

Chapter 5

Discussion and Conclusion

5.0 Introduction

This chapter discusses the results previously presented and analyzed in chapter 4. From the discussion that a number of conclusions were drawn down together with some practical implications. The present chapter provides the conclusion of this study and suggestions and recommendations for future research.

5.1 Recapitulation of the Study

This study was conducted to determine the effective and efficiency of credit control management for Engtex Group Berhad. A regression model of effective and efficiency of credit control management was proposed (see chapter 3 research framework) to investigate the factors that influence its effective and efficiency of credit control management for Engtex Group Berhad. There are four independent variables were included in the model.

Furthermore, the previous research showed that the effective and efficiency of credit control management would be successfully and benefited for Engtex Group Berhad with the following characteristics:

- (1) The company has a standard credit control policy and procedures to provide clear guidance and procedures to the staffs.
- (2) The employee collection performance will be enhance and improve by focusing more on employee development and motivation

- (3) The company must have an intelligence collection system and it has been utilized by the managers and staffs for collection purposes.
- (4) The managers and credit control staffs have to analyze the comprehensive collection report for prevention of doubtful debt and determine the next course of action to be taken against the bad paymaster.

Besides, the SPSS was used to analyze the data gathered from the respondents and the standard multiple regression was applied to study the relationships between each other.

5.2 Implications of these Research Findings

The objective of this study is to test the impact of knowledge about the effect of the credit control policy and procedures, employment development and motivation, intelligence collection system and comprehensive collection report on credit control management of Engtex Group Berhad.

In this research, T-test, personal correlation analysis and regression analysis have been used. All these research methods can help us to better analyze the credit control operational activity and abilities. In the past, many researchers have study about the impact of credit control and debtor management and Non-Performing Loan for commercial industries and banking industries (Teh Chee Gee, 2001). In this study, we have explain and test the factors of the effective and efficiency of credit control management on a company The four factors are standard credit control policy and

procedures, employee development and motivation, intelligence collection system and comprehensive collection report.

Several important findings from this research are presented in the following paragraphs.

Standard credit control policy and procedures

From the testing result, we can point out that the standard credit control policy and procedures, employee development and motivation, intelligence collection system and comprehensive collection report have given the contribution to improve and enhance the credit control management of Engtex Group Berhad to certain extent. This research finding also tell us that Engtex Group Berhad have better credit control management for the company by designed and implemented a good and standard credit control policy and procedures. Besides, a good credit control manager can assist the company to improve the company cash flow/profit. Other than that, the set up of credit control department also showed positive influence to the collection performance as the experience staff can assist to collect all the debt promptly.

Employee development and Motivation

As for our testing results shows that the credit control management of a company become more effective and efficiency among firms with an employee development and motivation. According to the research findings, the firms with implementation of the employee development and motivation to their staffs will enhance the staff's collection performance and improve the technical knowledge of their staffs. Motivation of staffs also important on the impact of effective and efficiency of credit control management as

it will motivate their staffs to complete their jobs and better by offering more incentives and promotions to them.

Intelligence Collection System

By this further study, the testing results shows that an intelligence collection system has a positive influence on the credit control management and better collection performance for Engtex Group Berhad. At the recent market, advance technology become important in credit control management. The intelligence collection system had assisted Engtex Group Berhad for better monitoring their debt receivables and keeping track on their customer's payment record. Besides, the intelligence collection system also can provide a valuable data and information of the debt receivables to the credit control staffs for ease monitoring and planning proactive recovery action. The intelligence collection system also can save the time and cost of the company as the credit control staffs can extracted obtained the information needed from the system for further analysis.

Comprehensive Collection Report

According to testing result, Engtex Group Berhad had generated and utilized the comprehensive collection report for monitoring and analysis. The comprehensive collection report provides a very useful and details of customer information to the credit control staffs. The credit control staffs used the collection report to follow up the payment from the customers and to ensure that all the billings and payment received from customers are recorded in the collection report. The said collection report will also save the time and cost of Engtex Group Berhad. Meanwhile, the credit control manager also

conducting the collection and cash flow analysis for their customer by analyzes the collection report. They are using this analysis to evaluate their cash flow and repayment trend for their customers and also able to making the recovery decision and enhance the prevention of doubtful debt.

5.3 Limitations of this Study

As for any research, limitations always exist during the course of this study. Due to time constraint, it was not possible for the researcher to personally handle all questionnaires. This has caused some respondents to not fully answer the questionnaires as intended.

As an example, there is one respondent just simply chose scale three or neutral for all of the questions in the questionnaire. Sometimes, the lack of understanding of the respondents presented a limitation in this study. As such, the researcher had to call and follow-up with the respondent in order to ask their permission for face-to-face interviews to explain the effective and efficiency of credit control management.

On the other hand, some of the respondents were not able to answer in full and return questionnaires in time due to unexplained reasons or some of the respondents have not return the questionnaires.

Besides, there are few other limitations are listed in the following. Firstly, all the samples were come from the staffs on Engtex Group Berhad only. Secondly, this study does touch and elaborate about the effect of the legal recovery. Further to the above, this study also does not include the effective of the collection agency. Theoretically, we need a lot of further probe and analysis.

5.4 Suggestions for Future Research

In this research, all the four independent variables were able to explain 95.0 percent of the variance on the effective and efficiency of credit control management for Engtex Group Berhad.

Several important suggestions are presented in the following:

According to past study (Teh Chee Ghee 2001), a company should embark and put more attention and resources in credit control management in order to strengthen their debtors management. The long term survival of a company will depends on the profitability and collection. Collection is the ultimate form of selling and a credit sale is not a sale unless it has been converted to cash for a company.

Secondly, Engtex Group Berhad should implement a format credit documentation to ensure that all credit risks are well monitored and controlled by the credit control staffs at a lowest possible risk.

At this recent century, Engtex Group Berhad should spend more resources in Information Technology based on credit control feature in the debt management. The company should always upgrade the collection system in order to provide accurate information and assist the credit control staffs on the analysis of non-payment from their customer and choice of next course of action to be taken for possible recovery.

5.5 Conclusion

This research was pursued with the principal objective of understanding the factors that affect the effective and efficiency of credit control management of Engtex Group Berhad.

This research revealed that four of the determine factors which are (1) the company has a standard credit control policy and procedures to provide clear guidance and procedures to the staffs, (2) the employee collection performance will be enhance and improve by focusing more on employee development and motivation, (3) the company must have an intelligence collection system and it has been utilized by the managers and staffs for collection purposes, (4) the managers and credit control staffs have to analyze the comprehensive collection report for prevention of doubtful debt and determine the next course of action to be taken against the bad paymaster to explain 85.6 percent of the variance on the effective and efficiency of credit control management. All of these independent variables were supported effective and efficiency of credit control management.