EFFECTIVENESS OF DEBT COLLECTION STRATEGIES EMPLOYED BY INFORMATION COMMUNICATION TECHNOLOGY COMPANIES IN KENYA: AN ANALYSIS OF TELKOM KENYA

MUTUAMWARI KAMBURA BEATRICE

B211-003-0002/2013

A Research Submitted to the School of Business Management and Economics in Partial Fulfilment of the requirement for award of the Degree of Master of Business Administration of Dedan Kimathi University of Technology
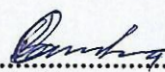
February 2016

DECLARATION

This thesis is my original work and has not been submitted for a degree or any other award in any university to the best of my knowledge.

MUTUAMWARI KAMBURA BEATRICE

B211-003-0002/2013

Signature................................... Date...7/4/16.........

This thesis has been submitted for examination with our approval as the university supervisors

Dr Anita Wachira

Department of Business Administration

Signature................................... Date.......11/4/16.................

Dr Lilian Mwenda

Department of Business Administration

Signature................................... Date....11/4/16.........................

ABSTRACT

The study sought to assess the effectiveness of debt collection strategies employed by Information Communication Technology Companies in Kenya. Specifically the study: Evaluated the effect of credit control policy; Assessed the effect of credit control systems and Analyzed the effect of credit control structure on debt collection in Telkom Kenya. Descriptive research design was adopted. The study population consisted of all the 47 employees in credit control departments in Telkom Kenya. The primary data was collected by self-administered questionnaire consisting of open and closed ended questions on a likert-scale rating. Data was analyzed using SPSS version 17, and presented in form of mean, frequency tables, standard deviation and a regression model. The studies established that credit control, credit control systems and credit control structure have positive correlation on debt collection performance with the credit control policy with the highest effect. The result indicates that credit control policy had the highest coefficient of 0.380 thus has the largest influence on debt collection. The second most important variable was credit control systems with a coefficient of 0.354. The least important predictor of these three variables is credit control structure with a coefficient of 0.307. The research recommends that ICT Organizations ensure that they have an effective credit controls systems whether manual or automated to ensure that accurate data is captured and complete reports generated and shared. The research also recommends that Credit control structures should be properly manned with adequate and competent staff to enable effective collection of debt.

Key Words; *Debt collection strategies, credit control policy, credit control systems, credit control structure*