapse and the closure of a number of logistics firms. The purpose of this research was to analyze the various credit management techniques and their influence on financial performance of logistics companies in Mombasa County. The specific objectives of the study were to analyze effect of appraisal process, credit risk control, collection policy and terms of credit on financial performance. The study was based on the following theories Agency Theory, Credit Risk Theory, Tax Theory of Credit, Portfolio Theory and Asymmetric information Theory to ascertain if their presumptions explains best the relationship between credit management techniques on financial performance of logistic firms. The study applied a descriptive research design and will target a population of 248 employees of logistics firms in Mombasa County registered under KIFWA and the sample size of 160 obtained through stratified sampling. The collection of data was done through primary data collection methods. Primary data was amassed through the administration of questionnaires to senior managers and officers in the finance department. Analysis of data was done through Statistical Packages for Social science (SPSS) representing descriptive statistics such as percentages, measures of central tendencies, variation measures and frequencies distribution. The interpretation was based on descriptive statistics and the measures of dispersion as well as inferential statistics were used Pilot test was carried out to ensure the accuracy and validity of the research tools Multi linear regression model was used to analyze effect of credit management techniques on financial performance. The research sought to analyze whether client appraisal process credit risk control collection policy and terms of credit has significant effects on financial performance of logistics firms in Mombasa County. The study further sought recommendation on how a robust credit control mechanism sound credit policies acceptable terms of credit and proper client appraisal process can be applied in credit management to enhance financial performance of logistics firms in Mombasa County. The beneficiaries of the study were the Logistics firms' managers, Policy makers financial managers scholars and academicians.

### **LIST OF ABBREVIATIONS AND ACRONYMS BDD Bad and Doubtful**

Debts

**CFF** Clearing and Forwarding Firms

**CFS** Container freight station

**CR** Credit Risk

**CT** Credit Terms

**CRB** Credit Reference Bureau **CRM** Credit Risk Management **EDF** Expected Default Frequency **ERC**

Ethics Review Committee **IMF** International Monetary Fund

**KIFWA** Kenya Freight Forwarders and warehousing association

**KSC** Kenya Shippers Association

**KPA** Kenya Ports Authority

**KTA** Kenya Transporters Association

**NPL** Non-Performing Loans **PWC** Price water house  
coopers **ROA** Return on Assets

**RMG** Risk Management Guidelines

**ROA** Return on assets

**MFIs** Microfinance institutions

**MSMEs** Micro medium and small enterprises

**NVOCC** Non Vessel Owning Common Carrier.

## **OPERATIONAL DEFINITION OF TERMS**

**Bad debts written off:** This is the part of debts that cannot be collected or recovered it is an expense to the company.

**Company financial performance:** How effective the firm uses its assets to generate revenues

**Credit risk control:** a set of rules affirms puts in place to mitigate against losses as a result of defaults and non-payments.

**Debt default:** This is the failure by a credit customer to pay for the agreed period in the agreement.

**Effective credit management:** The proper use of credit management techniques in debt management at reasonable cost to attain optimal results.

**Financial institutions:** A business enterprise that is engaged in the activity of monetary and financial transactions.

**Gearing ratio:** This the leverage ratio that measures the level at a company's operation are funded by owners' equity capital verses debt financing.

**Hedging Risk:** this is a strategy for mitigating the exposure to investment risk and this can be done by the use of derivatives like futures and derivatives.

**Portfolio Risk.** This the risk that comes as a result of combination of assets failing to meet required financial objectives.

**Logistic organization.** A business entity that is engaged in part of supply chain that is involved in warehousing packaging transportation material handling security and distribution

## **1.0 INTRODUCTION TO THE STUDY**

In this chapter, background of the study, statement of the problem the study objectives, research questions the study significance limitation and the scope of the study will be covered in that sequence. The study investigated the analysis of credit management practices on the financial performance of logistics firms in Mombasa County.

### **1.1 Background to the Study**

Logistics industry have received much attention from scholars and academicians internationally and in the recent past due to the fact that they contribute substantially to economies of the developing and developed world countries (Asiedu et al 2016).The logistics sector forms a major backbone of various economies. In the USA by 2012 the logistics industries accounts for almost a half the number of employees. Caruso (2015) opines that 51.9 percent are employed by multinationals while the rest are employed by smaller logistics firms thus totaling to around 56.1 employed in the US by 2012 census data. In the US the number of people employed by the logistics sector contribute to more than half on the countries' GDP. According to (Uwonda et al

2014) acknowledges that in Europe by the year 2010 Almost 85% of the jobs created comes from the logistics sector.

In Africa the Logistics sector is very crucial since it is the biggest employer in the economy this is very important in fostering the national economy. They play the role of large suppliers of major enterprises in Africa (Abor &Quarter, 2017). The logistics sector accounts for more than a quarter of the GDP being more productive than large companies and they contribute significantly to the furtherance of economic austerity (Uwonda et al 2014). The logistics sector has a key role in East Africa as way of alleviating poverty in the involvement in the international economy by way of

export and import trade which is a big boost to the national economies According to Ernst&Young 2016 the Logistics sector is a major contributor to revenue through taxes and suppliers to larger companies in the supply of goods and services. They are major source of revenue. Credit management is a function that is carried out in an organization so that the organization can improve in the credit control policies this control is intended to guide the organization to get more revenues but at lower risk this can include enhancing the collections, reducing the added cost of passing more credit to the businesses and customers who credit ratings are acceptable and establishing comparable terms of credit. This is otherwise known as control. Credit (or trade credit) administration is the core of entrepreneurial entities in the short and long-run continuity. According to (Uwonda et al 2013) opined that both in the short and long term financial objective credit management consolidates the endeavors responsible in the settlement of the services and goods that have been used, the collection of cash from debtors and general administration of liquidity (Aminu, 2014).

Due to the competitiveness of some markets, the companies in order to increase business they issue credit but this is only prudent if the turnover will exceed the additional cost of capital or the cost of credit administration are to be recovered through the offering higher prices though this has a lot of danger. There many losses that are associated with the bad debt because when the bad debts are written off the cost reduces the profit. The costs that are associated with bad debts are enormous the non-quantifiable cost like the cost of waiting losing the very customer and the quantifiable charges like the bank charges and other interests charges involved. There are instances when the money is lost totally like when a debtor goes into receivership being bankrupt or their company going into liquidation such losses are to be borne by the by the organization and this will reduce financial performance.

The study by (Uwonda et al 2014) opines that analysis of credit management practices is the core of any business enterprise both in the long run and short term wellbeing. According to (Aminu, 2015) provides that practice consolidates the efforts that are concerned with payment of goods and services cash collections from clients who are consumers of the said goods and services and the general management of Liquidity. With reference to this it is therefore fundamental that the credit management practices be analyzed with respect to firm's financial performance

The logistics firms should master credit management in order to manage their cash flows (Muller

2015) credit management will assist the logistics firms to project their cash flow requirements in so doing it will help to optimize their revenues and expenditure planning. According to Yakub & Husain (2015) found out that for SMES to grow, issues that lead to business failure for example problems with the cash flow should be addressed. Better credit management can help to achieve this. The basic of credit management is to make certain that the enterprise identifies their needs in time to avoid crisis in cash flows (Horner 2014).

Broadly in Kenya, the national logistics and trade historically developed from Mombasa port and this was enabled by the construction of the Kenya Uganda railway as per (World Bank, 2005. Kenya is still facing various obstacles that are constraining it from having a conducive environment for both facilitation of trade in Kenya as well as a more integrated regional logistics market structure. The logistics industries to operate optimally require strong financing sources of the various sources of finance credit financing is key and this will require a stringent and careful monitor of the credit management. In the organization to ensure that this source of finance doesn't plunge the company in bad debts and uncontrolled obligations.

The logistics firms in Mombasa plays an important role in the international trade with east and central Africa as a gateway for imports and exports trade through the port of Mombasa. The other logistic fraternities include

freight agencies, transport companies, clearing and forwarding agent and NVOCCs, (Ashraf &Zheng2016). The clearing and forwarding sector in Kenya is a very complex one carrying out activities related to freight management and supply chain logistics (John & Morris 2016). It is associated with all modes of transport shipping lines airlines railway lines including SGRs warehousing and road transport.

The financial performance of the logistic firms in Mombasa County who offer credit service to clients to obtain a large market share will find credit management crucial. The world's economy continues to be transformed by globalization owing to the continued growth of world economies increasing the industry's demand for timely delivery of goods. This means that an efficient logistics chain is a very important tool that enhances the creation of competitive advantage in a growing economy. Customers that are brought about by globalization enhance the financial performance of the logistics chain when for example C&F firms can operate optimally because of the financial strength that results from good credit administration practices. Financial performance is therefore very key in any business enterprises as it motivates the shareholders the management all the parties that are in the internal and external environment of the organization

## **1.2 Statement of the Problem**

The link between credit management practices and financial performance of logistics companies in Kenya has been substantially incomprehensible and incomplete. The available studies have majorly dealt on financial performance without linking it to credit management which is key in Logistics firms. Most businesses fail due to poor credit management, internationally it is estimated by the specialists to be in the region of 70% and 80%. This figure is significantly higher in the countries of sub-Saharan Africa. In the opinion of Bungule et al. (2014), firms lose millions of money by way of mistake that can be evaded like such of poor credit management. In the case of, Aminu (2012) opined that majority of firms are managed by individuals who are not qualified for the task and thus doesn't take in to consideration the business fundamentals.

According to the business list 2020 in Kenya, majority of the logistics firms come from Mombasa County this being due to its proximity to the port of Mombasa. The firms are constantly faced with unstable financial performance this has manifested in several firms closing down. The reasons for this among the many others the unemployment of better credit management techniques resulting to deteriorations of financial performance. The (Netherlands-African business council 2014) report provides that a number of logistics firms in Mombasa County have been unable to maintain that balance as a result of the competitiveness in nature of the industry due to this some firms have downsized or stopped operation The survival rate of logistics firms has deteriorated further according to (Gichuru 2015)

The report by Price Water Coopers (2015) illustrates that the performance of the Logistics and transport sector has been on the decline trend over years. Kenya was ranked at position 76 globally and in 2007 and now is at position 122 out the 155 countries. Contrasting with the global volumes in shipment the logistics and transport that has increased notably. This is yet to be translated to better financial performance .This study sought to identify the problem of increasing decline in the financial performance in relations with credit management techniques in the Logistics firms in the County of Mombasa.

## **1.3 Objectives of the study**

The study comprises of general and specific objectives

### **1.3.1 General objectives**

The main objective was to establish effect of credit management on financial performance of logistics firms in Mombasa County.

### **1.3.2 Specific Objectives**

This study had the following objectives

- i. To ascertain the effect of appraisal process on the financial performance of Logistics firms in Mombasa.
- ii. To find out the effect of credit risk control on the financial performance of Logistics firms in Mombasa.
- iii. To find out the influence of collection policy on the financial performance of Logistics firms in Mombasa.
- iv. To establish the effect of terms of credit on the financial performance of Logistics firms in Mombasa.

#### **1.4 Research Questions**

- i. What is the effect of appraisal process on the financial performance of Logistics firms in Mombasa?
- ii. How does credit risk control influence the financial performance of Logistics firms in Mombasa?
- iii. What is the effect of the collection policy on the financial performance of Logistics firms in Mombasa?
- iv. How does terms of credit affect the financial performance of Logistics firms in Mombasa County?

#### **1.5 Significance of the study**

The study was important as it analyzed credit management techniques and financial performance of logistics firms. Whereas there are many studies on credit management and financial performance, these studies were undertaken in the financial institutions where access to information was easy. The findings and the result of this study significantly contributed to the existing set of knowledge and enhance the understanding of analysis of credit management and financial performance of logistics firms in Mombasa.

##### **1.5.1 Management**

The study aided the management in analysis, planning, directing and controlling resources in order to adopt the required management skills and use the outcomes and recommendations of the research to establish the link between credit management techniques and financial performance of logistics firms in Mombasa.

##### **1.5.2 Policy makers**

The study was significant to the policy makers with regards to the analysis of credit management techniques with respect to credit performance of firms. This was a useful tool for the county Government and National government generally in the policy formulation with regards to logistics and collection of revenue.

##### **1.5.3 Researchers and academicians**

The study was useful to academicians and researchers since it brought more light on the correlation between analyses of credit management techniques and financial performance of logistics in Mombasa. This also opened the research gap that had not been researched

academically as most of the studies done on credit management were on financial institutions. It was of great significance to scholars since it widened the availability of empirical information to future researchers.

### **1.6 Scope of the study**

Mombasa County being key in logistics since it hosts the port of Mombasa which is a gate way to East and Central Africa. The extent of this study was to focus on the Logistics companies that are in Mombasa County and are registered under Kenya freight forwarders and warehousing association (KIFWA). The researcher sought to analyze various credit management techniques including appraisal process credit risk control, collection policy and terms of credit on how it affects financial performance on logistics firm in Mombasa County.

### **1.7 Assumption of the study**

The study had the following presumptions

1. The questionnaires was to be filled without many errors and the respondent gave unbiased and correct report
2. The respondents was to give information freely without coercion
3. The chosen sample size in the study was representative of the whole target population
4. The research was done in the set time frame and budget.

### **1.8 Limitation of the study**

The researcher anticipated some challenges in matters that went against the organization's confidentiality in response to the questionnaires. The information required was financial in nature and so very sensitive and confidential. The forwarders who were the major participants in the study were not able to give the correct information as they thought the information regarding pricing was to be used by their competitors to outdo them in the market. Some respondents did not give proper information due to their literacy level and ignorance. However, the scholar guaranteed the people interviewed that the facts was for academia and therefore was confidential. The scope of the study was wide and could not be accomplished within the set time of the research so some very finer details were not achieved.

## **LITERATURE REVIEW**

### **2.1 Introduction**

The chapter shall submit literature review. The chapter commences with hypothetical study of instances where presumptions of management of credit and financial performance have been reviewed. Thereafter a review of empirical literature on management of credit and financial performance is done. The chapter will finally provide a summary of the research gaps.

### **2.2 Theoretical Review**

In this study; Agency theory, credit risk theory, portfolio theory and asymmetric information theory has been considered appropriate in informing the concept of the study.

#### **2.2.1 Agency Theory**

This was first stipulated by Jensen and Meckling 1976 through the article Theory of the firm. The theory explains the possible conflicts that arise between management, shareholders creditors as a result of the imbalances in distribution of earning. This may result in the company consuming much risk and not participating in the worthwhile net worth of the project (Mayers & Smith, 2015). The assumption is that the organizations normally conflict from the conceivable disparities of the interests between the shareholders and the directors of

the firm. The key obligation of the supervisors is to deal with the organization in the manner that it gives back to the shareholders and the directors of the firm in the manner that it expands their wealth. For the harmonization of the principals interest and their agents the theory suggest a comprehensive contract to ensure that of the principals are met. This relationship can be further strengthened through employing experts strong control systems, (Jussi &Petri 2014).

According to Fama (2017) they propose that this agency issues can be mitigated through the partition from the onset and the actualization of the choices. The choices can be reviewed in the credit administration in order to reduce risk required in a business for example, if the credit personnel maintain an anomalous state of the stock past the inventory cycle requirement and offering credit over the item revenues, favoring given clients more credit period than others and could be interpreted as the abundance of the sales this should be handled by carefully reviewing the actual performance against the expected and these agency issues should be addressed so that proper information is given regardless of the agency conflicts. This theory will assist in trying to find out if the firm's current monitoring mechanism of managers and the action have the lesser collections .The theory backs the objective of the study collection policy and financial performance.

### **2.2.2 Credit Risk Theory**

This is an important theory developed by Melton in 1974 as regards to credit management. Historically the early studies on credit used the statistical methods of credit risk of which their major big problem was in the total reliance on past statistics. Currently there are threesome numerical ways of examining credit risk, the structural method reduced form of appraisal and the incomplete information method (Crosbie et 2003) as cited by (Lunalo,Onyiego, 2019) this presumption was introduced by Melton and is also known as structural theory. Melton (1974) refers to credit risk theory as which with the event of defaults comes from the evolution of assets by entities the diffusion process has created with the continuous constants.

According to Cantor and Frank(1996) as cited by Njenga (2014) describes that credit risk theory is the predominant freely existing portfolio model for credit risk assessment method this technique allows for room for the organization to combine risks in the company and it gives the values at risk (VaR) resulting from the downgrades upgrades and the defaults. It is helpful to all the firms that are exposed to the credit risk in their day to today operations .this theory thus stipulates that a firm need to come up with a technique to measure credit risk across some instruments such as letters of credit traditional loans, commitments, fixed income instruments commercial contracts e.g. receivables ,swaps debtors and creditors (Padilla &Pagano,2000)as cited by (Kipkirui Omagwa,2018). The credit risk theory supports the objective of credit risk control.

### **2.2.3 Portfolio Theory**

This was initiated in 1952 by Harry Markowitz a university of Chicago economics student. From the 1980s modern portfolio theory has succeeded in use to handle the market risk. The majority of the companies currently apply value at risk models for the management of the market exposure and interest rate fluctuations. Though market risk remains the greatest risk that majority of the companies face, it has remained a challenge in the implementation of current portfolio theory (Margrabe, 2017.The entities must acknowledge how the credit concentrations will negatively impact financial capabilities and with this various organization are proactively adopting statistical techniques to measure credit risk.

The industry has also been on the fore front to develop credit risk measuring tools the context of a portfolio. Besides there is the use of credit derivatives to hedge against risk but maintaining the relationship the company has with the business. The productivity indicators and portfolio quality ratios have been employed (Kairu 2016). These development has led to the acceleration of management of risks in the context of portfolio management. Formerly the organizations have adopted the credit risk management using the asset to asset approach. At the same time different this method takes into consideration the recurrent evaluation of the credit quality exposures and application of credit risk. The approaches company uses are diverse. The array

of these factors has greatly increased the growth in the handling of credit risk in a portfolio setting. In the past, firms have adopted an asset-by-asset procedure to credit risk management. Whereas each firm's way diverges with the other, This method presupposes regularly measuring the worth exposure to credit, using a credit risk grading plus statistical analysis of outcomes so that the expected losses of the portfolio can be identified. The grounds for this approach good in internal credit risk rating system and accurate credit revision depending on what changes noted, credit identification ,review and rating of credit risk the organization may organize the portfolio schemes or enhance prompt oversight of credit. The asset by asset way however through very crucial in administering credit risk doesn't provide entire image of portfolio credit risk, hear risk means the possible outcome of the expected losses superseded by actual losses

According to (Mason and Rodger, 2018) posit that to understand clearly credit risk management, the companies or organization ought to take into account to augment the technique of asset by asset way with a numerical review in application of the credit system. The organization increased attempts to cite the ineffectiveness of the method to measure the unanticipated loss they have resolved to use the portfolio method because one of the problems with the asset by asset approach is the challenge in the identification and measurement of the concentration. According to (Richardson, 2017) Risk of concentration refers the auxiliary portfolio risk that because of the larger vulnerability to extension of credit either to a unit of interrelated customers. The portfolio theory upholds the objective of credit risk control.

#### **2.2.4 Asymmetric Information Theory**

This theory was pioneered by Arkelof in the year 1970. It refers to the circumstances where the managers, enterpriser has more awareness regarding the risks confronting the firm the prospects over the financiers regarding the information (PWHC,2012) According to the theory it describes a situation where all the participants involved in the transaction are not aware of the pertinent details. In the debt market, this information asymmetry does arise whilst the persons given credit has sufficient knowledge about the possible risks and the returns with the project and the person issuing credit or lender do not have on the other side do not have enough information concerning the person to whom credit is extended to (Edward &Turnbull,2014). This information imbalance therefore brings in two problems to the logistics firms, Moral hazard (where the entrepreneurs behavior is monitored and adverse selection (where there is making mistakes in the financing decisions).

Logistics companies get challenging times going through these snags because it is uneconomical to apportioning funds for the monitoring where the amounts involved is not significant. This could be due to the fact that the required statistical information to be screened about the borrowers and the lender could not be available freely to the logistics firm in Mombasa County. The firms therefore are faced with asymmetry of information for engaging in the giving out or accessing credit (Binks &Enew, 2015). The required information access may be limited or not economical or not easy to understand and interpret this again will create to the firm two risks (Deakins 2016). The theory necessitated this work to have earlier intelligence or information of the customers in the market environment which will be viable enough to support the approval of the issuance of credit process. The theory underpins the objective of credit terms and credit risk

#### **2.3 Empirical Review**

There are several studies that have been done in the general performance of firms. However many of this studies have not focused and narrowed to financial performance because it is the

individual performance that translates to a firms aggregate performance. The current study will review various empirical studies to explain the analysis of credit management techniques with respect to financial performance of firms. In their investigation (Otieno, Nyagol 2016) studying of effect of credit management practices and performance. Descriptive research design was adopted. The outcome was that the variables of credit management techniques had negative significant correlation with the performance measures.

Gul, Khan, Rehman Khan (2013) in their study in Pakistan about analysis of credit management and performance of SMES. Regression analysis was applied to analyze the obtained data and to ascertain if there exist a link in the performance of SMEs and credit management. It was established firm size, number of days account is directly linked with firm's profitability while accounts receivable days, inventory cash conversion cycle and debt ration are inversely relational with profitability.

Ohman & Yazdanfar (2016) while investigating impact of trade credit on profitability of (SMES), This study adopted a wide presentation panel data narrowing on 15,897 SMES in Sweden targeting five industry categories within the period of 2009-2012 and analysis done using various statistical approaches. This study established a verifiable fact that application of trade credit has a negative significant effect on performance. It therefore means that profitable SMEs are the one with lesser accounts payable. This further stipulates that the firm size and liquidity level are positively related to profitability and financial performance and that the age of the firm is negatively related to profitability and financial performance.

Hgokcehan & Waseem (2014) while investigating the factors that affect financial performance of listed manufacturing firms in Borsa Istanbul Turkey in the period of financial crisis of between 2008-2013, applying a sample size of 140 listed firms using factor analysis. The outcome indicates that the liquidity of the firm affects the market value of that firm positively and that firms with good liquidity perform better in period of crises.

### **2.3.1 Client Appraisal process and financial performance**

Ahmed & Malik (2015) in their study in Pakistan evaluating impact of credit risk management techniques on the loan performance when collection policy client appraisal were the aspects on credit risk management practices. In consideration of the primary data in cross sectional form. In the banking microfinance sector the data was obtained from the managers of credit risk department. The outcome of the approach established that the appraisal of clients has a positive influence on the performance of loan, whereas credit risk control and credit policy a positive but insignificant effect on the loan performance. This study is crucial as it assist firms' management to improve on the performance with dimensions of risk management practices in focus

Tondeu, Valcke & Van Braak (2013) in an examination on the study of the appraisal systems and the procedures regarding performance of SMES in Belgium Flanders study aimed at the firms using ICT in the appraisal system. In addition, the study also focused on the link between the management of the firm and ICT use in the appraisal process. In an attempt to respond to the research question, the study chose a representative sample of 53 managers in the middle level management for an interview. Besides that, the interview data was complemented with a survey carried out in 574 employees in small firms and it came out that the management firms using ICT supported appraisal system had major influence on the performance of the SMEs. This research focused on appraisal process based on the ICT perspective and also addressed

the SMEs only this now forms the research gap that this study attempts to resolve in the selected logistic firms in Mombasa county.

In Kenya a research that was done by Gatuhu (2011) regarding MFIs to establish effect of credit management on financial performance. The research was to find out to what magnitude has the MFIs applied the client appraisal process in the credit management process. From the outcomes it was established 45.3% showed great extent 35.8% out of the responders showed to very a great extent and 18.9% intimated a moderate extent. This therefore indicates that most financial institutions apply client appraisal to a greater extent in the management of credit. Outcome of the study suggests that client appraisal is suitable tool for credit management. While appraising client's collateral and character of clients are taken into consideration. According to this study the failure to do appraisal to ascertain the capacity of the people accessing credits result to default.

### **2.3.2 Credit risk control influence on financial performance**

Fernandez (2010) while investigating the effect of credit management and the impact on financial performance opined that there is a significant link between the performance of the bank and credit risk control. He found out that it is crucial to set up a sound credit risk environment, proper credit advancing process, clear control of credit, assessing checking and measures over credit risk policy and approaches in which the portfolio of credit is managed for example the origin of loan, supervising, appraisal and collection as key factor in credit management.

In Spain Claudine (2012) while investigating on the link between the performance of the bank and credit risk management. It was resolved from their study that the return on asset (ROA) and return on equity (ROE) the two measuring profitability were related inversely to the non performing ratio to the total loan of financial institutions resulting to a drop in profitability. The study concluded that better risk management is better banking which in the end results a profitable survival of the organization. Gestel & Basem 2013 established that the default of a small number of clients may result to a big loss for the bank.

Afrifa (2015) investigated the payment terms and credit risk control in its criticality in the financial performance of (SMEs) around the world. The research targeted on 248 listed firms. The study established that amidst the parameters of payment terms that influenced performance were level of bad debts emanating from credit sales, the time offered for credit terms period of credit terms and the level of credit sales. These are related with the cash flow aspect and thus financial performance. Lapteva (2015) opines that proper management of credit the credit risk is attached to the growth of the logistics firms' technology which enhances the decision making and at the same time mitigate on the cost of credit risk control costs which requires full set of contractors and partners

Demirgiic-Kunt (2013) showed that the ratio of the Loan Loss reserve to Gross Loan is a measure of transport firms' quality of asset that shows the amount of firms aggregate portfolio that hasn't be charges off. The loan portfolio risk rises when the quality is poor, and the ratio is high. There is a positive relationship between measures of risk and loan to asset in transport firms because their loans are subjected to high risk of default than other assets and are more illiquid hence in assessing the impact of loan activities on transport firms' risk, the ratio of transport and logistics firm's loans to asset ratio is used (Brewer, 2015).

### **2.3.3 Collection policy on financial performance**

Ayodele, et al (2014) who studied on the impact of credit policy on the performance of Nigerian Commercial Banks using a case study of Zenith Bank. The result of the study indicated bad debt would be reduced when a proper credit policy is established in banks. Byusa and Nkusi (2012) while studying on the effects of credit policy on the performance of selected commercial banks in Rwanda. The study attempted to ascertain the ramification of credit policy on selected Rwandan commercial banks. The outcome of the study was that the commercial banks in Rwanda enhanced their customer base and increased financial strengths resulting to the maximization of their profits. Customarily, banks have uncommon high and continual average spread of interest and interest rate margins indicating both inefficiency and highly poor competition

Kariuki (2017) opined that in order for the organization to enhance credit management a set of policies has to be applied of these is a proper collection policy that is a requirement because it is not possible for all clients to pay at once, some client will tarry to pay whereas others may even fail to pay at all. The reason for enhancing endeavors for collection is to reduce bad debts by quickening collections from slow payers. When this process is done it is crucial in the financial performance of the firm of which logistics companies are part. Abdi (2018)

investigated effects of credit policy on non-financial performance of trucking firms in Kenya. The research concluded that Information technology is important in the performance of organizations in the logistics sector. This is because, it offers an explanation that is visual about the process of allocation of resource and the process of decision making. Thus, the organizational structure assists management in determining departments and functions within the firm. Employee skills are a major contributor to organizations success by offering competitive and effective communication channels. This is important in influencing firms' effectiveness efficiency. The level of competence varies with the size of the firm.

Jagongo and Mwaura (2017) while investigating the effect of credit policy on the financial performance of Kenyan commercial banks. They adopted descriptive research design. They considered a population of 43 commercial banks headquarters in the Nairobi Central District. Questionnaires was used to collect primary data. The outcome was that majority of commercial banks to a large extent depend on the history of the customers before giving out the loan. The ramification was that performance of the bank is positively impacted by credit policy.

#### **2.3.4 Credit terms influence on financial performance**

Kakuru (2015) established that cash discounts enhances collections and therefore a means to increase sales. This will lead to the reduction in the debtors' level and the related costs. The cash discount will increase the collections that are due to customers and hence a tool to enhance sales. Nyangoma (2017) while studying to what degree credit terms and accessibility to credit have influenced the financial performance of SMEs in Uganda. The outcome was that there is a convincing positive link between the parameters of credit terms. The investigation concluded that credit terms present 33.1% of the divergence in financial performance. The financial institutions fix the credit terms that businesses like logistics firms can afford.

Abo & Gimire (2013) in their investigation of the Ivorian airlines focusing on credit systems and the limiting parameters and financial performance. The approach used included descriptive statistics cross tabulation together with dependency test of chi-square and crammers value. The analysis were calculated amid the most crucial parameters in the financial performance. This study used questionnaires that were submitted to responders 4 main airline firms. The study focused on 50 managers and 36 were returned. The tabulated results presented that firm having flexible credit systems and rigorous credit policies got sale targets of 92% and 83.3 sequentially. This outcome revealed that credit control term and automation affect performance of airline firms Muturi (2016) assessing effect the credit management techniques on the performance of loans in the microfinance banks taking deposit. The research was to establish how loan repayment is affected by credit management. He applied descriptive research method. The dissection of the primary data was performed using mean and standard deviation. Linear regression model was used in the application inferential statistics. Through the model effects of credit risk on repayment of loans was established. The study established through the findings that credit standard terms of credit, credit policy collection policy has an influence of the performance of companies with reference to study findings it was found out that sound credit management is a crucial element in company that shouldn't be ignored by companies who engage in credit

#### **2.4 Research gap**

There has been a lot studies carried out credit management in Kenya and how it affects firm's financial performance but very scanty ones have been conducted in the financial performance of logistics firms especially in Mombasa County. Studies carried out by Bungule (2016) which was finding out the effect of credit management practices on the performance of SMEs in the transport and logistics industries in Nairobi established that the adoption of sound credit management practices positively affects the financial performance of the firms but in this case the study focused Nairobi and not Mombasa necessitating the gap for address in this study The studies that were done by Azende (2012) which was to evaluate the effect of credit

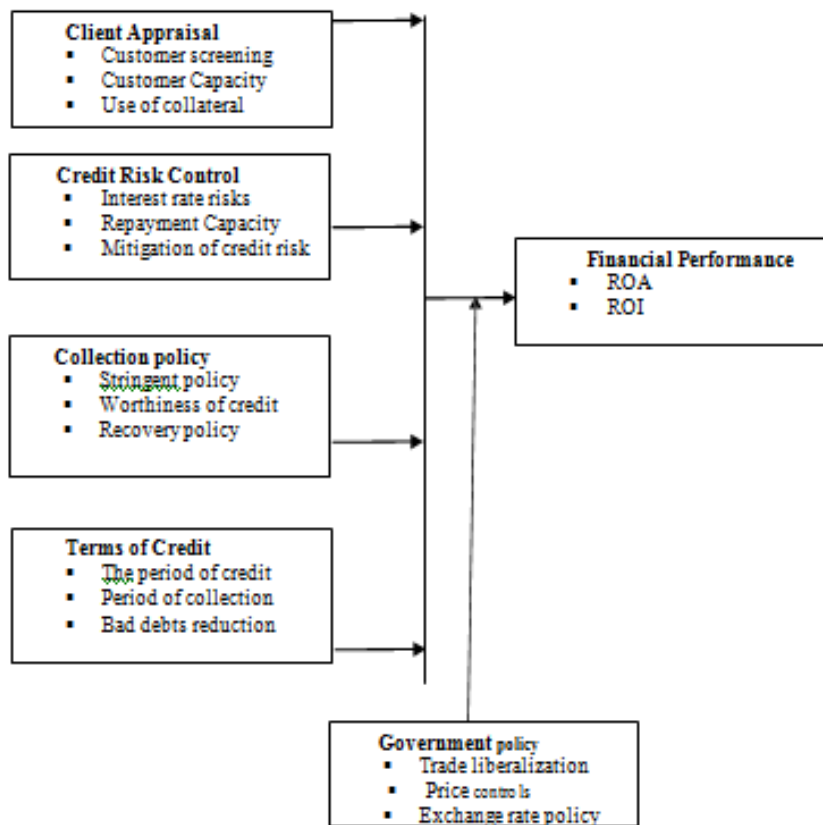
management and the financial performance of banks in Nigeria with two banks as case study Benue and Nasarawa indicated that companies chose to use banks with sound credit systems were as compared with those with no or weak credit system. The results of the study indicated that credit management system affects banks financial performance. This study focused on the banks and not logistics companies a crevice that this study will seek to address

## 2.5 Conceptual Framework

According to Bryman & Bell (2015) describes as a concise illustration of a phenomenon together with the visual and graphical depiction of the key study variables. Coulthard (2017) describes conceptual framework as a schematic exhibition of the presentation which identifies the variables and puts them together to explain a given phenomenon it provides the connection in the research title and research objective literature review and research methodology.

### Independent variables

### Dependent Variables



UNDER PEER REVIEW

## **Figure 1 Conceptual Framework**

**Source : ( Researcher, 2022)**

### **Intervening Variables**

#### **2.6 Recap of literature review**

This chapter has provided short discussion on the major theoretical perspectives and findings in the previous research on the management of credit and financial performance. The chapter has analyzed the agency theory, information asymmetry theory, credit risk theory and portfolio theory. This chapter has additionally focused on the exact features of the credit administration and financial performance of the service industries. The research will therefore concentrate on effect of credit management on financial performance of selected logistics companies in Mombasa County. Furthermore, to address the research crevices substantially in this important sector in the Kenyan economy.

The performance of the logistic firms in Mombasa County who offer credit service to clients to obtain a large market share will find credit management crucial. The world's economy continues to be transformed by globalization owing to the continued growth of world economies increasing the industry's demand for timely delivery of goods. This means that an efficient logistics chain is a very important tool that enhances the creation of competitive advantage in a growing economy. Customers that are brought about by globalization enhance the financial performance of the logistics chain when for example C&F firms can operate optimally because of the financial strength that results from good credit administration practices. Financial performance is therefore very key in any business enterprises as it motivates the shareholders the management all the parties that are in the internal and external environment of the organization

## **RESEARCH METHODOLOGY**

### **3.1 Introduction**

The chapter presented research methodology that was employed in the collection of information regarding the effect of credit management on the financial performance of logistics firms in Mombasa County. The research design included crucial components of methodology that incorporated the target population study design sample design data analysis, data collections methods study design, target population, sample design and data collection methods

### **3.2 Research Design**

Research design relates to the structure which represents the basis for collection of data, measurement and analysis, it expounds on the necessary steps for acquiring information required in solving a research problem Cooper &Schindler (2014). The research design that was adopted in this study was descriptive research design. The design focused on the large population as it gave an explanation to current situation, (Kothari 2014). In consonance with (Mugenda and Mugenda 2013), research design is the designation of the research study. In the Descriptive study was to investigate, what, where and how substantial of a phenomenon, which is the subject of the study.

Sekaran, (2015) opined that descriptive research designs goal is to offer the researcher a profile outlining crucial components of the subject situation that is of interest to an individual industry organization or other perspective. The descriptive approach was applied since it allowed the researcher to use quantitative data in order to establish a conventional component regarding

the population or the phenomenon in the study, (Zikmund,Babin,Carr &griffin 2011).

### 3.3 Target Population

Saunders (2019) describes population as a collection of items, persons, events, items or individuals out of which samples are taken for purposes of testing. Research population will consist of 28 logistic companies based in Mombasa County who are bonafide members of the regulatory association body, Kenya Freight Forwarders and Warehousing Association, (KIFWA Report, 2021). The head of credit, credit officer, operation managers and logistics manager were interviewed. Therefore in this study 248 employees working in the logistics firms in Mombasa were considered.

### 3.4 Sampling design and Sample Size

A sample is a portion of a larger population that has been preferred for monitoring and study whereas sampling is a purposeful in lieu of a haphazard criterion of adopting subjects for experiment so that the scientist can draw presumption regarding the population (Kothari, 2014). According to Bryman and Bell (2015) they opined that, sample size is important in the empirical study in which the aim is draw presumptions from a sample which observation about a population. In this study the sample size has been obtained by the application of the formulae by cooper and Schinder, (2013). The sample size was 160.

$$n = N/1+N (\alpha)^2$$

Where

n = sample size=n

N= the sample frame (population)  
 $\alpha$ =margin of error (0.05%)

$$n=248/1+248(0.05)^2 =160$$

**Table 1 Sample size**

Strata Group	Target Population	Sample size	Percentage
Credit Managers	90	58	36
Credit officers	90	58	36
Operation managers	34	22	14
Logistic Managers	34	22	14
<b>TOTAL</b>	<b>248</b>	<b>160</b>	<b>100</b>

**Source: Research Data 2022**

#### 3.4.1 Sampling design

Sampling design is explained as the part of research plan that shows the number of cases that are to be delicately selected for study(Cooper& Shindler, 2014) therefore the design presents a framework to be adopted to extract the sample of the study based on the sample size, (Saunder ,Lewis & Thornhill 2017). This study used this design as the sample was deduced to the population.

### **3.5 Construction of research instruments**

The key instrument that was used in this study was a questionnaire. The questionnaires were administered and they comprised of open and close-ended questions. The researcher had constructed open and close ended questions which did not have predetermined responses while the close ended ones had predetermined feedback. The questionnaires were directed to the respondents in the logistics firms in Mombasa County

### **3.6 Pilot Study**

The research instrument were tested first for validity and reliability before commencing on collection of data by doing a pilot test. The test ensured that the instruments were valid and accurate Mugenda & Mugenda, (2015). Additionally this is to ensure that the instruments explicitly mentioned and gave all the respondents with similar understanding and given the researcher a frame on the time to be taken for the instrument to be complete. The assessment assisted to reveal salient matters as the right language and clarity of the tool in analysis. The pilot test was done through the questionnaires to check for validity on 5 companies that did not form the final sample from Kilifi County. The results of this pilot test were used to adjust the questionnaires before final submission.

### **3.7 Validity and Reliability of Research Instrument**

Before embarking on the research it was important for the investigator to ensure that the research instruments were valid and reliable in order to get accurate results.

#### **3.7.1 Validity of the research instrument**

The instruments validity in the study were checked through the application of content validity index. It measures the content validity in the research. Content validity index refers to the extent to which the collection instrument precisely measures the purposed object to be measured. In this study it was measured by the aid of the university supervisor and through the pilot test.

#### **3.7.2 Reliability of the research instrument.**

Latunde (2016) explains that reliability of the instrument is when it the instrument can provide replicable results over a period of time. This means that findings are similar between divergent timelines. Reliability was checked by the application of Cronbach alpha coefficient of 0.7 and above to ensure its reliability for analysis.

### **3.8 Data collection methods and procedures**

Data collection procedures specify most reliable outlines to be used for carrying out practical collection of data and proper use of the instruments, (Cohen et al. 2011). In this study the questionnaire was adopted. The research instruments questionnaire were delivered to the respondents by email due to the Covid-19 pandemic and follow up done through reminders on mail within a period of 4 weeks.

The researcher before giving out the questionnaire sought for authorization from the management for data collection from correspondents and had a cover letter explaining study objectives. The respondents were assured of confidentiality and requested to willingly respond to the survey. Questionnaires can gather information which cannot be observed they also probe about motivation feelings experiences attitudes and accomplishments of individuals, (Njeru, Njeru, Memba & Tirimba, 2015).

### **3.9 Data collection and analysis**

Inferential and descriptive statistics were applied in data analysis. Multiple regression was applied to establish link between client appraisal processes, collection policy, terms of credit and credit risk control as independent variables and financial performance as of Logistics firms in Mombasa as the dependent variable. The study also used Pearson's to find out the relationship among the variables. The strength of relationships between the variables were analyzed by the calculation correlation coefficient,

A series of multiple regression analysis was applied to provide the estimates of the net effects and explanatory power. (ANOVA) were used to test for the significance of the regression model. The extent of fitness of the regression model was measured using  $R^2$   
And the multiple linear is to be used to establish the coefficients as below

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \varepsilon$$

In this case

Y= Represents financial performance of transport firms-dependent variable

$\beta_0$ -Is the constant of the firm

$\beta_1 = (1, 2, 3, 4)$  the coefficient for the independent variables

$X_1$  is the value of client appraisal process

$X_2$  = the value of credit risk control

$X_3$  = the value of collection policy

$X_4$  = the value of assessment of terms of credit

$\varepsilon$  is Error Term

After the successful collection and assembly of data. It was analyzed by use of quantitative methods to produce descriptive statistics. The findings were encapsulated by the use of descriptive statistics. This included percentages, frequencies means standard deviations. The information presented in pie charts graphs and tables.

### **3.10 Test of significance**

Significance of the coefficient were tested by z-test. The z-test was important since it was used to compare and establish the significance of the measures achieved especially the mean in a sample of a normal distributed population. The data to be collected was transformed to various indicators and the scores representative of the variables. SPSS was used for the test. The data was analyzed with the careful scrutiny of the completed questionnaires to ensure accuracy and consistency with the information received as complete as possible.

### **3.11 Ethical considerations**

The study endeavor to maintain confidentiality and the privacy of the participants. The researcher sought to get clearance from ERC and further sought to get consent from the respondents before initiating the collection of data. All through the study humane treatment was considered. Upon publication of the findings of the study it ensured that none of the findings could be traced back to the participants. Pseudonyms were used in the instances where the respondents did not like their names to be published

## **RESEARCH FINDINGS ANALYSIS AND PRESENTATION**

### **4.1 Introduction**

This chapter provided analysis and presentation of the findings as well as analysis and interpretation of the same. Analysis was done with the help of SPSS version 21 and Microsoft's excel version 2016. Standard deviation which

is a descriptive statistics was used to analyze the effect of credit management on financial performance of logistics firms in Mombasa County. The study was carried out using regression analysis and correlation analysis. To test the goodness of fit and the reliability of the regression model and an analysis of variance was used.

#### 4.2 Research presentation, interpretation and discussions

The research presentations, interpretations and discussion were carried out according to the research objectives.

##### 4.2.1 Response Rate

The response rate is the number of respondents who answered the questionnaires divided by the number of people in the sample and it is always expressed in the percentage form. The research targeted 130 respondents of which 100 of the questionnaires were attended to with accurate level of 77%. Mugenda and Mugenda (2008) indicated that a response rate of 50% is acceptable, 60% is good and above 70% is tremendous. Consequently, the response rate of 77% was considered outstanding to analyse the effect of credit management on financial performance of logistics firms in Mombasa County.

##### 4.2.2 Pilot Study Results

###### 4.2.2.1 Reliability of the data

The study used Cronbach's alpha to test the reliability of research instruments where a reliability coefficient of 0.70 or higher is considered "acceptable" in most social science research (Hatice et al., 2017). The internal consistency for each of the variables was tested using Cronbach's coefficient alpha and found to be responsive since they had high internal consistency/reliability (Khawaja, Haim, & Dileep, 2012). The results of the field study are as provided in Table 2.

Reliability result showed that terms of credit had an acceptable reliability of 0.904, collection policy had an acceptable reliability of 0.757, appraisal process had an acceptable reliability of 0.750, and credit risk control had an acceptable reliability of 0.790. Lee Cronbach indicated that the acceptable reliability threshold is above 0.70. Table 2 presents the reliability results.

**Table 2 Reliability**

Variable	Number of items	Cronbach's Alpha	Decision
Appraisal process	4	0.750	Acceptable
Credit risk control	5	0.790	Acceptable
Collection policy	4	0.757	Acceptable
Terms of credit	3	0.904	Acceptable

##### Research Data (2022)

###### 4.2.2.2 Validity of the data

In order to assess the effect of credit management on financial performance of logistics firms in Mombasa County. Factor analysis was carried out to test for validity of variables. Kaiser-Meyer- Olkin measure of sampling adequacy and Bartlett's test of Sphericity were used to test the significance of the relationship between the variables. KMO provides a range of 0 to +1 with

results less than 0.5 being considered inadequate, 0.5 being barely acceptable score, 0.7 to 0.8 being acceptable, and values above 0.9 being superb, (Cresswell, 2013). Bartlett's tests on the other hand focuses on the validity and suitability of responses on the study. As per Bartlett's tests, instruments are valid if the significance value is less than 0.05 and invalid if the significance value is greater than 0.05, (Che et al, 2013).

KMO values close to one show that the correlations are close and the factor Analysis is reliable (Cresswell, 2013). In Table 3, the KMO value is given as 0.747 which is acceptable as per KMO test. The Bartlett's test of Sphericity is significant ( $p < 0.000$ ) with a chi-square of 636.593 indicating a strong relationship among the variables.

**Table 3: Factor analysis -KMO and Bart**

<b>KMO and Bartlett's Test</b>		
Kaiser-Meyer-Olkin	Measure of Sampling Adequacy.	.747
Bartlett's Test of Sphericity	Approx. Chi-Square	636.593
	Df	3
	Sig.	.000

### 4.3 Demographic Data

#### 4.3.1 Positions of the respondents

According to 36% of the respondents, they indicated that they are credit managers as well as credit officers consecutively while 14% of the respondents indicated that they are operation managers and logistics managers consecutively. This implies that the respondents were both finance officials and credit officials meaning they were in a good position to attend to the questionnaires.

**Table 4 Title of the respondents**

<b>Categories</b>	<b>Frequency</b>	<b>Percentage</b>
Credit Managers	36	36
Credit officers	36	36
Operation managers	14	14
Logistics Managers	14	14
<b>TOTAL</b>	<b>100</b>	<b>100</b>

#### 4.3.2 Number of years in operation

The table below shows the period the logistic companies has been in operation in Mombasa

County. As indicated, 15% has operated for less than a year, 20% has been in operation between

1 and 3 years, 30% has operated between 4 and 7 years and 35 % of the companies that have been in operation over 7 years. The results suggests that 65% of the Logistics companies have been in operations for over 4 years showing resilience of the firms' survival.

**Table 5 Title of the respondents**

<b>Duration</b>	<b>Frequency</b>	<b>Percentage</b>
Less than 1 year	15	15
1 to 3 Years	20	20
4 to 7 Years	30	30
Above 7 Years	35	35
<b>Total</b>	<b>100</b>	<b>100</b>

#### 4.3.3 Education level of the respondents

The respondent's highest level of education has been displayed by the table beneath. 15% of the respondents shows that they have a primary level of education, 25% of the respondents indicated that they have secondary education, 50% indicated that they have university level of education while 10% of the respondents indicated that they have post graduate education. The respondents indicate that 50% of the respondent had attained degrees and therefore competent enough in the area of credit management.

**Table 6 Education level of the respondents**

<b>Level of Education</b>	<b>Frequency</b>	<b>Percentage</b>
Primary Level	15	15
Secondary Level	25	25
University level	50	50
Post graduate Level	10	10
<b>Total</b>	<b>100</b>	<b>100</b>

#### 4.3.4 Whether the respondent had professional training

The researcher requested the respondents to indicate whether the respondent had any professional training and it was found that 75% of the respondents had professional training while 25% of the respondents did not have. The training was in the area of accounting and finance.

**Table 7 Professional training**

Professional training	Frequency	Percent
Yes	75	75
No	25	25
<b>Total</b>	<b>100</b>	<b>100</b>

#### 4.4 Descriptive Analysis

The following presents the findings on the various study variables.

##### 4.4.1 Effect of appraisal process on the financial performance of Logistics firms in

###### Mombasa

The researcher enquired from the respondents about the effect of appraisal process on the financial performance of Logistics firms in Mombasa. The result shows the mean and standard deviation of responses to the four statements pertaining to the effect of appraisal process on the financial performance of Logistics firms in Mombasa.

**Table 8 Effect of appraisal process**

Effect of appraisal process	Mean	SD
Client appraisal is an important tool for credit management.	3.4	1.310
The firms have qualified personnel in client appraisal process	3.2	1.270
There is character check for client looking for credit facilities	2.9	.987
Customers' defaults arises with failure to assess capacity to repay.	3.12	1.310

From the result, majority of the respondents indicated that client appraisal is an important tool for credit management with a mean of (m=3.4, SD=1.31). Other respondents indicated that firms have qualified personnel in client appraisal process with a mean of (m=3.2, SD=1.27). The respondents also indicated that there is a character check for client looking for credit facilities with a mean of (m=2.9, SD=.987) and some of the respondents indicated that customers' defaults arises with failure to assess capacity to repay with a mean of (m=3.12, SD=1.31). The result shows that indeed client appraisal is an important tool for credit management. The findings concur with those of Ahmed & Malik (2015) who indicated that the appraisal of clients has a positive influence on the performance of loan, whereas credit risk control and credit policy a positive but insignificant effect on the loan performance.

##### 4.4.2 Effect of credit risk control on the financial performance of Logistics firms in

###### Mombasa.

The second variable in this study is about the effect of credit risk control on the financial performance of

Logistics firms in Mombasa. Just like in the previous variable, data was collected and analyzed using the mean and standard deviation. The data collected on cash conversion cycle items was computed and findings are presented in table below

**Table 9 Effect of credit risk control on the financial performance of Logistics firms**

<b>Effect of credit risk control</b>	<b>Mean</b>	<b>SD</b>
The application of regular credit checks improves credit management	3.37	1.299
The use of client application forms enhances monitoring and well credit management	4.22	.822
With flexible payment period it improves debt payment	3.29	1.167
Establishing a credit size limit is a good technique in credit management.	3.66	1.175

Based on the mean and SD, the participants agreed that the application of regular credit checks improves credit management with a mean of (m=3.37, SD=1.299), others indicated that the use of client application forms enhances monitoring and well credit management with a mean of

(m=4.22, SD=.822). Some respondents agreed that the with flexible payment period it improves debt payment with a mean of (M=3.29, SD=1.167) while others indicated that establishing a credit size limit is a good technique in credit management (M=3.66, SD=1.175). The findings concur with those of Fernandez (2010) who indicated that it is crucial to set up a sound credit risk environment, proper credit advancing process, clear control of credit, assessing checking and measures over credit risk policy and approaches in which the portfolio of credit is managed for example the origin of loan, supervising, appraisal and collection as key factor in credit management.

#### 4.4.3 The influence of collection policy on the financial performance of Logistics firms in

##### Mombasa.

The influence of the collection policy on the financial performance of Logistics firms in Mombasa formed the third independent variable in this research. Data was amassed via means as well as standard deviation. The mean as well as standard deviations of the data amassed was calculated and results were presented and are as shown in the table below.

**Table 10 The influence of collection policy**

<b>The influence of collection policy</b>	<b>Mean</b>	<b>SD</b>
Proper credit management has been enhanced by the collection policies in use	3.29	1.309
The credit policies formulation enhance the management of credit.	3.05	1.071
Guarantee policies enforcement improves debt recovery in cases of non- payment. Systematical checks on collection policy revamp the credit management state.	3.59	1.072
	3.73	1.184

The study revealed that, proper credit management has been enhanced by the collection policies in use with a mean of (M=3.29, SD=1.309), other respondents agreed that the credit policies formulation enhance the management of credit with a mean of (M=3.05, SD=1.071), others indicated that guarantee policies enforcement improves debt recovery in cases of non- payment with a mean of (M=3.59, SD=1.072) while some other respondents indicated that systematical checks on collection policy revamp the credit management state with a mean of (M=3.73, SD=1.184). The result suggests that indeed there is proper management of liquidity.

The findings concur with those of Kariuki (2017) who indicated that when the process of collection policy is done in a better way, it is crucial in the financial performance of the firm of which logistics companies are part of. The findings also concur with those of Abdi (2018) concluded that Information technology is important in the performance of organizations in the logistics sector. This is because, it offers an explanation that is visual about the process of allocation of resource and the process of decision making.

#### **4.4.4 Effect of terms of credit on the financial performance of Logistics firms in Mombasa.**

The effect of terms of credit on the financial performance of Logistics firms in Mombasa formed the fourth independent variable in this study. Just like in other variables, data was collected through mean and standard deviation and was calculated and results were presented in table 11

**Table 11 Effect of terms of credit**

<b>Effect of terms of credit</b>	<b>Mean</b>	<b>SD</b>
The terms of credit if not adjusted appropriately may lead to increased bad debts.	3.00	1.360
Terms of credit should be varied from client to client for good credit management		
The regular checks on the credit period granted improves credit management		
The available terms of credit assisted in enhancement of an effective credit management.	3.41	1.161
	3.22	1.107
	3.29	1.078

Based on the responses, the respondents strongly agreed that the terms of credit if not adjusted appropriately may lead to increased bad debts with a mean of (Mean=3.00, SD=1.360), other respondents agreed that the terms of credit should be varied from client to client for good credit management as indicated with a mean of (Mean=3.41, SD=1.161). The respondents also agreed with the statements that the regular checks on the credit period granted improves credit management with a mean of (Mean=3.22, SD=1.107) while some respondents agreed that the available terms of credit assisted in enhancement of an effective credit management with a mean of (Mean=3.29, SD=1.078). The findings concur with those of Kakuru (2015) who indicated that cash discounts enhances collections and therefore a means to increase sales which lead to the reduction in the debtors' level and the related costs. The cash discount will increase the collections that are due to customers and hence a tool to enhance sales.

#### 4.4.5 Financial performance of Logistics firms in Mombasa.

The study set to establish the financial performance of Logistics firms in Mombasa. The findings are presented below in table 11. It indicates that the respondents strongly agreed that

enhancement of better credit terms has led to increase in sales with a mean of (M=3.77, SD=1.445), some respondents indicated that there has been an improved debt collection as a result of the improvement of the collection policy with a mean of (M=3.81, SD=1.482) while others agreed that the firms growth has been as a result of proper financial management practices employed by the company with a mean of (m=3.52, SD=1.173). The result suggests that financial performance of Logistics firms in Mombasa is better.

**Table 12 Financial performance of firms**

<b>Financial performance</b>	<b>Mean</b>	<b>SD</b>
The enhancement of better credit terms has led to increase in sales	3.77	1.445
There has been an improved debt collection as a result of the improvement of the collection policy	3.81	1.482
The firms growth has been as a result of proper financial management practices employed by the company	3.52	1.173

#### 4.5 Correlation Results

The correlation result in table 13 below, the respondents shows that appraisal process and financial performance of logistics firms are positively related ( $r=.230$ ,  $p=.00$ ), credit risk control and financial performance are positively related ( $r=.144$ ,  $p=.019$ ), collection policy and financial performance are positively related ( $r=.689$ ,  $p=.000$ ). Finally, terms of credit and financial performance are positively related ( $r=.278$ ,  $p=.000$ ). The result suggests that appraisal process, credit risk control, collection policy and terms of credit influence financial performance.

**Table 13 Correlation analysis**

		Appraisal	Credit	Collection	Terms	Financial P
Appraisal P	Pearson Correlation	1				
	Sig. (2-tailed)					
Credit R	Pearson Correlation	-.033	1			
	Sig. (2-tailed)					
Collection	Pearson Correlation	.591		1		
	Sig. (2-tailed)	-.203**	-.067			
Terms of C	Pearson Correlation	.001	.277		1	
	Sig. (2-tailed)	-.075	-.025	.330**		
Financial P	Pearson Correlation	.224	.685	.000		1
	Sig. (2-tailed)	-.230**	.144*	.689**	.278**	
	Sig. (2-tailed)	.000	.019	.000	.000	

\*\* . Correlation is significant at the 0.01 level (2-tailed). \* . Correlation is significant at the 0.05 level (2-tailed).

#### 4.6 Regression analysis results

##### 4.6.1 Model Summary

The model summary result indicate that R=.588, this implied that the four predictor variables, moderately correlate with financial performance of Logistics firms. The coefficient of determination; R square is .345, this indicate that the four predictors collectively accounted for 34% of performance of Logistics firms in Mombasa. The other remaining percentage is accounted for variables other than the ones in the model.

**Table 14 Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.588 <sup>a</sup>	.345	.335	.656

a. Predictors: (Constant), Appraisal. Credit risk, Collection P, Terms of credit

#### 4.6.2 ANOVA

**Table 15 ANOVA**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	58.760	4	14.690	34.158	.000 <sup>b</sup>
	Residual	111.387	259	.430		
	Total	170.148	263			

a. Dependent Variable: Financial performance, b. Predictors: (Constant), Appraisal. Credit risk,

Collection P, Terms of credit

Analysis of variance (ANOVA) results in table 11 indicate that the regression model linking appraisal process, credit risk control, collection policy and terms of credit as independent variables with financial performance is fit for prediction (F=34.158, p=.000). This implies that knowledge of the level of the predictor variables can lead to the prediction of the dependent variable.

#### 4.6.3 Regression coefficient

**Table 16 Regression coefficient**

Model		Unstandardized Coefficients	Standardized Coefficients	t	Sig.
1	(Constant)	2.374	.373	6.368	.000
	Appraisal P	.444	.067	.375	
	Credit risk	.101	.044	.129	
	Collection P	.612	.181	.182	
	Terms of C	.104	.036	.153	

a. Dependent Variable: Financial performance

The result in table 13 indicates the regression coefficients of the four independent variables

(and the constant). The regression model of

$$\text{Financial P} = 2.374 + .444 \text{ Appraisal} + .101 \text{ Credit risk} + .612 \text{ Collection P} \\ + .104 \text{ Terms of Credit}$$

The result shows that appraisal process has a positive significant influence on Financial

performance ( $\beta=.444$ ,  $p=.000$ ), credit risk control have a significant positive influence on financial performance ( $\beta=.101$ ,  $p=.021$ ), collection policy positively and significantly influence the financial performance ( $\beta=.612$ ,  $p=.001$ ). The terms of credit has a significant influence on financial performance ( $\beta=.104$ ,  $p=.004$ ). The regression equation was:

The regression model of

$$Y = 2.374 + 0.444X_1 + 0.101X_2 + 0.612X_3 + 0.104X_4$$

Where;

Y= the dependent variable (financial performance)

X1 is the client appraisal process

X2 = the credit risk control

X3 = the collection policy

X4 = the assessment of terms of credit

#### **4.7 Discussion of Findings**

In this chapter the findings have been presented. The descriptive results indicate a modest level of appraisal process, credit risk control, collection policy and terms of credit. The study found a positive correlation between credit management variables and financial performance. In the first objective, the respondents indicated that that client appraisal is an important tool for credit management with a mean of ( $m=3.4$ ,  $SD=1.31$ ). Some respondents indicated that firms have qualified personnel in client appraisal process with a mean of ( $m=3.2$ ,  $SD=1.27$ ). Consequently, the result shows that indeed client appraisal is an important tool for credit management. The findings concur with the findings of Ahmed & Malik (2015) who indicated that the appraisal of clients has a positive influence on the performance of loan.

In the second objective, the participants agreed that the application of regular credit checks improves credit management with a mean of ( $m=3.37$ ,  $SD=1.299$ ), others respondents indicated that the use of client application forms enhances monitoring and well credit management with a mean of ( $m=4.22$ ,  $SD=.822$ ). Some respondents agreed that the with flexible payment period it improves debt payment with a mean of ( $M=3.29$ ,  $SD=1.167$ ) while others indicated that establishing a credit size limit is a good technique in credit management ( $M=3.66$ ,  $SD=1.175$ ). The findings concur with those of Fernandez (2010) who indicated that it is crucial to set up a

sound credit risk environment, proper credit advancing process, clear control of credit, assessing checking and measures over credit risk policy and approaches in which the portfolio of credit is managed.

In the third objective, the participants indicated that proper credit management has been enhanced by the collection policies in use with a mean of (M=3.29, SD=1.309), other respondents agreed that the credit policies formulation enhance the management of credit with a mean of (M=3.05, SD=1.071) while others indicated that guarantee policies enforcement improves debt recovery in cases of non- payment with a mean of (M=3.59, SD=1.072). The findings concur with those of Kariuki (2017) who indicated that when the process of collection policy is done in a better way, it is crucial in the financial performance of the firm of which logistics companies are part of.

In the fourth objective, the respondents strongly agreed that the terms of credit if not adjusted appropriately may lead to increased bad debts with a mean of (Mean=3.00, SD=1.360) others indicated that respondents the regular checks on the credit period granted improves credit management with a mean of (Mean=3.22, SD=1.107) while some respondents agreed that the available terms of credit assisted in enhancement of an effective credit management with a mean of (Mean=3.29, SD=1.078). The findings concur with those of Kakuru (2015) who indicated that cash discounts enhances collections and therefore a means to increase sales which lead to the reduction in the debtors' level and the related costs. The researcher found out that appraisal process and financial performance of logistics firms are positively related ( $r=.230, p=.00$ ), credit risk control and financial performance are positively related ( $r=.144, p=.019$ ), collection policy

and financial performance are positively related ( $.689, p=.000$ ) and finally, terms of credit and financial performance are positively related ( $r=.278, p=.000$ ). The result suggests that appraisal process, credit risk control, collection policy and terms of credit influence financial performance.

## **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

### **5.1 Introduction**

This chapter presents the summary of the study. The key conclusions drawn concerning the study objectives are also presented. Finally, recommendations are made.

### **5.2 Summary of findings**

The broad objective of the study was to establish effect of credit management on financial performance of logistics firms in Mombasa County. This study was founded on Agency Theory, Credit Risk Theory, Portfolio Theory, Asymmetric Information Theory. Various assumptions are made about variables during statistical tests. This was to ensure that the findings are worth using in decision making. Statistical procedures require that the assumption of normality is test. It helps to confirm whether the data follows a normal distribution or not. If the normality is not achieved, the regression analysis for goodness of fit, the results may not depict the true picture relationship amongst the variables. In this study internal consistency of the data collection tools was tested using Cronbach's alpha Test. Descriptive measures involved mean and standard deviation. Mean is a measure of central tendency used to describe the most typical value in a set of values. Standard deviation shows how far the distribution is from the mean.

Majority of the respondents indicated that client appraisal is an important tool for credit management with a mean of (m=3.4, SD=1.31) while the least of the respondents indicated there is a character check for client looking for credit facilities with a mean of (m=2.9, SD=.987). The result shows that indeed client appraisal is an important tool for credit management. The researcher the appraisal of clients has a positive influence on the performance of loan, whereas credit risk control and credit policy a positive but insignificant effect on the loan performance.

Most of the respondents indicated that the use of client application forms enhances monitoring and well credit management with a mean of ( $m=4.22$ ,  $SD=.822$ ) while the least of the respondents agreed that the with flexible payment period it improves debt payment with a mean of ( $M=3.29$ ,  $SD=1.167$ ). The researcher found out that it is crucial to set up a sound credit risk environment, proper credit advancing process, clear control of credit, assessing checking and measures over credit risk policy and approaches in which the portfolio of credit is managed for example the origin of loan, supervising, appraisal and collection as key factor in credit management.

Majority of the respondents indicated that systematical checks on collection policy revamp the credit management state with a mean of ( $M=3.73$ ,  $SD=1.184$ ) while the least of the respondents indicated that the credit policies formulation enhance the management of credit with a mean of ( $M=3.05$ ,  $SD=1.071$ ). The researcher also found out that when the process of collection policy is done in a better way, it is crucial in the financial performance of the firm and logistics companies are part of the firms.

Most of the respondents posited out that the terms of credit should be varied from client to client for good credit management as indicated with a mean of ( $Mean=3.41$ ,  $SD=1.161$ ) while the least of the respondents indicated that the regular checks on the credit period granted improves credit management with a mean of ( $Mean=3.22$ ,  $SD=1.107$ ). The researcher found out that cash discounts enhances collections and therefore increases sales which lead to the reduction in the debtors' level and the related costs. The cash discount will increase the collections that are due to customers and hence a tool to enhance sales

### **5.3 Conclusions**

The study shows the progressive importance of credit management on financial performance of logistics firms and the weaknesses these firms have in doing this. From the findings, it can be concluded that indeed credit risk control systems has an effect on the overall financial performance of logistics firms. This can be seen from the high response rate who responded in the affirmative. The study demonstrated that client appraisal is an important tool for credit management which was supported by a mean of ( $m=3.4$ ) and a Standard Deviation of ( $1.31$ ). The result shows that indeed client appraisal is an important tool for credit management. The researcher also concluded that the appraisal of clients has a positive influence on the performance of loan, whereas credit risk control and credit policy a positive but insignificant effect on the loan performance.

The researcher can conclude that the use of client application forms enhances monitoring and well credit management which was supported with a mean of ( $4.22$ ) and a Standard Deviation of ( $0.822$ ). The researcher concluded that it is crucial to set up a sound credit risk environment, proper credit advancing process, clear control of credit, assessing checking and measures over credit risk policy and approaches in which the portfolio of credit is managed for example the origin of loan, supervising, appraisal and collection as key factor in credit management. Logistics firms should consider involving their clients in the formulation of implementation strategies in order to avoid complaints and dissatisfactions among the clients.

The researcher concluded that systematical checks on collection policy revamp the credit management state which was supported with a mean of Mean of  $3.73$  and a Standard Deviation of  $1.184$ . This means that the process of collection policy is done in a better way, it is crucial in the financial performance of the firm and logistics companies are part of the firms.

### **5.4 Recommendations**

The study recommends the creation and strengthening of an independent credit management authority to oversight and monitor best credit management practices in firms and even provide technical advice when necessary. The study recommends the following measures which will help improve credit risk management in logistics firms hence improve the financial performance.

The researcher recommends that it is important for firms to make a preliminary cost-benefit analysis and revise their credit risk management policies and be broader by maintaining high liquidity, having stringent monetary policies, Utilization of collateral, background check on applicants, regular market analysis, collaboration with other players and using skilled personnel as opposed to the traditional observation of default risk, liquidity risk

and market risk. This is backed by the fact that majority of the respondents indicated that client appraisal is an important tool for credit management with a Mean of 3.4 and a Standard Deviation of 1.31. The researcher recommends that proper credit management practices will enable a firm to effectively manage its credit especially with logistics firms whose massive chunk of capital needs are channeled to their operation activities. Effective credit management policies will therefore enable firms to carefully evaluate their financing needs whether long term or short term.

The logistics firms are also advised to open up and share information with other players on market risk thus involves consultants more in their market risk management. This is from the fact that market risk analysis is an external activity and not internal and from the fact that these consultants have vast expertise and specialization in this field. It is also imperative that the logistics firms start thinking of more future oriented methods of risk management other than the traditional detection and action method. The logistics firms should consequently start using prediction and advance preventive measures methods. This calls for effective strategic management and projections. The participants agreed that the application of regular credit checks improves credit management with a mean of 3.37 and a Standard Deviation of 1.299. This is from the fact that the risks are coming so fast and wide thus catching up with them is becoming more difficult. The logistics firms should thus run ahead of the risks. The study calls for a revision to specifically determine whether logistics firms have very effective default identification and response systems. The study revealed that, proper credit management has been enhanced by the collection policies in use with a mean of 3.29 and a standard Deviation of 1.309. Based on the findings, it is also imperative to conduct a study on the best methods to project credit risks in the logistics firms so that they can use these methods in projecting the future risks instead of detecting the risks once they have occurred.

### 5.5 Recommendations for further research

Given the scope and limitations of this study, the researcher suggests a number of areas for further study. The scope of this study should be expanded to include other variables not identified in this study as captured by the error term. To get a better perspective of the relationship between credit management and financial performance, this study should be conducted in a different industry/sector. The study can also be improved by using a different yardstick to measure financial performance.

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## APPENDICES

### APPENDIX 1: Introduction Letter

#### Introduction Letter

Michael Ochieng Omune

P.O. BOX 93486-80102

Mombasa

TO WHOM IT MAY CONCERN

#### **RE: APPLIED QUESTIONNAIRE**

I am a student at Mount Kenya University pursuing a Master of Business Administration, currently am doing a post graduate research project on Analysis of credit management techniques on financial performance of logistics firm in Mombasa County this is as a partial fulfillment of requirement for the award of a degree

Attached herewith is a questionnaire that I am seeking to be completed. The information that will be provided will be treated as private and confidential.

If you would want to get the outcome of the research it shall be sent to you upon request on mail

Your positive assistance and cooperation will be highly esteemed

Yours Faithfully

Michael Ochieng Omune

## APPENDIX II: Consent Form

Project title: Analysis of credit management techniques on financial performance of logistics firms in Mombasa County.

Am a student at Mount Kenya University Master of Business of Business Administration Finance Being a part of my study requirement I am carrying out a research in Mombasa County for Logistics firms investigating the analysis of credit management techniques on financial performance of Logistics firms in Mombasa County and wish to request you to participate in the research.

A questionnaire will be used to collect data that will be treated with confidentiality and majorly for research purposes. Notes, transcripts data computed will be securely stored and destroyed once the research is complete. The response given will be made anonymous and no part of the study linked to you but will for the purposes of researcher, thesis strictly.

You have a right to/not to respond to any questions asked. Pseudonyms will be used during journal and conference presentation of the results to further ensure confidentiality. Your participation in this research is voluntary and you may pull out at any time without reason, simply inform the Researcher.

### Consent

I have read, I understand the above information and have had the opportunity to ask questions. I understand that my participation is voluntary and that I am free to withdraw at any time, without giving a reason. I voluntarily agree to take part in this study.

Participant's signature \_\_\_\_\_ Date \_\_\_\_\_

Researcher's signature \_\_\_\_\_ Date \_\_\_\_\_

### Appendix III: Research Questionnaire

#### Section 1: General Information

1. Name of the company

.....

2. What is your position in the company?

Credit Managers	{ }
Credit officers	{ }
Finance Directors	{ }
Finance Managers	{ }

3. How long has the company be operational?

Below 1 year	{ }
1year to 3years	{ }
4years to 7 years	{ }

4. What is your level of education?

Primary education	{ }
Secondary education	{ }
University education	{ }
Post graduate education	{ }

5. Do you have professional training?

Yes	{ }
No	{ }

6. If yes in 7 above what is the level of your professional training?

.....

**Part B:**

**CREDIT MANAGEMENT TECHNIQUES  
CLIENT APRAISAL**

1. The firm has employed client appraisal in credit management?
  - Very large extent {    }
  - Large extent        {    }
  - Moderate extent    {    }
  - Small extent        {    }
  - Not at all           {    }
2. With regards to clients appraisal at what level do you agree with the statements?

Please use the scale below to respond to the questions

**0-strongly disagree 1-disagree 2-neutral 3= agree 4=strongly agree**

	4	3	2	1	0
Client appraisal is an important tool for credit management.					
The firms have qualified personnel in client appraisal process					
There is character check for client looking for credit facilities					
Collaterals are considered on customers appraisal					
Customers defaults arises with failure to assess capacity to repay.					

**CREDIT RISK CONTOL**

3. Firms use credit risk control to what level in management of credit?  
 Very large extent {    }  
 Large Extent        {    }  
 Moderate Extent    {    }  
 Small Extent        {    }  
 Not at all            {    }
4. What is the level of agreement on the following statement relating to credit risk control in Logistics firms?

Statement	4	3	2	1	0
Establishing a credit size limit is a good technique in credit management					
The application of regular credit checks improves credit management.					
With flexible payment period it improves debt payment.					
Surcharging for late payments enhances clients' commitment to payment of the debt					
The use of client application forms enhances monitoring and well credit management					

**COLLECTION POLICY**

5. To what extent does logistics firms use collection policy in credit management?  
 Very large extent {    }  
 Large Extent        {    }  
 Moderate Extent    {    }  
 Small extent        {    }  
 Not at all            {    }
6. What is the level of your agreement on the following statements relating to collection policy of Logistics firms?

Statement	4	3	2	1	0
Proper credit management has be enhanced by the collection policies in use					
The credit policies formulation enhance the management of credit.					
Guarantee policies enforcement improves debt recovery in cases of non- payment.					
Systematical checks on collection policy revamp the credit management state.					

### TERMS OF CREDIT

7. To what extent does the logistics firms use credit terms of credit in credit management?

- Very large extent { }
- Large Extent { }
- Moderate Extent { }
- small extent { }
- Not at all { }

Statement	4	3	2	1	0
The available terms of credit assisted in enhancement of an effective credit management.					
The regular checks on the credit period granted improves credit management					
The terms of credit if not adjusted appropriately may lead to increased bad debts.					
Terms of credit should be varied from client to client for good credit management					
A strict terms of credit is more efficient in credit management than softer terms of credit.					

**Part: C**

**FINANCIAL PERFORMANCE**

Statement	4	3	2	1	0
There has been an improved debt collection as a result of the improvement of the collection policy					
The financial strength depends on the sales returns in terms of price of the product sales in the period number of customers and credit policy in place at that time					
The firms growth has been as a result of proper financial management practices employed by the company					
The enhancement of better credit terms has led to increase in sales					

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**APPENDIX IV**

1	ARAMEX KENYA LTD	
2	ACCESS SHIPPING & LOGISTICS LTD	
3	BAHARI FORWARDERS LTD	
4	BOLLORE TRANSPORT & LOGISTICS LTD	
5	CROWN INDUSTRIES LTD	
6	CARGO WORLD LOGISTICS LTD	
7	DAMCO LOGISTICS (K) LTD	
8	DODWELL & COMPANY (EA) LTD	
9	EXPRESS SHIPPING LINE (EA) LTD	
10	EXPOLANKA FREIGHT LTD	
11	FREIGHT FORWARDERS KENYA LTD	
12	FREIGHTWELL EXPRESS LTD	
13	GEORINE AGENCIES LTD	
14	GENERAL FREIGHTERS LTD	
15	HABO AGENCIES LTD	
16	HOMELAND TRANSPORTERS LTD	
17.	INTRALINE SHIPPING & LOGISTICS	
18.	INDUS LOGISTICS LTD	
19.	KATE FREIGHT & TRAVEL LTD	
20.	KENFREIGHT EA LTD	
21.	KUEHNE + NAGEL LIMITED	
22.	LANDMARK FREIGHT SERVICES	
23.	LIDAN ENTERPRISES LTD	
24.	MACSIM CARGO SERVICES LTD	
25.	MITCHELL COTTS FREIGHT K LIMITED	
26.	NEWPORT FREIGHT LOGISTICS	
27.	NAJMI CLEARING & FORWARDING	
28.	OASIS FREIGHT CO LTD	

29.	OUTER FREIGHT (K) LTD	
30.	PAN AFRICA LOGISTICS LTD	
31.	PANAL FREIGHTERS LIMITED	
32.	QUANTUM LOGISTICS	
33.	QUIVER INTERNATIONAL LTD	
34.	RAPID KATE SERVICES LTD	
35.	REGIONAL FREIGHT SERVICES LTD	
36.	SDV TRANSAMI (K) LTD	
37.	SEACON (K) LTD	
38.	TIPPER HAULIERS	
39.	TONADO LOGISTICS LTD	
40.	UNIMAR LOGISTIC LTD	
41.	UNITED (E A ) WAREHOUSES LTD	
42.	UFANISI FREIGHTERS (K) LTD	
43.	UNION LOGISTICS LTD	
44.	URGENT CARGO HANDLING LTD	
45.	UNIVERSAL FREIGHT & LOGISTICS (K)LTD	
46.	UNITED CLEARING COMPANY LTD	
47.	VICTORIA INTERNATIONAL LOGISTICS LTD	
48.	WORLD CARGO LOGISTICS LTD	
49.	WESTERN LOGISTICS SERVICES LTD	
50.	WETAA INVESTMENTS LTD	
51.	WORLD NET FREIGHT LTD	
52.	WORLD WIDE CARGO LTD	
53.	WORLDWIDE MOVERS KENYA LTD	
54.	WINBAN CARGO SERVICES LTD	
55.	WIGGLESWORTH EXPORTERS LTD	
56.	WILLMON FREIGHT AGENCIES	
57.	WESTERN LOGISTICS SERVICES LTD	

58.	YALFA CARGO HANDLING LTD	
59.	YARA EAST AFRICA LTD	
60	VOYAGE SERVICES LTD	
61	VYAS HAULIERS	
62.	WESTERN LOGISTICS SERVICES LTD	
63.	ZIGLER EXPRESS LTD	
64.	ZOMARK FREIGHTERS	
65.	ZOUNHAIZE(K)LTD	

**Source: (KIFWA Report, 2022)**

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**APPENDIX VI: WORK PLAN**

<b>ACTIVITY</b>	<b>June 2021</b>	<b>July 2021</b>	<b>August 2021</b>	<b>Sept 2021- Sept 2022</b>	<b>October 2022</b>
Concept Topic Selection					
Concept Presentation					
Proposal Development					
Proposal Defence					
Corrections after defense					
Development of tools & data collections					
Data analysis and processing					
Project writing					
Defense					
Final submission					

Source (Researcher 2022)