

Effectiveness of Credit and Collection among Small Retailers: An Assessment

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ABSTRACT

The study is entitled “Effectiveness of Credit and Collection among Small Retailers in the Kingdom of Bahrain: An Assessment”. The research sought answers on the following specific problems and drawn inferences that relatively identified factors affecting effectiveness of credit and collection. Specifically, the research included 50 respondents – twenty - five (25) Non – store retailers and twenty - five (25) store retailers who are connected with various companies classified as small enterprises operating in the Kingdom. Through survey – questionnaires, data were gathered, collected, and were used as basis of analysis subject to statistical treatments that include frequency count, weighted means and correlation.

The respondents have inferred the relevant reasons noted as pushing factors that engage small retailers to credit extension. The summary of perceptions on the level of effectiveness of the strategies on credit and collection employed and as practiced by small retailers in terms of Customer Relations; Acquisition and Standards and Collection Policy, have had an average weighted mean of 4.15 which has a total description of Effective (E). Also, the summary of the perceptions on the status of customers’ attitude toward credit and collection as perceived by small retailers in terms of customer relations, product acquisition and collection policy have had an average weighted mean of 4.13 equivalent of a description of Satisfactory (S).

Key Words: Credit and Collection; Enterprise; Small Retailers; Customer Relations

Introduction

Looking back at the primitive days when business was still following the barter system, trade and exchange have been in existence and up to the present time, people deal with business activities may it be in barter form or through money economy. Business has grown in complexity and has become the world’s center of economic success and development. Almost every country’s economy is majorly business – driven and profit – oriented. The economy is obviously factored by the number of businesses that every country has and operates according to business laws, Government rules and policies.

Every entrepreneurial activity is challenged with various requirements and multiple considerations as there are many factors that determine the strengths and possibilities of a business. The case has never been whether the enterprise is small in category or complex in nature, not by small or large capital, partnership or single – proprietorship and many more. The

business is geared towards the achievement of its goals and objectives linked to its vision, mission and philosophy of evolving as a partner to social commitment, economic progress, and contributive to the market and the entire public.

Business has been defined as any legal activity concerned with selling, buying, trade, exchange of goods and services in order to satisfy needs and wants of the people. It is a lawful or legitimate activity dealing with producing goods, and providing services [1]. To some, business includes commerce and industry and other professions which have the purpose of creating profit and providing services. It is an effort primarily geared to meet interested public’s legitimate needs and the required time and place at an equitable price and for reasonable returns to compensate for businessman’s effort and risk taken.

It is not to be denied that every entrepreneur exists in the economy for the following purposes such as profit, service,

increased added value, growth and expansion, survival and social responsibility. The emergence of business is all about production, distribution, marketing, finance, management, operations and research, sales, purchasing and administration. Business has been known to its interrelated functions and its main end is maximizing profit and minimizing cost yet better service is ultimately achieved. So that every entrepreneur expected of meeting the every challenge, he has to possess the characters dealing with innovativeness, commitment, multi – skilled, leadership and being a risk taker. Also, it is not to be denied that every entrepreneur can be faced with twisting downs such as finance insufficiencies, mismanagement, poor business planning, bankruptcy, competition, and pressures brought by technology, society, economy and many more internal or external forces [2].

The mindset of every entrepreneur is business as usual. It can be pressuring yet challenging that at the end of the day, the efforts that were infused all together can have a rewarding effect and satisfying merits [3].

While business becomes the prime activity, every entrepreneur must be nourished with the basics of entrepreneurship. As mentioned, regardless of what venture would it be, the entrepreneur must be equipped with proper training, education, skills and motivation must be prevailing. Regardless of business form or structure, small or large scale enterprise, the desire to progressive outlook is imperative [4]. Everything is a matter of investing with correct ingredients of management so that every objective becomes fulfilling in the end of the process. This can happen to a business that is engaged in small retailing, the enterprise may have meager capital, employs few workers, products may be limited and the like but when entrepreneur takes it to lead with the right components of leadership and management, it is never a doubt that the business wins to emerge in the economy [5].

Small business retailing is just one of the entrepreneurial ventures that everyone can operate and be engaged with for profit and service. It is a legal business that is owned privately with small number of employees and relatively low volume of sales and relatively low

profits [6]. It is an enterprise operated as single proprietorship or family business and partnership. The certification is mostly local and is issued by the local Government unit and licensing department of the country. In Bahrain, according to Ministry of Commerce and Industry, small business employs around 1 to 10 employees with a capital not less than 20,000 dinars. Regardless of which type or line of products the business will be, the category of small business can contribute to the economic gains of not just the single entrepreneur but the market and the whole society.

On this study, the main topic is a small business involving entrepreneurial activities that deals with credit and collection management in the Kingdom of Bahrain. Every business cannot remove from its activities to extend credit or enter into credit transactions. This is legal in some cases and a marketing strategy in some manners where the entrepreneur expects something in return. The collection points can be viewed as the strategy of settling credits and realizing such liability or transaction dealing with payments, settling debts, payables, and part of financial management [7].

Statement of the Problem

The study aimed to assess the effectiveness of credit and collection among small retailers in the Kingdom of Bahrain.

1. What are the pushing factors that engage small retailers to credit extension?
2. What is the level of effectiveness of the strategies on credit and collection employed and as practiced by small retailers in terms of: a. Customer Relations; b. Product Acquisition; c. Collection Policy?
3. What is the status of customers' attitude toward credit and collection as perceived by small retailers in terms of a. Customer Relations; b. Product Acquisition; c. Collection Policy?
4. What are the problems encountered by small retailers dealing with credit and collection?
5. What are the remedial measures to improve credit and collection management among small retailers?

Null Hypothesis

1. There is no significant relationship on the perception of small retailers in terms of the strategies and customers' attitude on credit and collection.

Significance of the Study

This study aimed to examine the effectiveness of credit and collection among small retailers in the Kingdom Bahrain. The results of this study can serve as reference and additional information to the entrepreneurs and future businessmen in the Kingdom and in the region. Therefore, the study is very relevant to the following key publics: Customers, Entrepreneurs, Future Researchers; and Students

Scope and Limitation

The study has limited the assessment on the effectiveness of credit and collection as perceived by small retailers or entrepreneurs. Specifically, it has focused on the topics that include (1) pushing motivations on credit extension by small retailers; (2) level of effectiveness of the strategies on credit and collection in terms of customer relations, credit acquisition and standards and collection policy; (3) status of customers' attitudes dealing with credit and collection; (4) problem encountered by small retailers on credit and collection; and (5) remedial measures to improve small retailers' credit and collection management.

Conceptual and Theoretical Framework **Theoretical Framework**

The study was founded on the theory and concepts that small retailing business is all about management that interrelates with marketing and finance. As a business, entrepreneurs have to input the necessary resources dealing with human resource, materials, monetary resource, time and bulk of efforts in order to survive the operation [8]. The study that connotes organizational or institutional success is dependent from the level of focus and management that the owner tries to invest in it.

There is a need to strengthen the management aspect, and all other aspects of the business. The finance capacity has to be enhanced by way of monitoring its financial transactions, cash flows and inflows, final accounts including the liability status of the

business [9]. Finance is importantly becoming a major factor to entrepreneurial success. The businessman however must measure his financial leverage by coming up with standards, policies such as credit management rules, collection policies, and credit investigation and credit management.

Small retailing business need not to concentrate on one aspect or area of activity. The interdependency of all areas of business is a must, thus requiring the entrepreneur to have a watch on all transactions deemed necessary to marketing – related concerns, managerial and administrative issues and accounting and finance [10].

The idea of marketing management having the marketing variables as main key considerations in the study so that business will grow is immensely recognized as it deals with strategies like pricing, service, product development and market research. The same idea about management and administration that a businessman has to be equipped with knowledge and skills, it has to recognize one's contributions and key role to business success. The financial tract of the business is sometimes crucial because finance is not managed can end up to business drop. This means that business may collapse when finance is not well addressed [11].

Advices from experts says that in order to maintain a financial stability and literacy, the business must invest in policy such as profitability ratios, liquidity ratios and break – even and many others. Other procedures relevant to financial capacity of business may include credit management, property management, sales management, credit and collection and portfolio management.

Omeno Nelson suggested that every business can have a good financial standing on the basis of credit management and collection policy. In his concept suggested credit management to have factored by policy, credit standards and customer relations management. He explained that there must be a good credit policy so that business can achieve its target and profitability. Credit standards and acquisition must observed considerable criteria such as capacity factor, collaterals and security. He also suggested that customer relations management is

a factor to credit management that observes business ethics, professionalism, trust and responsibility. The theorist claimed that while there are various considerations to credit and management, control is necessary [12]. The justification towards credit extension should have an impact to an understanding that credit procedure is effective and in cases where there is

fraud or lapse, the business must deal according to the policy.

Conceptual Framework

The conceptual framework of the study is reflected in its paradigm in Figure 1.1. The paradigm showed the interplay between independent variables and dependent variables.

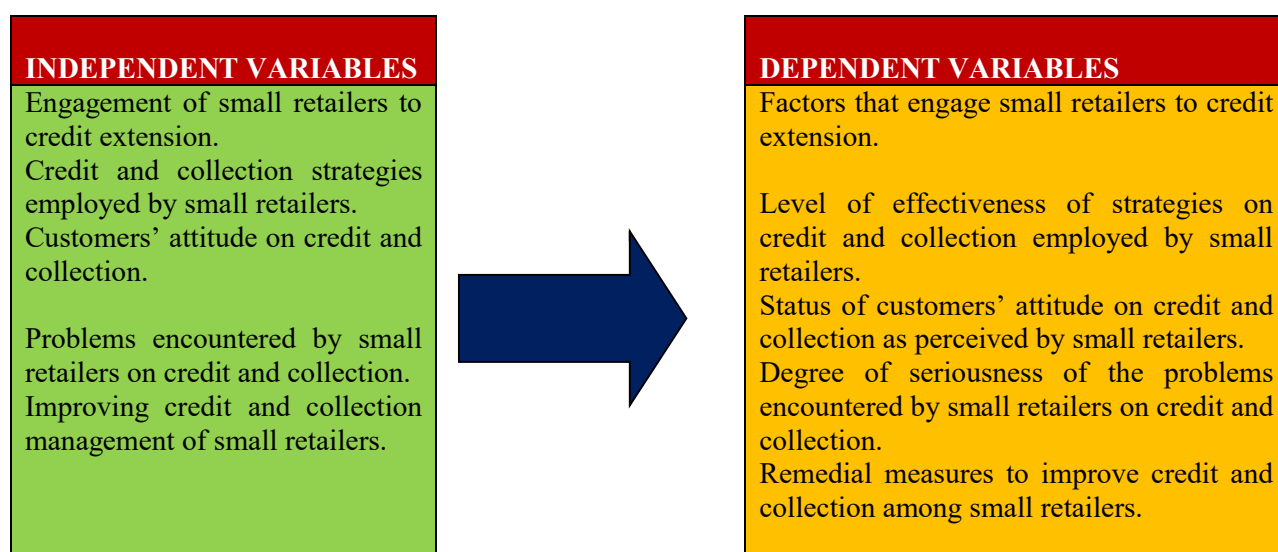


Figure 1.1 Conceptual Framework of the Study

Methodology

Research Design

The study used the descriptive type of research to gather facts, data, and perceptions on the credit and collection among small retailers. The results of the treated data were used to describe the effectiveness of credit and collection among small retailers in the Kingdom of Bahrain.

Sample and Sampling Design

Non Probability – Purposive Sampling was used as sampling design of the study where the researcher is convenient at identifying a set of criteria for the selection of samples. The samples were determined according to the credible participation of selected group of individuals who are directly involved in small retailing businesses and with relevant characteristics to take part in contributing relevant and information – rich inputs to better utilization of results for the study.

Respondents of the Study

A total of fifty (50) small retailers were considered as respondents in the study without regards to their gender, age and status but retailers were categorized between store and non – store businesses. All these small retailing businesses or entrepreneurs are chosen on the basis of existence of business permits issued by the Government of the Kingdom of Bahrain.

Research Instruments and Techniques

The researcher employed the use of questionnaire as the main tool in gathering the needed data in the study. Interview was also conducted with some of the respondents to verify some related concerns about the study.

Questionnaire

A questionnaire is constructed as an instrument dealing with various issues covered in the study. The questionnaire consists of six (6) parts and a five - point rating scale and ranking was used to determine the effectiveness of credit and collection among small retailers in the Kingdom of Bahrain.

Reliability and Validity of Instrument

The reliability and validity of the questionnaire was tested by conducting pilot test to 10 respondents but they will not be included in the final floating of the questionnaire.

Equivalent – Form method was used to determine the reliability of the questionnaire. Also, content – juror validity from three (3) research experts was utilized to further validate the study questionnaire.

Statistical Treatment of Data

The data was treated with three statistical treatments. These statistical treatments are the weighted mean, ranking and the Pearson's correlation. The responses of each item in the tables will be subjected to the weighted mean treatment to determine the weight of each response. On the other hand, the correlation was used in determining if there is significant relationship on the perception of mall retailers in terms of the

strategies and customers' attitude on credit and collection.

Results and Discussion

Summary of the Perceptions among Small Retailers

on Pushing Factors to engage in Credit Extension

Table 1 presents the summary of the perceptions among small retailers on pushing factors to engage in credit extension.

The study has considered seven (7) pushing factors that engage small retailers to credit extension. The result showed that small retailers extend credit for profit as the top pushing factor and having in the rank 1. Extending credit for reason of increased sales came at rank 2, extending credit for quick disposition of products came at rank 3 and extending credit for reason of building customers' loyalty came at rank 4. Other pushing factors such as extending credit for customers because of non - cash on hand, extending credit for penetration of new and more customers and extending credit for consumers' awareness about products and the store came at rank 5, 6 and 7, respectively.

Table 1 Summary of the Perceptions among Small Retailers on Pushing Factors to engage in Credit Extension

O n the other hand, the followi ng pushing factors that engage	PUSHING FACTORS THAT ENGAGE SMALL RETAILERS TO CREDIT EXTENSION		RANK	have had an average weighte d mean of 4.12 with a descript ion of Effectiv e (E).
	1	Extends credit for quick disposition of products	3	
	2	Extends credit for profit	1	
	3	Extends credit for customers' loyalty	4	
	4	Extends credit for consumers' awareness about products and the store	7	
	5	Extends credit for customers with no cash on hand	5	
	6	Extends credit for penetration of new and more customers	6	
	7	Extends credit for increased sales	2	

small retailers to extend credits among their customers and clients are affected by need and wants including the utility and satisfaction that every customer has. There are definite reasons of extending credit and these are not demerit factors because the ultimate purpose of a retailer either in store or non - store is to service and product extension.

The study on the assessment of credit management and the finding of Walsh (2011) reiterated that credit is extended for purposes of immediate consumer satisfaction and on the part of the business owner, the profit that it can take or realized plus the easy disposition of its inventories and products can be one of the prime reasons. Increasing sales as well is another reason why credit is provided by a seller.

Summary of the Perceptions among Small Retailers
on the Level of Effectiveness of the Strategies
on Credit and Collection

Table 2 presents the summary of the perceptions among small retailers on the level of effectiveness of the strategies on credit and collection in the Kingdom of Bahrain.

The standard in terms of Customer Relations, having the indicators such as retailer treats customers according to business ethics; retailer deals with customers according to need; retailer offers credit extension on his own initiatives; retailer provides credit on basis of trust and confidence; and retailer communicates with customers with consideration and respect,

In terms of Credit Acquisition and Standards, having indicators such as credit is extended based on the need and options of customers; credit is provided on conditions like collateral and promises; credit is given with limitations on amounts and product range or line; credit is acquired factored by interpersonal disciplines such as friendship and honesty; and credit is extended for increased sales and profit objectives, have had an average weighted mean of 4.16 equivalent to a description of Effective (E).

On the other hand, the standard dealing with Collection Policy having indicators such as when credit is due, retailer reminds or calls the debtors; credit is extended on contract basis signed by both parties; when debtor becomes delinquent, creditor demands a letter of payment; when credit is due and debtor fails to pay, creditor blocks the contract, giving no more chance to debtor for credit extension; and when credit is paid, creditor gives discount and some perks and increase amounts of credit range for customers, have had an average weighted mean of 4.49 and a description of Effective (E).

Overall, the summary of perceptions on the level of effectiveness of the strategies on credit and collection employed and as practiced by small retailers in terms of Customer Relations; Acquisition and Standards and Collection Policy, have had an average weighted mean of 4.15 which has a total description of Effective (E).

Table 2 Summary of the level of effectiveness of the strategies on credit and collection employed and as practiced by small retailers

		N = 50 (25 STORE; 25 NON – STORE)					
	INDICATORS	STORE		NON STORE		– COMBIN ED	
	Level of Effectiveness of the Strategies on Credit and Collection employed and as practiced by small retailers	WM	DE	W M	DE	W M	DE
A.	Customer Relations						
1	Retailer treats customers according to business ethics.	3.9	E	4.20	E	4.05	E
2	Retailer deals with customers according to need.	4.0	E	4.36	E	4.18	E
3	Retailer offers credit extension on his own initiatives.	3.88	E	4.20	E	4.04	E
4	Retailer provides credit on basis of trust and confidence.	3.60	E	4.18	E	3.89	E
5	Retailer communicates with customers with consideration and respect	4.52	HE	4.32	E	4.42	E
		3.98	E	4.25	E	4.12	E
B.	Credit Acquisition and Standards						
1	Credit is extended based on the need and options of customers.	4.15	E	4.26	E	4.21	E
2	Credit is provided on conditions like collateral and promises.	4.30	E	3.96	E	4.13	E
3	Credit is given with limitations on amounts and product range or line.	4.20	E	3.98	E	4.09	E
4	Credit is acquired factored by interpersonal disciplines such as friendship and honesty.	3.85	E	4.12	E	3.99	E
5	Credit is extended for increased sales and profit objectives.	4.55	HE	4.20	E	4.32	E
		4.21	E	4.10	E	4.16	E
C.	Collection Policy						
1	When credit is due, retailer reminds or calls the debtors.	4.53	E	4.26	E	4.40	E
2	Credit is extended on contract basis signed by both parties.	4.51	HE	4.0	E	4.23	E
3	When debtor becomes delinquent, creditor demands a letter of payment.	4.20	E	3.98	E	4.09	E
4	When credit is due and debtor fails to pay, creditor blocks the contract, giving no more chance to debtor for credit extension.	4.18	E	4.0	E	4.09	E
5	When credit is paid, creditor gives discount and some perks and increases amounts of credit range for customers.	3.96	E	4.12	E	4.04	E
		4.28	E	4.07	E	4.49	E
	AVERAGE WEIGHTED MEAN (AWM)	4.16	E	4.14	E	4.15	E

The findings corroborated by Wendel (2013) in his study, Credit Scoring: Best Practices and Approaches, a credit extension should always observe professional ethics between retailer and the debtor or buyer of service and product. Customer relations always employ good communication between seller and the

customers and that there must be increased trust and confidence between or among them while they are engaged in a transaction.

The same findings emphasized by Wendel (2013) on credit acquisition and standards that a credit has always entered into a binding contract of legal and execution. The

seller and debtor or buyer need to adhere to a policy of meeting an obligation evidenced by collaterals and promissory notes and other binding agreement materials. The collection policy should always implement and follow the terms and conditions to make sure that agreement is executed in good faith.

Summary of the Perceptions on the Status of Customers' attitude toward Credit and Collection

Table 3 presents the summary of the perceptions on the status of customers' attitude toward credit and collection in terms of Customer Relations, Product Acquisition and Collection Policy.

The standard on Customer Relations having indicators such as customer shows kindness while in need of products or service; customer explains objectively about his immediate need; customer recognizes creditor's treatment and trust to credit extension; customer maintains friendliness and responsibility; and customer exudes commitment and promotes store's products to others; have had an average

weighted mean of 4.18 which has an equivalent of Satisfactory (S).

The standard on Product Acquisition, having the indicators such as customer acquires products according to his need; customer takes products according to his options; customer enjoys fair price even product is on credit; customer gets discount even product is on credit; and customer is given chance to return products found to be damaged; have had an average weighted mean of 4.11 with a description of Satisfactory (S).

The standard on Collection Policy having the indicators such as customer pays on time; customer pays on cash or by cheque; customer reports directly for payment when credit is due; customer never complains about his credit list but pays with sincerity; and customer recognizes collection policy of the store; have had an average weighted mean of 4.10 which has a description of Satisfactory (S).

Overall, the summary of the perceptions on the status of customers' attitude toward credit and collection as perceived by small retailers in terms of customer relations, product acquisition and collection policy have had an average weighted mean of 4.13 equivalent of a description of Satisfactory (S).

Table 3 Summary of the status of customers' attitude toward credit and collection as perceived by small retailers

	INDICATORS	N = 50 (25 STORE; 25 NON – STORE)					
		STORE		NON STORE		COMBINED	
	Status of Customers' Attitude toward Credit and Collection employed and as practiced by small retailers	WM	DE	W M	DE	W M	DE
A.	Customer Relations						
1	Customer shows kindness while in need of products or service.	4.53	VS	4.22	S	4.38	S
2	Customer explains objectively about his immediate need.	4.18	S	3.98	S	4.08	S
3	Customer recognizes creditor's treatment and trust to credit extension.	4.18	S	4.10	S	4.14	S
4	Customer maintains friendliness and responsibility.	4.24	S	4.18	S	4.21	S
5	Customer exudes commitment and promotes store's products to others.	4.12	S	4.0	S	4.06	S
		4.25	S	4.10	S	4.18	S
B.	Product Acquisition						
1	Customer acquires products according to his need.	4.10	S	3.96	S	4.03	S
2	Customer takes products according to his options.	4.12	S	4.22	S	4.17	S
3	Customer enjoys fair price even product is on credit.	3.95	S	4.18	S	4.07	S
4	Customer gets discount even product is on credit.	4.24	S	4.12	S	4.18	S

5	Customer is given chance to return products found to be damaged.	3.88	S	4.26	S	4.07	S
		4.06	S	4.15	S	4.11	S
C.	Collection Policy						
1	Customer pays on time.	3.95	S	4.22	S	4.09	S
2	Customer pays on cash or by cheque.	3.98	S	4.18	S	4.08	S
3	Customer reports directly for payment when credit is due.	4.12	S	4.30	S	4.21	S
4	Customer never complains about his credit list but pays with sincerity.	3.76	S	4.26	S	4.01	S
5	Customer recognizes collection policy of the store	4.23	S	3.98	S	4.11	S
	AVERAGE WEIGHTED MEAN (AWM)	4.01	S	4.19	S	4.10	S
		4.11	S	4.15	S	4.13	S

In the study “Effective Collection Policy” of Kariuki (2012), reiterated that the customers’ attitude becomes influential in many manners such that a customer need to respect whatever agreement he or she enters into arising from an obligation like credit. A customer, when given the option to acquire products on credit, must have to comply with the terms and conditions as set forth. The requirement to maintain trust and confidence between both parties is a manifestation that credit is stipulated in good standing and that it can create goodwill for both members involved.

Summary of the Correlation between the perceptions of small retailers in terms of the strategies and customers’ attitude on credit and collection

Table 4 presents the summary of the correlation between the perceptions of the small retailers in terms of the strategies and customers’ attitude on credit and collection.

The table showed the summary of the correlation depicting the relationship of the two variables particularly between the effectiveness of the strategies on credit and collection employed and as practiced by small retailers and that of the status of customers’ attitude toward credit and collection. Using Data Analysis, it was revealed that there is weak correlation between the two variables but statistically not significant as the Pearson’s Correlation Coefficient – r value was calculated as .30 and with a .80 p value. This further showed that we fail to reject the null hypothesis since the p value of .80 is greater than .05.

Table 4 Summary of the Correlation of Strategies on Credit and Collection and Status of Customers’ Attitude as perceived by Small Retailers

ATORS	tion	ient	etation
gies on Credit	of		
ollection	ners’ Attitude		Relationship
yed	Credit and		
	ion		

**Margin of Error – 5% (.05) Level of Significance*

The findings corroborated by Wambui (2012) that credit risk management is necessary to any organization either small and medium enterprises or complex businesses. The credit risk management is an initiative or a system of procedures that will ensure the institution from delinquency and bad debts. The business owner therefore should look into the salient

considerations when extending credit such as loans, short term or medium or any other sorts. The business should always look into the regulations and standards of credit extension such as credit policy, acquisition and collection policy.

Problems Encountered by Small Retailers dealing with Credit and Collection

It was revealed through the survey of the respondents that problems on credit and collection has never been an excuse to every business such as small and medium enterprises, store retailing or non - store retailing and even any type of business organizations. The following problems were noted by respondents who are small retailers engaged in store and non – store enterprising:

Non – Payment of Credit – It was noted by respondents who are small retailers that there are debtors or customers acquiring products from their shops or store on promise and conditions that they will pay the creditor but failed to pay when credit is due or about to be settled.

Customer Disappearance – Despite contract and written consent or promissory note between creditor and the debtor, whether payment is due or about to be settled, some customers tend to disappear on valid reasons, by chance, fraud or intentionally done to escape from the obligations to pay. This has been noted as one of the alarming attitudes and practices of customers who intend to ask favors to be extended with credit.

Customer Attitude – Some customers are noted with arrogance and misbehavior most particularly when credit is about to be due and creditor starts to remind and inform the debtor of his or her credit or liabilities to the store. Some customers start to argue with so many promises until the creditor finds it very difficult to collect sum of money and or payments.

Late Payments – some customers despite notice of their insolvencies still cannot pay or settle their obligations on time. They often give promise to pay or conditions until payment is not done on time. This causes the creditor to increase sales on his accounts since some amounts may tend to be bad debts, which according to them becomes a demerit to their status of profitability.

Bad debts – whether small amount or big amounts, some customers due to disappearance, loss of jobs and income and court and legal obligations, the debtor may not be able to settle his or her obligation at all. The creditor may

have tried all possibilities to collect and enforce payment from his debtor but to no avail, credit remains unpaid. This may result to bad debts.

Remedial Measures to improve Credit and Collection Management among Small Retailers

While there are problems encountered by small retailers on issue of credit and collection, there can always be responses to counter these problems. The respondents who are small retailers have had suggested ways and considerations of which credit and collection can be reduced as a burden to the business. Here are the following suggestions and remedial measures to improve credit and collection management among small retailers.

Implement Credit Contract Policy – creditors should strictly implement the credit contract policy so as to avoid lapses and non – payment of credit. What is stipulated in the contract should be followed and be abided by both parties. This will put the seller on a safety and well protected side so that the debtor would never think - twice to default payment.

Customer Complete Records – before granting a credit or allow credit extension to their clients or customers, creditors should seek documents or requirements to authentic the identification of the customers. This can be facilitated by requiring potential debtor to submit proof and legally recognized documents such as CPR, copy of pass ports, CV, complete home address, telephone numbers, social media accounts and emails. By doing this, creditors can be assured of the whereabouts of their debtors and can easily tract out their customers particularly when credit is almost due or payment have to be demanded for settlement.

Customer Targeting and Selection Procedures – on condition that credit is going to be paid on agreements or promissory notes, it is essential that creditors should have an intelligent selection or engage in customer targeting. Credit bears a considerable risk especially when it is not realized on time or on demand. The creditor needs to investigate and qualify each prospect before he or she extends credit. This is to ensure him that he is getting the right customers and

clients who are honest and credible enough to be trusted and helped.

Set Minimum and Maximum Amount of Credit – creditors should set limit to the amount of credit that they extend or provide to their debtors or clients. At least a minimum is defined to them and the maximum amount or ceiling amount of credit should be emphasized and reiterated upon each potential buyer or debtor. By doing this, the awareness of credit is being raised to them.

Retailers' Attitude – business people will always succeed to realize their ventures and goals when they maintain attitude that is considerable and favorable to the customers and their clients. Attitude has become one of the strategies nowadays in order to maintain and achieve customer intimacy, customer relations and customer loyalty. Friendly disposition and kindness to everyone can help business grow and assume growth. Take note that the ingredients of business success won't always depend from monetary terms but also measured through the moral and integrity that the business tries to invest in its customers or clients.

Conclusions and Recommendations

CONCLUSIONS

In this paper, the researcher has drawn to therefore infer the following:

1. The respondents have inferred the relevant reasons noted as pushing factors that engage small retailers to credit extension. These are the following: extending credit for reason of increased sales; extending credit for quick disposition of products; extending credit for reason of building customers' loyalty; extending credit for customers because of non - cash on hand, extending credit for penetration of new and more customers and extending credit for consumers' awareness about products and the store.
2. The standard in terms of Customer Relations, having the indicators such as retailer treats customers according to business ethics; retailer deals with customers according to need; retailer offers credit extension on his own initiatives; retailer provides credit on basis of trust and confidence; and retailer communicates with

customers with consideration and respect, have had an a response of Effective Description (E).

3. In terms of Credit Acquisition and Standards, having indicators such as credit is extended based on the need and options of customers; credit is provided on conditions like collateral and promises; credit is given with limitations on amounts and product range or line; credit is acquired factored by interpersonal disciplines such as friendship and honesty; and credit is extended for increased sales and profit objectives, have had a description of Effective (E).
4. The standard dealing with Collection Policy having indicators such as when credit is due, retailer reminds or calls the debtors; credit is extended on contract basis signed by both parties; when debtor becomes delinquent, creditor demands a letter of payment; when credit is due and debtor fails to pay, creditor blocks the contract, giving no more chance to debtor for credit extension; and when credit is paid, creditor gives discount and some perks and increase amounts of credit range for customers, have had a description of Effective (E).
5. The standard on Customer Relations having indicators such as customer shows kindness while in need of products or service; customer explains objectively about his immediate need; customer recognizes creditor's treatment and trust to credit extension; customer maintains friendliness and responsibility; and customer exudes commitment and promotes store's products to others; have had a description of Satisfactory (S).
6. The standard on Product Acquisition, having the indicators such as customer acquires products according to his need; customer takes products according to his options; customer enjoys fair price even product is on credit; customer gets discount even product is on credit; and customer is given chance to return products found to be damaged; have had a description of Satisfactory (S).
7. The standard on Collection Policy having the indicators such as customer pays on time; customer pays on cash pr by cheque;

customer reports directly for payment when credit is due; customer never complains about his credit list but pays with sincerity; and customer recognizes collection policy of the store; have had a description of Satisfactory (S).

RECOMMENDATIONS

Based from the drawn results on the perceptions of the respondents, analyzed and interpreted on the basis of statistics and appropriate tools, the researcher also therefore recommends the following and as claimed by the respondents in the study:

1. Implement Credit Contract Policy so that, creditors should strictly implement the credit contract policy so as to avoid lapses and non – payment of credit. This will put the seller on a safety and well protected side so that the debtor would never think - twice to default payment.
2. Customer Complete Records so that, before granting a credit or allow credit extension to their clients or customers, creditors should seek documents or requirements to authentic the identification of the customers. This can be facilitated by requiring potential debtor to submit proof and legally recognized documents such as CPR, copy of pass ports, CV, complete home address, telephone numbers, social media accounts and emails. By doing this, creditors can be assured of the whereabouts of their debtors and can easily tract out their customers particularly when credit is almost due or payment have to be demanded for settlement.
3. Customer Targeting and Selection Procedures so that, on condition that credit is going to be paid on agreements or promissory notes, it is essential that creditors should have an intelligent selection or engage in customer targeting. Credit bears a considerable risk especially when it is not realized on time or on demand. The creditor needs to investigate and qualify each prospect before he or she extends credit. This is to ensure him that he is getting the right customers and clients who are honest and credible enough to be trusted and helped.

4. Set Minimum and Maximum Amount of Credit so that, creditors should set limit to the amount of credit that they extend or provide to their debtors or clients. At least a minimum is defined to them and the maximum amount or ceiling amount of credit should be emphasized and reiterated upon each potential buyer or debtor. By doing this, the awareness of credit is being raised to them.
5. Check on Retailers' Attitude so that, business people will always succeed to realize their ventures and goals when they maintain attitude that is considerable and favorable to the customers and their clients. Attitude has become one of the strategies nowadays in order to maintain and achieve customer intimacy, customer relations and customer loyalty.

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