BINDURA UNIVERSITY OF SCIENCE EDUCATION

The Impact Of Credit Control Techniques On The Financial Perfomance Of A Retail Business Firm.A Case Of Metropeech

STUDENT REGISTRATION NUMBER   B1850089

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE BACHELOR OF SCIENCE HONOURS DEGREE IN ACCOUNTING OF BINDURA UNIVERSITYOF SCIENCE EDUCATION.

DECLARATION OF PLAGIARISM

I MacDonald Takudzwa Mashiri**,** declare that, except to the degree indicated in the acknowledgments, references, and comments included in the body of the report, this project is the result of my investigation and research, and that no student from any other university was involved.

Student's Signature Date

27/09/2024

RELEASE FORM

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DEDICATION

I dedicate this dissertation to the Almighty God.

APPROVAL FORM

The undersigned certify that they have read the thesis and approved its submission for marking after confirming that in conforms to departmental requirements.

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ABSTRACT

The Research sought to examine the effects of the objectives to identify the effect of control activities, influence of communication and information and lastly to investigate the effect of monitoring on the financial performance of a firm. The Agency and Positive theory were used for this research. The agency theory states that firms are founded by principals who are proprietors of resources and the agents as the management who oversee the use of resources. The study was conducted at MetroPeech Chitungwiza in Seke. The researcher used a positivist paradigm as the philosophical outlook of the research. The researcher used descriptive research methodology as the research design .A sample size of 120 employees were targeted in the research. Questioners were used as data collection instruments in the research. The findings show that respondent total risk assessment positively affects liquidity management and lowers management costs. The research shows that consistent use of internal auditing has positive impact on the organization bottom line. The findings also concluded that significant cost reduction can be achieved in various areas such as advertising, staffing, and Branch management. The study also acknowledged the advantage of investing in accounting Information system (AIS). The research recommends that changing from a strict to a more effective will enhance debt collection techniques. The research also concluded that using advanced accounting systems will in a way help an organizations relationship with its customers. The research also concluded that employee training helps towards the effectiveness of credit control measures.

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First and foremost I thank my parents for the unconditional love and support they have given me.

I would very much like to thank my supervisor and lecturers for the challenges they set in my path and the motivation they instilled in me to fight through.

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CHAPTER ONE

INTRODUCTION

1.0 INTRODUCTION

The goal of the study was to ascertain how various credit control techniques impact a company's bottom line. Another example of MetroPeech. This chapter lays out potential areas for investigation, and then describes the study's underlying issues. The study's importance or usefulness, as well as the assumptions made, are discussed, and any relevant delimitations, limitations, definitions of terms, and abbreviations used in the study are spelled out.

1.1 BACKGROUND OF THE STUDY

According to Mohsin, Ahmed, & Streimikiene, (2020), financial performance is the ability of a company to successfully achieve its financial targets. The profit or loss of a business over a given period of time is always presented as a numerical value. Therefore, productivity is considered fundamental to the success of a business in the financial sector (Lozano, Carpenter, & Huisingh, 2015). Since taxation and employment are two major contributors to a country's economic growth, it is all the more important to ensure that your business is consistently prosperous, sound, and stable. Many economies would be severely stunted without the presence of wholesale markets.

Local Zimbabwean businesses see a 71% decline in income by the third year due to issues such a lack of funds to cover overhead (Sibanda, Hove-Sibanda, & Shava, 2018). This could change, though, if these businesses took the time to establish reliable internal control procedures. This study was conducted in Zimbabwe and depended on the success of the wholesalers' internal control systems and their financial results. Internal control is supported by Lundqvist's (2015) integrated framework in three main areas: control actions, risk analysis, and information and communication. Zimbabwean businesses have achieved a high degree of profitability, laying the groundwork for improved fiscal efficiency.

In line with this theory, a considerable body of empirical research has been devoted to examining the connection between control activities and the bottom line. The results of these research were often inconsistent. Data from 45 banking and financial enterprises listed on the Colombo Stock Exchange was reviewed by Alawattegama (2018) to determine the correlation between control activities and financial performance. This supported the findings of Ejoh and Ejom (2014). To the contrary, studies by Rosman et al. (2016), Muraleetharan (2013), Nyakundi, Nyamita, and Tinega (2014), and Magu and Kibati (2005) all discovered a favorable correlation between control activities and financial performance. Internal control actions could not be evaluated for their effect on financial outcomes.

Moreover, empirical investigations on financial performance or risk assessment have not yielded definitive results. Risk identification, risk monitoring, risk assessment, and risk reduction are all components of sound financial risk management, and Momanyi and Njiru (2016) showed a robust association between the success of SACCOs in Nakuru, Kenya, and these techniques. Several studies, like those by Nyakundi et al., Kirogo, Ngahu, and Wagoki (2014), and Bett and Memba (2017), have demonstrated a strong correlation between risk assessment and financial outcomes. There was no statistically significant correlation between financial performance and risk assessment in the banking and microfinance industries, according to the research of Ghani and Rosli Mahmood (2015) and Alawattegama (2018).

More empirical study is needed on risk assessment and financial performance because earlier studies have found conflicting results. Empirical studies have also been conducted on topics including efficient communication, reliable data, and successful business outcomes. Ironkwe and Otti (2016) state that easy access to financial information is crucial to the success of Nigerian enterprises. Furthermore, Ali, Omar, and Bakar (2016) found that the quality of the service provided, the quality of the information provided, and the quality of the system itself are the most important elements in the success of accounting information systems in enhancing organizational performance (Bett and Memba, 2017; Nyakundi et al., 2017).However, Alawattegama (2018) found that for 45 of the financing and banking organizations listed on the Colombo Stock Exchange, information and communication have a negligible positive impact on financial performance. This investigation into how information and communication affect economic output required more empirical research.

Access to timely and reliable reporting of accountability is essential for making well-informed decisions. In order to comply with IFRS, timely financial reports must be prepared. The year-end financial statements must be completed within three months after the conclusion of the fiscal year they report on. For instance, per established practice, monthly statements must be delivered to customers no later than ten business days after the end of each calendar month. The Kenyan headquarters of Moonbluez Enterprises Limited, as well as the rest of the company, have never experienced anything like it (Odek, and Okoth, 2019). The board either does not receive or is not given financial accounts, stock inventory reports, or similar papers. Furthermore, bookkeeping standards are low. Experts may question the decision-making process behind company structures, the qualifications of those in charge of accounting, and the efficacy of internal controls in preventing the exposure of discrepancies.

With 19 locations around Zimbabwe, Metro Peech Wholesalers is a leading wholesaler of food, meat, alcohol, hardware, and gasoline. The company's regional offices and the headquarters both took part in the poll. Under the Companies Act, the organization has met the requirements to be considered a "general company" and has been granted the necessary authorization. Metro Peech is, as advertised, led by seasoned business professionals. The company's services and wares are first-rate. Metro Peech hit a few roadblocks along the way that hurt the company's bottom line (Jenkins, Miklyaev, Matanhire, & Khozapi, 2018). The built-in safety features may be a contributing factor. Metro Peech's internal control measures are sorely lacking, making it extremely challenging, if not impossible, to keep tabs on spending, keep sensitive financial data secure, and prevent fraud. A company's bottom line could take a hit if any of these are inefficient (Mwatwara, and Mujere, 2022). The consequences for a company's failure to implement effective internal control systems are high.

Without an established system of internal controls, MetroPeech has also had trouble contrasting the true costs of its activities with its official budgets. False financial statements are more likely to be produced by companies that either do not have internal controls or have them applied incorrectly. Human error or criminal behavior that was covered up by false accounting information certainly also contributed to accounting errors in the banking industry (Mapuwei, Tsododo, Jakata, & Gondo, 2017). An organization's financial performance can be improved by the introduction of internal controls that help reduce accounting errors.

Inadequate internal control systems (ICS) have been blamed for MetroPeech's demise, as the company's profit level could have been greater. While the company's general manager acknowledges that external factors like economic cycles have a role in profit swings, he also blames internal control failures for the degradation of the company's finances. The purpose of this research was to examine the impact of internal control systems on the business results of Metro Peech distributors.

1.2 PROBLEM STATEMENT

MetroPeech has had concerns with cash flow, late accounting reporting, incompetent financial resource accountability, fraud, and misuse of resources. In addition, the company's transactions are not reported in line with basic accepted accounting principles (GAAPs). The income statement for MetroPeech shows significant losses. Because of the increase in interest payments and the deterioration of its creditworthiness, the company has lost ground in the market as a result of its failure to meet its debt commitments. Meanwhile, during the past three years, Covid-19 has been a major factor in the decline of the company's market share. As a result, we set out to learn if and how MetroPeech Retailers' internal control systems influenced the company's bottom line.

1.3 CONCEPTUAL FRAMEWORK

Determinant Variables Independent Variables Dependent Variables

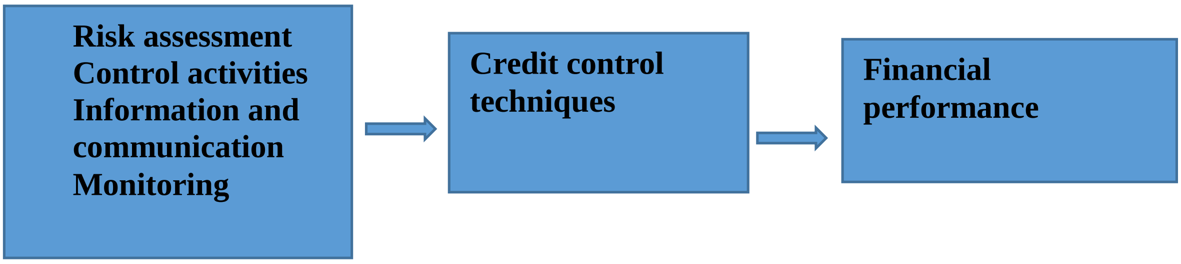

Figure 1.1: Conceptual framework

RESEARCHER'S CONCEPTUALIZATION FROM MUREITHI (2016)

1.4 RESEARCH OBJECTIVES

MAIN OBJECTIVE

The study's primary goal was to look into how Metro Peech Wholesalers' financial performance was impacted by internal control systems.

1.4.1 SPECIFIC OBJECTIVES

1. To examine the effect of risk assessment on financial performance
2. To identify the effect of control activities on financial performance
3. To analyze the influence of information and communication on financial performance
4. To investigate the impact of monitoring on financial performance

1.5 RESEARCH QUESTIONS

The study's main question was to determine whether internal control systems had any impact on MetroPeech Wholesalers' financial performance.

1.5.1 SPECIFIC QUESTIONS

1. What is the impact of Risk assessment on financial performance?
2. What is the impact of control activities on financial performance?
3. What is the impact of information and communication on financial performance?
4. What is the effect of monitoring on financial performance?

1.6 RESEARCH HYPOTHESES

H_1 There is a significant relationship between risk assessment and financial performance

H_2 There is a significant relationship between control activities and financial performance

H_3 There is a significant relationship between information and communication on financial performance

H_4 There is a significant relationship between monitoring and financial performance

1.7 SIGNIFICANCE OF THE STUDY

1.7.1. TO THE RESEARCHER

The results of this study, which was completed to fulfill a requirements for the Bachelor of Science Honors in Accounting, were helpful to other researchers in the field. Further, it was a supplement to the accounting division's library of educational resources.

1.7.2. TO THE ORGANIZATION

Management benefited from the study in terms of making decisions and proposing policies. The study's results could be used by Metro Peech wholesalers as well as comparable businesses to guide a range of measures for improving their bottom lines. Our research had a significant impact in two areas for Metro Peech wholesalers: credit management and financial outcomes. The research laid up a thorough theoretical framework for investigating how alterations to internal control systems affect financial results. We lacked an understanding of financial industry internal control systems prior to conducting this study.

1.7.3. TO BINDURA UNIVERSITY

Students used the study for scientific research.

1.8. DELIMITATIONS

1.8.1 GEOGRAPHIC DELIMITATIONS

The study focused on Metro Peech wholesalers headquarters from 2000 to 2022

1.8.2 LITERATURE DELIMITATIONS

It is predicted that internal audit is one strategy used by organizations to resolve the agency problem by lowering the costs involved with the agency agreement. This hypothesis is based on the agency theory, which served as the theoretical foundation for this study. Moreover, the positive accounting theory was applied. The theory's tenets anticipate that businesses will try to institute safeguards against egocentric actions. This is necessary in order to settle conflicts between the company's management (agents) and its owners (the principles). The expenses of monitoring include the price of addressing problems that arise within the agency dynamic and installing appropriate protections. While every company has its own unique method, the portfolio theory suggests that one common practice is to periodically evaluate the nature of credit exposures, assign each exposure a credit risk rating, and then compile the results of this evaluation to identify the portfolio's normal losses.

1.8.3 METHODOLOGY DELIMITATIONS

A quantitative approach was utilized to analyze how credit control measures influenced MetroPeech's bottom line. A pre-tested questionnaire was used to collect information in this descriptive study. All of them who answered were workers for Metropeech. The time frame for this data collection is from January 20, 2023, to May 30, 2023. As part of the data cleaning process, the serial, error-checked questionnaires' number plates were verified. The strategy of the research was to learn the effect of incentive plans on output. Therefore, we used linear regression to analyze the data and Pearson's correlation to verify our hypotheses. The statistical work was done in SPSS 22 and Excel for Windows.

1.9 LIMITATION OF THE STUDY

- Confidentiality- Some respondents were unwilling to reveal financial details out of fear of repercussions. The researcher reassured them that their responses would be utilized only for study.
- Financial Constraints- There was a monetary expense associated with the researcher's travel, including gas and plane fare. This study was made possible due to the generosity of the researcher's loved ones.
- Time- The researcher had to put in extra time because he was also a full-time student before he could collect useful information.

1.10 ASSUMPTIONS

- The research tools used produced valid and reliable data, and respondents provided accurate information to the best of their knowledge.
- The response rate will be at least 50%.
- The questionnaire would be completely understandable to every respondent.

1.11 DEFINITION OF TERMS

Financial performance- A firm's economic performance is how reliably it meets its financial obligations over time, as defined by Bhunia (2011). According to the Investor's Dictionary of Slang and Jargon, a company's financial performance is the sum of its profits and losses over a given time period.

Credit control- fees assessed for services delivered and revenue from water and sanitation services are guaranteed to the government through this method, even if the fees are payable after the company's set date for final payment.

Credit control- Due to the current financial position and the robustness of the global economy, credit regulation is a topic that is attracting a lot of attention internationally. In order to meet commitments when they come due, boost profits, and raise shareholder returns, business owners and managers need a system for organizing their day-to-day operations (Owolabi & Ibida, 2016).

1.10 Organization of Chapters

Chapter one- this chapter discussed background to the study, statement issue, research objectives, questions, significance, assumptions, limitations, delimitations and definition of terms.

Chapter two- this chapter discussed theoretical, conceptual and empirical literature. Thereafter a research gap was delineated.

Chapter three- this chapter discussed research philosophy, research approach, research design, target population, sampling, data collection, reliability and validity, data presentation and ethical considerations.

Chapter four- data collected was presented in this chapter and analyzed

Chapter five- discussed findings, gave a summary and conclusions and provided recommendations.

1.11 CHAPTER SUMMARY

Credit management procedures and their effects on revenue collection and financial performance were the key foci of the research. Background, research topic, objectives, significance, problem statement, assumptions, constraints, as well as delimitations, as well as key terms, were all discussed in this section. Next, the literature review, both empirical and theoretical, was examined.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

According to Garousi et al., a literature review is an analysis of scholarly books, papers, as well as other material that are relevant to a certain topic of research (2019). Theorizing about this problem was a major focus of this research. For this part of the research, we looked at the existing literature to determine how credit control methods affect business results. In this section, we pay tribute to the work of previous scholars who have examined this topic from a similar angle and critically examined the methods they used to arrive at similar conclusions. By referencing the work of other academics in a particular topic, we were better able to comprehend the importance of the field and were able to identify areas where the current literature was deficient, saving us the hassle of having to undertake the same research twice. This section also discussed the study's expected similarities and differences to previous academic research.

2.1 THEORETICAL FRAMEWORK

The theoretical literature review focuses on theories created by various academics to further investigate topics relevant to this investigation. The purpose of this study was to compile respondents' thoughts and rationales concerning credit management practices and provide them in a readable format. A theoretical review provides a forum for comparing and contrasting the views of various examiners on a topic.

2.1.1 AGENCY THEORY

It was not until 1976 that Jensen and Meckling proposed the agency hypothesis. To this end, one or more entities (the principal(s)) appoint another entity (the agent) to act on their behalf and provide the agent considerable discretion in carrying out the assignment; this contractual structure is known as an agency relationship. Through the prism of agency theory, the relationship between shareholders and management is investigated. In exchange for the management's services, the owners (the principal) agree to pay the manager (the agent). Agency theory states that firms are founded on contracts between principals (the owners of economic resources) and agents (the managers tasked with overseeing the resources' correct management).Agents have information that principals don't, therefore it's hard for principals to tell if their agents are looking out for their best interests. Companies are considered critical contractual organizations because of their ability to exert control and, by extension, minimize agents' opportunistic behavior.

It is predicated on the premise that a contract should be designed with care to fit the needs of both parties in order to achieve a fair balance between agency and principal interests. The principal-agent relationship flourishes when the principal employs an expert and utilizes instruments (auditors and control systems) to monitor the agent's output (Solomon et al. 2021). The theory admits that a moral hazard may occur if the depicted agent's relationships, interests, or output do not match reality. Both moral hazard and adverse selection have negative effects on the agent's output because they make it more probable that the agent will either not do what is expected of them or will not know what must be done to meet those expectations. So, according to agency theory, principals and agents should use contracts to their advantage and act rationally (Ahmed and Nganga, 2019).

Internal audit is simply one tool companies use to address the agency problem and cut down on agency costs, both of which have an effect on the efficacy of the link and the advantages to the primary, ensuring the study's incorporation of economic theories. By providing the principle (shareholder) with greater knowledge about the agent's actions, internal control lessens the impact of information asymmetry, investment risk, and poor revenue (management).The principle (the shareholder) benefits from successful internal control in several ways, including enhanced information flow on management's actions, removal of information asymmetry, less investment risk, and greater revenue (Ahmed & Nganga, 2019).

2.1.2 POSITIVE ACCOUNTING THEORY

In accounting, researchers can use a positive or normative approach. "Positive research" might take the form of either an explanation or a prediction (Muhunyo and Jagongo, 2018). A positive theory should be completely relevant to this study. In many cases, observations back up the assumptions, making them amenable to objective scrutiny and improvement. Such explanations, however, lack the empirical support of positive hypotheses. These concepts are normative because they are grounded in the researcher's preconceived assumptions. The goal of normative research theories is to establish guidelines on how to optimally carry out a specific task.

Positive accounting was first proposed by Watts and Zimmerman (1986), who state that the framework's primary purpose is to describe accounting practice. Instead of proposing a solution, it aims to provide light on the reasons why some financials won't follow a certain accounting standard. People would always conduct in a way that boosted their wealth if they continually asserted that "every individual activity is driven by self-interest," according to the theory. This view holds that, as predicted by positive accounting theory, businesses will take measures to curb egocentric behavior. This is crucial for calming the nerves of both the administration (the agents) and the owners (the principals). The expense of monitoring includes time spent addressing issues that arise within the agency relationship and putting in place appropriate protections.

2.1 3 PORTFOLIO THEORY

Businesses in the 1980s were able to successfully apply the connections between modern portfolio theory and market volatility. In order to mitigate the effects of market and loan fee risk, businesses are increasingly turning to value at risk assessment methods. Unfortunately, sophisticated portfolio theory has not progressed much in the area of credit risk management for enterprises (Margrabe, 2007). Companies are aware that an obsessive fixation on credit can cause problems in allocating resources. As a result, financial organizations such as banks actively seek out quantitative methods for assessing debt risk. Also, this industry is making great strides toward creating instruments that can evaluate credit risk in the context of a portfolio. They are able to successfully shift risks utilizing credit subordination while keeping customer connections intact. The profitability and quality of the portfolio indicators have been modified. (Kairu, 2009). Collectively, these innovations have made it much easier to manage credit risk in a wide variety of contexts.

Historically, benefit-by-resource models have been at the center of how businesses manage their credit risk. The typical losses sustained by a portfolio can be estimated by routinely assessing the credit exposures within the portfolio, assigning a credit risk rating to each exposure, and then summing the results. An extensive credit survey and an in-house credit hazard rating system are an advantage when it comes to resource strategy. This setup allows management to easily monitor credit performance and notice fluctuations in the portfolio. Changes to portfolio operations or an increase in credit monitoring are made possible through improved credit identifying proof, credit surveying, and credit hazard rating framework management.

Investment portfolio hazard cannot be accounted for by resource profit alone due to the probability that actual catastrophes will exceed projected tragedies. Credit showcases are being used by an increasing number of firms as part of quantitative portfolio audits as a means of improving their understanding of credit risk (Mason and Roger, 1998). More and more companies are turning to portfolio models to deal with disasters because they overcome the shortcomings of the benefit-by-resource approach. However, there are drawbacks to the resource advantage, such as the fact that fixation is difficult to discern and measure. Increased portfolio risk from increased exposure to credit growth or to a network of connected loan managers is known as "fixation risk" (Richardson, 2002).

2.2 THE CONCEPT OF CREDIT CONTROL

Credit control is essential to any business's bottom line (Weygandt et al, 2018), therefore companies in any sector can't afford to overlook it. It's a method of collecting money from customers for the products and services you provide. That which an organization does to keep its credit in good standing and to handle it responsibly, as defined by Sindani (2019).All facets of a company's finances are analyzed, appraised, scored, and reported on as part of financial management.Anley (2020) argues that a company's bottom line is heavily dependent on management's latitude to make credit sales. This is required for any business that extends credit lines because it is mathematically impossible to eliminate credit risk default completely. Accounts receivable have increasing potential costs as their volume and average age increase

(Mohammadi, 2018). The company may have to borrow money, which comes with an interest expense, if its debts aren't collected swiftly and the company needs cash quickly.

In addition, Balyawo (2019) argues that credit control is essential in deciding the success or failure of financial organizations like banks. This is because the viability of an MFI depends in large part on the quality of its risky assets and, by extension, its lending decisions. Furthermore, he explains that an MFI's credit portfolio quality can be anticipated by prudent credit control measures. Effective credit management necessitates the ability to monitor and limit consumer credit exposure (Weygandt et al., 2018). Balyawo (2019) argues that in order to protect themselves from bad debts, bookings, and insolvency, financial institutions should pay more attention to their customers' financial well-being, credit account histories, and the variety of payment methods available to them.

According to Sindani (2019), credit control is "the establishment of lawful and official structures and guidelines that will warranty that the appropriately elected staff are well-positioned to grant credit; that the service is allowed to the people with the appropriate credit history; that the loan is given for profitable activities or for businesses which have a strong financial and technical viability; that the correct amount of credit is disbursed; that the credit is managed in an efficient manner." According to his logic, this entailed instituting measures that functioned as a check beginning with the granting of credit and ending with its collection. One definition of "credit control" is the deliberate coordination of four core components of a credit strategy to ensure the smooth collection of loans provided to clients while simultaneously building their trust in and loyalty to the financial organization.

Anley (2020) argues that a corporation should prioritize a client's contribution to the bottom line above all else. Consideration is given to a complete evaluation of each client's ability to make regular payments. Choosing a reasonable credit duration is the second strategic decision. This way, the microfinance institution can give its most devoted clients ample time to use the credit they have been extended. The bank shouldn't be put under undue stress because of the delay. The third factor is the rebate given to customers who pay their credit bills on time (Cohen, 2018). However, this can only occur if people are sufficiently incentivized to save money by the promise of such reimbursements. The last statistic thinks about how much money can be put into debt collection. The suggestion is that the microfinance institution should not offer credit if the cost of collection exceeds the amount owed. A well-oiled operational framework is the result of careful planning, control, and coordination of all obtainable material and human assets.

Irakoze (2017) further noted that financial entities, such as banks, exercise credit control from the time they initiate a transaction or extend credit until they are repaid in full. Payment in full is required for a contract to be finalized from a legal standpoint. Thus, responsible lending practices demand rigorous adherence to the agreed-upon repayment schedule by the borrower in order to prevent the lending institution from losing out on interest payments due to the opportunity cost of the loan, the risk incurred, and the passage of time. Careful receivables financing and effective debtor management are the primary objectives of credit control (Gemuchu, 2018). Thus, it is possible to assert categorically that the goals of credit control are the preservation of the company's profitability in the eyes of its creditors and the improvement of its operating cash flows. Credit extended to consumers, collection of overdue payments, and reduction of the high risk associated with non-payment all require strict adherence to policies and regulations as reported by (Irakoze, 2017).

2.2.1 CREDIT CONTROL TECHNIQUES

According to Cohen (2018), the demand for a company's assets may be affected by a number of factors, credit being just one of them. To optimize profits, businesses use credit control, a strategy of controlling cash flow that involves selecting which clients should be extended credit and which should be denied it (Kumar et al., 2018). (Maseko et al., 2019) Credit management approaches can be categorized as either quantitative or general. Invoicing is a common method of managing credit, as discussed by Kristofik et al. (2019). He elaborates on the importance of providing consumers with clear and accurate bills as an element of effective credit management.

Credit management is another important use for financial statements (Mafumbo, 2020). All creditors should obtain their statements within five days of the month's end. This is a legal notification indicating the debtor's payment is past late and gives them another chance to settle the debt. Payment requests are also a form of credit management

(Alkhaja, 2022). Remember that keeping track of all of your communication with a client can greatly enhance your ability to collect payment from them. It has been shown that debtors are more likely to pay on time after receiving written notice from a collection agency (Mafumbo, 2020). Making phone calls to ask for payment is a highly effective approach to get more cash in hand. Skill and tact are required for this tactic. A cash order fulfillment system, warning letters, lawsuits or arbitration, telephone tracking, internal debt collectors, and outsourcing are typical ways of credit management in Zimbabwe (Mambiri, 2018). The process of "following up" with clients multiple times over needs detailed tracking of each interaction within the company's databases. A debt collector's reporting duties are met if they know who the customer is and how to contact them in the event that a client fails to make a bank transfer by a specified day and time (Maseko et al 2019).

Furthermore, systematic account monitoring or follow-up demonstrates the seriousness of the entity's present arrears and the importance of the creditor's position, especially for those who are unable to pay quickly. Credit litigation and other forms of credit litigation are similar credit tactical techniques (Alkhaja, 2022). After three weeks of unsuccessful communication, you should visit your client at their place of business to demand payment and a response. After making repeated attempts to get in touch with the debtor without success, it may be necessary to involve a third party, such as a collection agency or a lawyer. Outsourcing, sometimes known as debt factoring, is a second technique of credit control. According to Jang and Eger (2019), debt factoring occurs when a company hires a third party to handle its credit management. We may save time and money by outsourcing our debt collection thanks to debt factoring. There are a few drawbacks to debt factoring, including expensive fees and the risk of giving the impression to clients that your business is struggling financially.

2.3 THE CONCEPT OF FINANCIAL PERFORMANCE

During a specific time period, a company's financial performance is measured by its ability to generate new assets through its normal business activities (Casalino et al. 2019). A bank's financial services include not only accepting deposits in the form of cash but also maintaining client accounts (which may be viewed as the process of converting cash into plastic money) and issuing loans using the balances in those accounts (Gomber et al, 2018). The financial health of a company over a certain time period can be used as a proxy for the health of the industry as a whole. As the backbone of the financial system, banks play a critical role in any country's economy (Karuiru, 2018).

Fwamba (2018) demonstrated that the efficiency with which individual banks operate has a knock-on influence on the economy at large. The health of the bank can be evaluated by its ability to meet its costs with the money it earns. The annual report and financial statements are reliable sources of information. Financial measures including return on investment (ROI), tangible profit, and market share or growth would be used to assess organizations, as stated by Karuiru (2018). Financial performance, as defined by Casalino (2019), is the success and profitability of a company in responding to environmental opportunities and risks. In a similar vein, Obwoge (2018) argued that one measure of an endeavor's success is how well it makes use of its resources to accomplish its goals.

2.3.1 DETERMINANTS OF FINANCIAL PERFORMANCE

A bank's success can't be measured by a single financial indicator alone (Ali, 2018). Forecasting the financial results of an organization's policies and actions is known as economic performance (Nizam et al. 2019). These metrics provide a variety of ways to assess the efficiency, effectiveness, and risk of a bank's operations, even if it can be difficult to synthesize the various explanations of the numerous numbers.

2.3.1.1 PROFITABILITY

A company can determine its profitability by contrasting its earnings with its outgoings. Earnings are money received by a company as a result of its activities (Hirunyawipada and Xiong, 2018). One type of income is interest income on forward obligations. Expenses are the outlays of cash for the operation of a business. Opportunity costs associated with borrowers' inability to spend borrowed funds for immediate consumption, ongoing credit-related expenditures, the cost of collecting non-performing debts, and the cost of recovering bad loans are just some of the costs associated with bad debts (Peterson and Howe, 2017).

Profitability can be gauged not just via monetary gains but also through monetary losses (Kanyile, 2018). In accounting, profit refers to what's left after costs have been deducted. Making money is essential for the survival of every company operating in the financial sector. However, while a single loss-making fiscal year would not have much of an effect, repeated losses could threaten the company's long-term existence (Kindeya, 2018).Opportunity cost is deducted from net revenue to determine economic profit (Kanyile, 2018). Management time and resources are wasted overseeing credit processes that could be used elsewhere. For a business to ensure its continued success over the long term, economic profits are essential. ROIC, GM, and NPM are three metrics used to assess a company's financial health.

2.3.1.2 DEFAULT RATES

Failure of a borrower to make timely advance payments in accordance with a loan agreement is known as "credit default" (Doumpos et al, 2019). According to Agodzo (2017), if a loan customer fails to satisfy a commitment, both the lender and the borrower will have to pay the associated costs. Lost profits from risky assets, primary interest expense opportunities, legal fees, and other costs all accrue to the loan company in the event of nonpayment (Kindeya, 2018). A comparison is made between the price of avoiding the reputational damage that would result from failing and the possible price of lost investment opportunities because of the payback of the current loan arrangement. The borrower must therefore carefully consider all of his options before making a decision that will improve his current situation (Roychowdhury et al 2019). Prudent credit management procedures should be utilized to protect loan assets against inevitable default risks in order to reduce the likelihood of defaults.

2.3.1.3 INTEREST INCOME

Interest earned on funds temporarily kept in savings accounts, certificates of deposit, or other assets is often reported as interest expense on a company's income statement (Edem 2017). Interest is treated as income in its own right because it was not included in the initial investment. It is also the sum of a bank's assets minus the sum of its obligations and the costs of servicing those liabilities (Erwin et al 2018). The assets of a normal bank consist of various loans, mortgages, and securities given out to both individuals and businesses. In this case, the liabilities are the money put down by the customers themselves. The term net interest income refers to the money made after deducting all the costs associated with earning and paying out interest on deposits and assets, respectively (Kumhof and Noone 2018).

2.3.1.4 RECOVERY RATE

The capability of a bank to assess the possible losses on its investments is essential to an effective risk management system. The rate of recovery on defaulted advances and securities is one element that impacts the magnitude of losses (Ricard et al 2019). The recovery rate is the percentage of a defaulted obligation's principal and interest that is recouped by the creditor. While it's assumed that the recovery rate is constant by financial institutions, regulators, and academics, data show that it varies widely in practice (Kumar and Kishore 2019). Default rates and recovery rates are inversely related since both are sensitive to the state of the economy in a given country.

2.4 THE IMPACT OF CREDIT CONTROL TECHNIQUES ON FINANCIAL PERFORMANCE

Credit extended to potential buyers is a sign that a company has already committed its cash elsewhere, with payment expected at some point in the not-too-distant future (Mack 2017). Due to the high degree of unpredictability that surrounds the future, the ratio of available credit to profits is skewed in favor of the latter. This is because it is difficult to predict whether or not debts will be repaid by customers, so businesses are more likely to put the money toward ensuring their own longevity rather than pursuing risky investments and growing their business (Kumhof and Noone 2018) However, if the business, especially a bank, decides to limit its customers' access to credit, it would see a drop in profits. This is due to the fact that the premiums accrued on the repayment of loans are the sole source of profit for these financial institutions. Different factors, such as decreased investment and improper utilization of variable inputs, could contribute to these diminished returns (Kumhof and Noone 2018).

Thus, it's critical to have a well-implemented credit management plan that lowers the costs of loan agreements and increases revenue from such activities (Irawati et al 2019). .To achieve this, a mechanism for assessing how credit management and the related practices impact the company's performance in terms of profitability, bank lending quality, recovery rates, and the company's ultimate goal, which is the maximization of shareholders' wealth or value, must be devised (Richard et al 2019). Any financial organization must have a mechanism in place that successfully resolves asymmetric information problems as well as lowers the quantity of loan losses for it to succeed over the long term (Smets 2018).

The establishment of a credit risk environment, the use of an efficient and fair credit granting process, and the maintenance of an effective credit administration that involves a credit monitoring process and sufficient controls over credit risk are all necessary for effective credit risk management (Pacifique 2019).The responsibility for ensuring that Credit Risk Management (CRM) processes are effectively communicated to all staff members and that the individuals who implement them are fully aware of their responsibilities falls to upper management (Afriyie, 2018). A solid CRM system rests on a set of rules and guidelines that define the scope and distribution of a bank's credit facilities and the management of its credit portfolio (loan origination, evaluation, supervision, and collection). There has been considerable backing for the concept of borrower screening. The banking industry has broadly implemented the idea via credit review.

The asymmetric information theory stresses the importance of gathering trustworthy information from potential borrowers in order to conduct efficient screening (Chepkwony 2018). Both quantitative and qualitative techniques can be used to evaluate borrowers. Qualitative models' intrinsic subjectivity is a fundamental obstacle to their application (Roberts et al 2019). In contrast, qualitative models may quantitatively measure a borrower's qualities, which can then be added together and compared to a cutoff. (Ignatius et al., 2018) This method, known as "credit scoring," is effective because it minimizes processing costs while simultaneously reducing subjective judgments and the likelihood of bias (Sun and Vasarhelyi, 2018). If ratings are to have any value, they must indicate shifts in the probability of a loan default.

According to Asanab (2019), using quantitative models helps determine which variables best explain default risk, how much weight each variable should be given, how much of a premium to charge for default risk, how well to identify and reject bad loan applicants, and how much of a cushion to build into the loan portfolio to account for future losses. It has been shown that a well-defined procedure for authorizing new credits and extending current ones is crucial for effective credit risk management (Muigai and Maina, 2018).

It's critical to monitor borrowers' real and potential exposures because they change over time and in reaction to changes in the underlying causes (Afriyie et al., 2018), as well as to tackle the related moral hazard issue. The MFI should establish a culture of delivering support to borrowers who have faced difficulties and are making an attempt to overcome them by maintaining continual communication with its borrowers in order to be seen as a problem-solver and trusted counsel. Other forms of monitoring include keeping tabs on how much money is coming in and going out of the borrower's bank account, reviewing the borrower's reports on a regular basis and paying them a personal visit, and keeping track of the borrower's credit history (Dolo 2021, Ali 2018).

2.5 THE IMPACT OF RISK ASSESSMENT ON FINANCIAL PERFORMANCE

In order to ensure that a project is completed successfully, it is important to do a risk assessment (Abdel-basset et al., 2019). Assessing risk is the procedure of classifying and scrutinizing management-relevant risks to the preparation of financial statements that would be presented fairly in accordance with generally accepted accounting principles, as defined by Beerbaum (2019). Caution is warranted as the management team establishes the bounds of what they consider to be an acceptable degree of risk. Therefore, it is imperative that government agencies routinely assess the security dangers they face and take measures to counter them.

Dicuonzo et al. (2019) argue that a bank's level of expertise in risk management is a strong predictor of its long-term viability. The banking sector often uses a methodical and preventative strategy for managing risk. Whatever the case may be, the board of directors is the principal channel via which the company's risk management program is disseminated to employees (Abu-rumman, 2021). Risk policies are established as essential risk-management practices when it is discovered that they have a direct effect on cash flow and the use of risk management in developing organizational objectives.

To ensure their firms' long-term success, ceo`s and cfo`s should assess the risk management practices in use throughout their organizations (Korir, 2016) Notably in the banking and insurance industries, which have taken a direct impact from the current economic downturn. Most of the dangers that banks and other financial organizations confront fall into four categories: strategic, operational, credit, and market. The risk management approach taken was affected by factors such as whether or not risk assessment is incorporated into goal setting, the existence of a documented risk management policy or framework, the method used for risk identification, analysis, evaluation, treatment, monitoring, and review, and the level of ownership and management commitment (Yilmaz and Flouris, 2017).

Alawattegama (2018) argues that bolstering a company's risk management practices is a great way to boost profits. Rasid et al. (2018) found that financial statement risk analysis was apparently the area of risk management that contributed the most to the bank's profitability, alongside budgeting and strategic planning.

The concept that effective risk management boosts businesses' bottom lines is largely validated by studies (rehman and anwar, 2019). The influence on the company's success is good due to a number of variables. According to munir et al. (2020), good risk management methods avoid lower-tail outcomes and reduce the costs of bankruptcy in the event of a protracted economic slump. Costs associated with bankruptcy include direct administrative expenses, a decline in the firm's expected present value, decreased efficiency due to low morale and anticipated difficulties in resuming operations, also the temporary diversion of management's attention away from more profitable company areas (munir et al., 2020).

Underinvestment is a problem that may be avoided with proper risk management (al-nimer et al. 2021). One potentially expensive result of financial hardship is the tendency of financially troubled organizations to cut back or postpone new investments in order to save scarce internal funds. In addition, it is challenging for these companies to secure investment capital from outside sources. Businesses may boost their worth by adopting risk-management measures that guarantee they have adequate funds or access to financing for the launch of value-adding initiatives (manab and aziz 2019).

Since the beginning of the economic downturn in late 2007, the significance of risk assessment to the stability of commercial banking institutions in developing nations has progressively increased, as reported by musau et al. (2019). These analyses made use of financial indicators such net interest margin, return on assets, return on equity, and return on capital employed. The impact of several risk factors was evaluated using a nim of estimation techniques. The scope of these investigations ranges from global to regional to national.

The creation of a risk management strategy and the integration of risk management into organizational goals are two of the most critical risk management actions that have a direct influence on financial performance, as identified by kimani (2018). The research shows that financial organizations may increase output when they prioritize risk management policy formulation and target setting. By using the MetroPeech as a case study, this study fills a substantial need in the current literature by investigating the effect of risk analysis on economic results.

2.6 THE IMPACT OF CONTROL ACTIVITIES ON FINANCIAL PERFORMANCE

To make sure management instructions are carried out as planned, it is necessary to employ control activities such as rules, regulations, and other procedures (Mwangi, 2014). The adequacy of the control system over financial management processes may be evaluated by auditors, who can then utilize the written rules and procedures to guide the execution of the control activities (ACCA, 2018). You may be certain that the firm will take all necessary measures to guarantee the success of its initiatives thanks to these protections. Every day, cash is deposited, and bank reconciliations and check stock controls are carried out.

Control operations including the organizational processes, work as well as authority flows, people, as well as management information systems are used to achieve organizational goals (Abubakar et al 2019). Performance of an organization is the outcome of comparing actual outputs to anticipated outputs (or goals and objectives). Having effective management, solid governance, and a dogged commitment to getting results is crucial for a firm's success and essential to its capacity to fulfill its objective (Munir et al 2020). Non-profits that succeed are agile, customer-centric, entrepreneurial, results-driven, and financially stable. In a dynamic and ever-changing environment, the key to success is building organizations that can adapt quickly and improve over time. Both monetary and non-monetary metrics can be used to evaluate performance.

Financial reporting reliability is the only thing that can stand in the way of the high quality and efficiency of internal control systems (rehman and anwar, 2017). Internal controls are essential for stakeholders, investors, and anybody else who relies on a company's financial data to make choices. The study's findings will be positive if and only if the company's control system is sufficient and well fitted to its needs. Managers need to establish reasonable assurance (chang et al., 2019) that the company's internal controls are sufficient to achieve their goals.

The dependability of financial information, the security of assets and records, compliance with legislation, and the approval of regulatory authorities all rest heavily on the effectiveness of internal controls at the entity level of the organization (ahmed, 2018).controls are the responsibility of the entity's management. Tjiueza (2018) notes that for these controls to work, they need to be based on sound risk management, be subject to frequent monitoring to guarantee adequacy, and make sure that everyone in the organization who can communicate is held to the same level. The study's goal is to assess the financial impact of various measures of control on MetroPeech.

2.7 THE IMPACT OF INFORMATION AND COMMUNICATION ON FINANCIAL PERFORMANCE

The process of locating, recording, and disseminating this data information and communication, is crucial to meeting our financial reporting goals (Asiligwa, 2017). There is, nevertheless, room for improvement in the way departments talk to one another (Razid et al., 2017). Communication and information have been the focus of much study in recent years due to their impact on interactions across all levels in an organizational structure (Korir, 2016). In order to accomplish their jobs and contribute to the company's goals, employees need access to the right information.

According to Hailu (2019), there are tangible advantages for financial institutions that utilize ICT. Internet banking is just one example of how the banking industry is benefiting from the widespread adoption of ICT, which is lowering transaction costs and increasing productivity for clients. This has a beneficial effect on the bottom line. According to an investigation conducted by Chimaobi (2018), electronic banking has significantly enhanced the quality of service supplied by various institutions in Lagos to their respective consumers. When he compared the older generation of banks to the newer ones, he noticed that the latter were more likely to accept new technologies if they were already using them to automate their services.

Customers can get cash advances on their credit cards, withdraw cash from ATMs, check their account balances, and even buy prepaid cell phone credit thanks to ICT (Yilmaz and Flouris, 2017). Customers now have a more convenient way to access their money without having to physically visit a bank. This boosts output and lowers transaction fees for financial transactions. This is in accordance with the conclusions of a study by Mwangi (2018) that examined the effect of ATMs on financial institutions' bottom lines. Lower transaction costs, fewer personnel, and fewer physical locations for the bank resulted from an increase in the quantity and value of deposits made feasible by ATM use, all of which helped to increase profits.

As a result of ICT, banks' income structures have changed (Dolo, 2021). Banks have expanded their revenue sources nowadays and concentrate more on fees and service income than that on interest rate spreads as a result of the shrinking margins in lending operations (the banks' core business), which has suffered from increased competition. The complete spectrum of banking operations, including processing payments, safeguarding client cash, and maintaining accounts, are all covered by service fees (Mwangi, 2018). Underwriting, brokerage services, treasury management, derivatives transactions, private banking, and the credit card sector tend to have fees and commisions that are less volatile in response to economic and cyclical swings. The amount of banks' off-balance-sheet items in reported profits has grown in tandem with this trend.

Also, IT benefits both clients and service providers, which has a positive impact on banks' financial success. American research is included among those that fall into this category (Zhang, 2018; Aliyu, and Hassan 2020). In today's business climate, the option to offer services online is seen as crucial to retaining existing customers and growing market share (Hanaysha, 2018).

According to Aliyu and Hassan's (2020) theory, commercial banks can benefit most from ICT by cutting their overhead costs. To be more specific, it is possible to significantly reduce expenses such as those associated with the upkeep of physical locations, advertising, and human resources (Mwangi 2018).Dolo (2021) studied online banking in Turkey and discovered that, on average, transactions cost $0.10 rather than

$2.10 at a teller's counter. Hence, there is a contextual mismatch with the research's focus on how information and communication impact the financial results of the Metro Peech.

2.8 THE EFFECT OF MONITORING ON FINANCIAL PERFORMANCE

It's commonly accepted that strict monitoring is essential for effective and high-quality internal control systems. The findings of audits and other evaluations must be validated via monitoring to ensure that your internal controls are functioning as intended (Razid et al., 2017). Employees on staff may be supervised to ensure they are following all of the rules and regulations established by upper management.

Understanding and evaluating the management and financial systems and capabilities, ensuring compliance with rules, regulations, as well as requirements, protecting state funds from fraud, waste, and abuse, aiding in the recognition of potential audit issues, identifying the need for training and technical assistance, determining what improvements are required, and following up on problems or corrective actions are all goals of financial monitoring (Okwir et al., 2018).

By collecting and evaluating financial data, financial monitoring keeps tabs on how closely programs are running to their intended budgets (Ayakaka 2019). CFR Part 226.21 of the USAID Grants and Cooperative Agreements Regulations require beneficiaries to link budgetary data to project outcomes and create unit cost estimates whenever possible (Chang et al 2018). This gives you constant feedback on whether or not your efforts are bearing fruit. It helps in decision making and learning the program's strengths and flaws.

According to Muhunyo and Jagongo (2018), financial organizations may reap significant benefits from establishing robust internal accounting monitoring and control systems. That is to say, when an organization takes measures to monitor and control expenditure, productivity and responsibility rise. Despite the interior accounting control mechanisms mandated by SASRA, the SACCO Societies Regulatory Authority (SASRA) has recorded cases of poor management, fraud, and weak governance at SACCOs. Odhiambo's research (2019) sought to learn whether and how new forms of control and regulation affected the fundraising and budgeting strategies of Kenyan SACCOs. At the 5% significance level, the beta value for monitoring and control activities in the regression model was 0.526, suggesting a positive relationship with economic performance. This action explains 43.0% of the variation in economic results. The study's findings that effective monitoring and management tactics lead to profitable outcomes were confirmed.

2.9 EMPIRICAL LITERATURE

2.9.1 MWANGI, L.W., MAKAU, M.S. AND KOSIMBEI, G., 2014 EFFECTS OF WORKING CAPITAL MANAGEMENT ON PERFORMANCE OF NON-FINANCIAL COMPANIES LISTED IN NSE, KENYA

The implications of working capital management on the performance of non-financial firms trading on the Kenyan NSE were studied by Mwangi et al. (2014). He showed how incorporating risk management into setting organizational objectives and developing a plan for handling risks both affected financial outcomes. The research indicates that by prioritizing policy creation and goal setting in the realm of risk management, financial institutions may increase their output.

2.9.2 ABDI, A.D., 2015. THE IMPACT OF INTERNAL CONTROL SYSTEM ON FINANCIAL PERFORMANCE IN MOGADISHU PRIVATE BANKS (CASE STUDY SOME SELECTED PRIVATE BANKS IN MOGADISHU)

Abdi (2015) looked at how the internal control structure of private banks in Mogadishu, Somalia affected their financial outcomes. The population was stratified by age, gender, level of education, and occupation. The principal aims of the study were to assess the private banking industry in Mogadishu and its internal control procedures. Most of the people who took part in this research were employed by private banks in Mogadishu as auditors, chief bank tellers, auditors of finances, or managers. Based on this data, it seems that the great majority of private banks in Mogadishu have sufficient capital.

2.9.3 MWAKIMASINDE, M., ODHIAMBO, A. AND BYARUHANGA, J., 2014. EFFECTS OF INTERNAL CONTROL SYSTEMS ON FINANCIAL PERFORMANCE OF SUGARCANE OUT GROWER COMPANIES IN KENYA.

Mwakimasinde, Odhiambo, and Byaruhanga (2014) found that internal control systems aided sugarcane out grower businesses in Kenya. A descriptive-correlational survey method was used for this investigation. All of the sugarcane-exporting nations were analyzed. This data was compiled using both primary (interviews with the relevant parties) and secondary (archival) sources. We polled the top brass of Kenya's nine major agricultural firms to find out the truth. Secondary sources were analyzed and used to compile the data shown here. Key informants were the financial managers and heads of internal audit for all out-grower enterprises. Nine distinct communities of sugarcane farmers were given access to the survey tools. SPSS, a program developed exclusively for social scientists, was used to compile the statistical data. The research found that implementation of an internal control system had a notable effect on the company's bottom line.

2.9.4 MUKOPI, C.M. AND IRAVO, A.M., 2015. AN ANALYSIS OF THE EFFECTS OF INVENTORY MANAGEMENT ON THE PERFORMANCE OF THE PROCUREMENT FUNCTION OF SUGAR MANUFACTURING COMPANIES IN THE WESTERN KENYA SUGAR BELT.

In one study, Mukopi and Iravo (2015) looked at how implementing internal controls impacted the bottom lines of SMEs in Kisumu, Kenya. To achieve this, a test was developed to gauge firm owners' knowledge of internal control systems and their impact on financial performance and return on investment. A cross-sectional survey design and quantitative and qualitative approaches were used in the research. Primary and secondary sources worked hand in hand to compile this study's findings. Both inferential and descriptive statistics were used to inspect the data. The most important finding was the connection between interior controls and quantifiable improvements in financial performance. The findings show that the internal control procedures used by Kenya's public water companies significantly affect their bottom lines.

2.9.5 ODEK, R. AND OKOTH, E., 2019. EFFECT OF INTERNAL CONTROL SYSTEMS ON FINANCIAL PERFORMANCE OF DISTRIBUTION COMPANIES IN KENYA

Small and medium-sized distribution companies in Kenya were studied by Odek and Okoth (2019) to determine the effects of various control systems on financial performance. The primary purpose of this research was to understand the effects of various controls, risk assessment results, information, and communication flows on the bottom line of Moonbluez Enterprises Limited. This study's authors drew on the agency and dependability literature to create a theoretical framework that shows how internal control systems affect financial performance. Each of the 38 workers were individually interviewed using a correlational and case study methodology based on data from a census survey. Surveys were the primary source of information, while dictionaries and literary analyses were the secondary data. Validity and reliability were determined by a test-retest approach and expert assessments. The prototype project had four employees from Moonbluez Enterprises. This study made use of both descriptive statistics (mean, standard deviation) and inferential statistics (Pearson's correlation, multiple regression). There were charts and tables to help visualize the data.

2.9.6 ENIOLA, O.J. AND AKINSELURE, O.P., 2016. EFFECT OF INTERNAL CONTROL ON FINANCIAL PERFORMANCE OF FINANCIALS IN NIGERIA

Eniola and Akinselure (2016) investigated the effect of internal control on the bottom lines of Nigerian businesses. A questionnaire was used for the study's methodology. The statistical information utilized in this research was gathered through 150 questionnaires issued to workers at the five (5) organizations evaluated. Data from the questionnaire was analyzed using the multiple linear regressions features of SPSS, and participants were recruited using a non-probability sampling procedure. The P-value of 0.002 from the multiple regression analysis was much higher than the 5% threshold SPSS uses for this kind of research, indicating a significant correlation between internal control and corporate fraud. The research indicated that management should implement more effective processes to ensure the efficiency and effectiveness of internal control in order to significantly reduce the incidence of fraud inside the organization.

2.9.7 KINYUA, J.K., GAKURE, R., GEKARA, M. AND ORWA, G., 2015. EFFECT OF INTERNAL CONTROL ENVIRONMENT ON THE FINANCIAL PERFORMANCE OF COMPANIES QUOTED IN THE NAIROBI SECURITIES EXCHANGE

Kinyua, Gakure, Gekara, and Orwa (2015) examined the results of a survey of federal parastatals in Nigeria to find out the effect of internal management on financial outcomes. Finding out how internal control mechanisms affect the bottom lines of federal parastatals was the driving force for this study. The study was grounded in a number of theoretical frameworks, including agency theory, stewardship theory, positive accounting, and attribution theory. The research strategy used in this study was descriptive. This study's population consisted of a broad variety of occupations inside federal parastatal agencies. Seventy-three individuals were selected at random and offered positions. The primary data came from surveys, both open-ended and closed-ended, given to a statistically significant subset of the population. The data was examined with the use of descriptive statistics, and the results were presented visually. The correlation between the explanatory and response variables was analyzed by multivariate linear regression. Internal control system components such as the management system, risk assessment, security controls, and information and communication were shown to substantially affect the financial results of federal parastatals. Perhaps as much as 90% of the variation in banks' financial performance can be attributed to the aforementioned variables.

2.9.8 EJOH, N. AND EJOM, P., 2014. THE IMPACT OF INTERNAL CONTROL ACTIVITIES ON FINANCIAL PERFORMANCE OF TERTIARY INSTITUTIONS IN NIGERIA

Financial performance at universities was studied by Ejoh and Ejom (2014), who found a link between institutional management practices and revenue growth. The information was collected via surveys, an interview guide, document and article analyses, and other sources. We used a survey design to collect responses from a stratified sample of the population and analyses the results. The data was analyzed using a variety of methods, including percentages, tables, the correlation coefficient, and z-scores. On the basis of this research, it is very evident that the College's administration is the impetus for all of its activities. A thorough investigation revealed that the college's chief financial officer also conducted frequent assessments of the subordinate's performance. The study found that independent auditors reviewed the institution's financial records once every year. However, a member of staff could obtain access to consumers' financial details without their knowledge. The findings demonstrated that the corporation has made significant measures to maintain expenditures at manageable levels. Inadequate safety precautions have been implemented by the Institution. Additional analysis indicates that the college's internal control procedures have no discernible impact on its bottom line.

2.9.9 CHENGETO, S., 2013. AN INVESTIGATION OF THE EFFECTIVENESS OF INTERNAL CONTROL SYSTEMS ON FINANCIAL PERFORMANCE. A CASE STUDY OF OK ZIMBABWE LIMITED

Chengeto (2013) analyzed OK Zimbabwe Limited's (the company) internal control systems and financial outcomes in Zimbabwe. There have long been rumors about dishonesty and other violations of accepted accounting procedures. Due to their inconsistent application of internal controls, the accounting staff has been deemed inefficient and wasteful. Other facets of internal control that were investigated included control activities, internal audit, and the control environment. Liquidity, responsibility, and transparency were deemed crucial in terms of financial results. Case studies were used to compile the data for this analysis. Questionnaires were used to compile this information. Despite management's commitment to the control systems and involvement in monitoring operations, the investigation revealed a lack of information sharing. Weaknesses in the internal control system may not be addressed if there is a lack of efficiency, insufficient manpower, abnormal audit procedures, and infrequent audit reports. There is a correlation between stringent internal processes and rising GDP, as shown by the study's findings.

The internal controls at financial institutions in Zimbabwe that are contributing to the country's booming economy were researched by Njanike, Mutengezanwa, and Gombarume (2011). Research objectives included assessing the consequences of poor corporate governance and identifying the factors that contribute to excellent corporate governance. Poor board supervision was ultimately traced back to inadequate internal control implementation. The study also indicated that internal control system overrides and "fact cat" directors were major factors in poor corporate governance.

2.10 RESEARCH GAP

There is a great deal of disagreement within the reviewed literature on how control systems affect a company's bottom line. The majority of studies examining internal controls take the form of case studies that focus on a particular organisation with a specific issue. In an attempt to fill the void left by previous research, this study proves the worth of risk controls, a controlled environment, and monitoring. There is not enough scholary attention given to concerns about cash flow, late financial reporting, inefficient financial resource accountability, fraud, and misuse of resources. The study aims to shed light on some of this issues to find solutions.

2.11 CHAPTER SUMMARY

This chapter discusses theories that are relevant to the subject and assesses the research of other scholars who have sought to address the same question. The chapter followed with an explanation of the research's significance. In the next chapter, we'll talk about the approach we'll take to conducting this research.

CHAPTER THREE

RESEARCH METHODOLOGY

3.0 INTRODUCTION

This section's goal is to provide comments on the research techniques used in the actual implementation of the study. Data collection methods are characterized by the methodology used by the researcher. Research methodology, as defined by Leedy (2016), is the "scientific as well as rigors process of solving research issues" that establishes the overarching structure and data-gathering and analysis procedures for a study. The methods, instruments, participants, and data sources utilized in this research are described in further detail below.

3.1 RESEARCH PHILOSOPHY

Kamal (2019) argues that an individual's philosophy acts as a "lens" through which one views the world. Bauer (2017) believes that researchers' philosophical stance and the nature of the social science issue being researched should govern their methodological choices. While they recognize that there is diversity in philosophical perspectives on this issue, Bloomfield and Fisher (2019) argue that some of the more extreme conceptions may be restrictive. Extreme humanism, extreme structuralism, interpretivism, objectivism, relativism, pragmatism, and positivism are all examples of long-lasting paradigms in the social sciences. There are four main schools of thought that might inform social science research: positivism, realism, interpretivism, and pragmatism.

The positivist position holds that one's social environment is objectively observable and exists apart from the individual (Pham, 2018). As a result, social science researchers are subject to the same standards as their natural science counterparts. Knowledge is supposed to exist despite the subjective perspectives of humans since science has the capacity to utilize impartial ways to discover what is in the world (Ryan, 2018).

To make objective observations, a researcher must remain detached from the topic under study. Here, we adhere to positivist principles (Pham, 2018). The positivist tenets of research methodology include the following: the use of a quantification-based, frequently developed data collection method; the analysis of only observable phenomena while utterly ignoring the subjects' perceptions; the use of theory to make predictions that can be supported by empirical knowledge; the conduct of cross-sectional studies with sample groups; and the gathering of enormous amounts of data presented as rigors and reliable.

Another epistemological position associated with science is realism. According to realists, reality is objective and distinct from our subjective experience, and the world is just as our senses tell us it is (Ryan, 2018). Realists and scientists agree that scientific methods are the best way to create new knowledge. Both direct realism and critical realism are types of realism. The central tenet of direct realism is the idea that direct sensory experience is the most accurate representation of the universe. Critical realists, however, argue that our senses are frequently deceiving and that what we truly see are not the objects themselves but rather experiences or representations of those things in the universe (Pham, 2018). By combining the strengths of positivist and interpretive techniques while avoiding their weaknesses, critical realism offers a workable middle ground; for instance, it employs different data and perspectives while avoiding large, potentially expensive samples.

According to Bauer (2017), an interpretivist epistemology is one that values researchers' sensitivity to the ways in which they play out in society as unique social actors. In contrast to interpretivism, positivism contends that external objects alone can adequately reflect reality, and that the social world is too complicated to be understood by a set of basic principles analogous to those employed in the scientific sciences. Constructivism and interpretivism are often used synonymously by some. Reality, according to constructivists, is not given to us as it is, but rather built by conscious, intentional humans who interpret their surroundings and give events significance (Ryan, 2018). The interpretivist stance of constructivism emphasizes looking at the intents and motives of social actors via their own interpretations of those actors' actions. This study is predicated on the idea that people's worldviews shape their perceptions of the world, which in turn shapes their actions and the kinds of connections they have with others (Kamal, 2019).

In this part, we'll discuss the methodology that informed the study's execution. The methodology refers to the method through which data is collected for a study. For Leedy (2016), research technique is the "scientific as well as rigors process of solving research issues that determines the study's overall framework and data gathering and analysis methods. The materials, methods, subjects, and data collection methods that were actually used in the research are described in further depth below.

3.2 RESEARCH APPROACH

A research approach, as according Hayes and Heit (2018), is a methodical process for carrying out research to address an investigational topic. You can use an inductive, deductive, or even an abductive approach when conducting research. Prior to identifying broad trends and themes in the information gathered, the inductive process relies on the researcher taking thorough notes and measurements (Liew et al, 2018). This makes it possible for the researcher to develop a working hypothesis as soon as possible. In contrast, a deductive approach uses prior theoretical and practical knowledge to produce quite detailed predictions about future events (Goel and Waechter, 2017).The theory is then tested in a well-controlled laboratory environment. If the results support the hypothesis, it can be fairly accepted that it is correct in this case; otherwise, assuming the research was well planned and rigorously conducted, the theory underpinning the hypothesis is either contested or its limits may have been reached. The final sort of logical argument addressed is an abduction logical statement, in which the major premise is evident but the minor premise and, thus, the conclusion, are just likely (Schnapp, 2021). Its basic function is to derive a conclusion from the information at hand.

However, in this investigation, a deductive strategy was used to gather the necessary data. Deductive reasoning includes activities such as making an assumption (theory) based on another hypothesis and devising a study to prove it. As contrast to inductive reasoning, which focuses on the particular, deductive reasoning involves moving from the particular to the universal. There could be many examples where some theory or case study claims a causal relationship exists (Singh and Estefan, 2018).With this approach, it is feasible to explain the connections between the concepts as well as the variables. This study set out to quantify how credit restrictions affected financial performance.

3.3 RESEARCH DESIGN

According to Dannels (2018), a researcher's research design is the framework around which the researcher constructs his or her chosen procedures and methodologies for conducting an investigation. Exemplifying, probing, characterising, and testing hypotheses are the four most common approaches to study. In an experimental study, both the environment and the independent variable are carefully managed by the researchers (Bloomfield & Fisher, 2019). It is compared how the first and second groups vary from one another. The purpose of explanatory research is to look into occurrences that have not been looked into thoroughly or explained satisfactorily (Dannels, 2018).The primary purpose is to point us in the direction of some more material. Using this approach, researchers can see the whole picture and use research as a tool to quickly identify problems with potential solutions. The objective of this technique is to discover the reasoning behind something mysterious. In order to find solutions to issues that have not been properly investigated previously, exploratory research is conducted (Sileyew, 2019). The analysis in exploratory investigations is usually more in-depth and qualitative. Quantitative methods might also be used in an exploratory research with a large sample. Last but not least, a descriptive research strategy is one that sets out to collect data with the express goal of characterising a certain occurrence, situation, or population (Khaldi, 2017).

It was determined that a descriptive research methodology would be most useful since it allows for more precise assessment of demographic variables and the quantification of population-level trends, attitudes, or views (Dannels, 2018). The study's emphasis on interactions between components lends practicality to the design (Kroesen et al., 2019). Data that was composed was put through stringent statistical analysis to test the validity of the hypothesis. This highlighted the interdependencies among the constituents.

3.4 TARGET POPULATION

Stratton (2021) defines a population as the sum of all individuals who meet a certain set of criteria. Labvitz (2010) argues that for an examination to be useful, the examiner must care about every member of the community being studied. In all, 128 people took part in the research. Accounts, finance, and administration are all represented here.

Despite making up a significant proportion of the population, women are barred from positions of power. Included in this group are the President, Vice President, Treasurer, Chief Accounting Officer,Chief Financial Officer, Chief Administrative Officer, Chief Auditor, Account Holder's Assistant, Designated Agents, Secretaries/Receptionists, Intern Accounting Students, and the Messenger. Because everyone in the community had completed high school, the researchers believed they would be able to collect useful information.

3.5 SAMPLING

Sampling is a technique for gauging the effectiveness of a group without collecting comprehensive information about that group as a whole. The two distinct methods of sampling are: non-profitability and profitability.

3.5.1 SAMPLING TECHNIQUES

Sampling allows us to evaluate the health of a population by gathering data from a statistically significant portion of the whole. Both probability non-profitability and profitability sampling techniques exist.

3.5.2 SAMPLE SIZE

Krejcie and Morgan's (1970) chart was used to figure out how many people to include in the study. This table displays data for a sample size of 180. Sharma (2017) provided a formula showing that a sample size of 180 properly mirrored a population of 123, providing more proof for this claim. As a result, 123 people were included in the study.

Table 2.1: Sample size determinant table

N	S	N	S	N	S	N	S	N	S
10	10	100	80	280	162	800	260	2800	338
15	14	110	86	290	165	850	265	3000	341
20	19	120	92	300	169	900	269	3500	346
25	24	130	97	320	175	950	274	4000	351
30	28	140	103	340	181	1000	278	4500	354
35	32	150	108	360	186	1100	285	5000	357
40	36	160	113	380	191	1200	291	6000	361
45	40	170	118	400	196	1300	297	7000	364
50	44	180	123	420	201	1400	302	8000	367
55	48	190	127	440	205	1500	306	9000	368
60	52	200	132	460	210	1600	310	10000	370
65	56	210	136	480	214	1700	313	15000	375
70	59	220	140	500	217	1800	317	20000	377
75	63	230	144	550	226	1900	320	30000	379
80	66	240	148	600	234	2000	322	40000	380
85	70	250	152	650	242	2200	327	50000	381
90	73	260	155	700	248	2400	331	75000	382
95	76	270	159	750	254	2600	335	1000000	384

Note: N is Population Size; S is Sample Size *Source: Krejcie & Morgan, 1970*

Source: Krejchie and Morgan's (1970)

3.5.3 SAMPLING STRATEGIES

Stratified random sampling was used in this investigation. This helps categorize the respondents based on relevant variables to the research. Workers at varying levels of management and human resources expertise were separated from one another for this study. Each stakeholder group was represented by a random sampling. Stratification was necessary to ensure that a representative sample was drawn for research. The inaccuracy in the sample size was minimized by selecting participants at random. Because the population was distributed into homogenous strata, stratified random sampling greatly enhanced the accuracy and efficiency of data collecting (Sharma, 2017).

3.6 DATA COLLECTION INSTRUMENT AND PROCEDURE

Examples of data collection technologies include paper surveys and computer-assisted interviewing techniques (Bryman, 2017). A key component of this analysis was the use of questionnaires. In addition, this study reviewed necessary documentation as a source of data.

3.6.1 QUESTIONNAIRES

According to Iovino, and Tsitsianis, (2020), questionnaires are frequently used in market research because to their low cost and low overhead. In total, 123 respondents were sent structured questionnaires through email. The best technique to obtain respondent demographic data and to identify features that can be quantified in the study results is to use structured questionnaires. Even more, it enables regression results and other quantitative research results to be used in testing hypotheses. Using a questionnaire with Likert scale questions, the researcher's main data collection technique. According to Coates (2021), the only way to persuade people to be honest about their views, feelings, and values is through a self-administered questionnaire.

Respondents used a 5-point Likert scale, with 5 showing unanimous approval and 1 showing strong disagreement. According to Jamieson (2014), a popular way to evaluate respondents' attitudes is to have them use a Likert scale to indicate the degree to which they agree or disagree with a set of statements or questions. It's possible to agree or disagree on one of five different scales. The potential for erroneous conclusions to be drawn from this study increases if an inappropriate statistical method is employed. Ordinal and interval variables have different requirements for the descriptive and inferential statistics that should be used. Cohen (2013) argues that adopting an interval scale for Likert-type categories is illegal. The survey employed in this study was based on a Likert scale. A typical Likert scale is displayed in the table below. The Likert scale is favored because of how well it gauges responders' emotional fervor. The validity and reliability of Likert scale scores are improved by their greater consistency (Kroesen et al., 2019). Because it employs a five-point Likert scale, this assessment tool needs no prior training for its respondents.

3.6.2 DOCUMENTARY REVIEW

Information found in books and scholarly journals was used extensively for this analysis as a secondary source for verification and reference. Journals and prior research publications on topics like supply chain and demand forecasts were used as secondary sources. The internet served as a secondary information resource by facilitating online journal searches, which led readers to the original sources. The fact that secondary data is often collected with an ulterior motive and may lack objectivity because it has been manipulated to suit an organization's needs is just one of many problems with this type of information (Kalu, Unachukwu, and Ibiam, 2019). In certain cases, the cultural background of the origin of the paper and the reasons for its creation are obscured. It was also challenging to obtain some of the supplementary materials needed to complete the case study.

3.7 VALIDITY AND RELIABILITY

The researcher was able to determine which survey items need expansion or could be eliminated after completing a pilot study. Connected concept validity, content validity, and criteria validity are the three primary ways in which validity is assessed. Testing items were chosen to see if they were representative of the test's intended topic using the content validity approach. The same outcome was consistently observed, which proved the reliability. The reliability of the instruments utilized in the study was determined by a test-retest approach. In this method, the same instrument is used on the same group of people over and over again. Patients were treated again a week following the initial experiment using the same methods. Cronbach's alpha was then used to calculate the reliability coefficient. A correlation value of 0.70 is considered satisfactory, even if most research utilize a significance level of 0.05 (Mohajan, 2017). In this investigation, we employed instruments with an $r > 0.7$, suggesting high data dependability and, thus, the instruments' suitability for the study's aims.

3.8 DATA ANALYSIS AND PRESENTATION

An inferential statistical analysis was done after a descriptive one was completed. Data cleansing, editing, and coding, as well as statistical analysis and report writing, were all a part of this procedure. SPSS version 26 was used for both descriptive and inferential statistical analysis. We tested our hypotheses using simple and multiple regression at the 95% confidence level to see if they held water. To ascertain the nature and strength of the relationships between the variables and to test the proposed relationships, the researcher employed inferential statistics. The following equation illustrates a multiple linear regression model of independent variables in relation to the dependent variable.
$Y= \alpha + \beta 1x1 + \beta 2x2 + \beta 3x3 + \beta 4x4 + \varepsilon$ where:
Where Y= Financial Performance
X1= Risk Assessment
X2= Control Activities
X3=Information and communication

X4=Monitoring

e= Constant

3.9 ETHICAL CONSIDERATIONS

Prior to doing fieldwork, the researcher was required by the university to submit an application to the ethical committee for approval. The information sheet included a brief summary of the study's goals, the rationale for inviting participants, a claim that participation would be voluntary and that there would be no consequences for abstaining from it, the potential benefit of participating in the study, information about confidentiality and how it would be maintained, incentives for participation (if any), and a statement outlining the study's ethical considerations. Participants had no risk of physical or mental harm because the questionnaires only required a brief amount of time to complete. Participants had to give their agreement over the phone, and this conversation was recorded, in order for the study to move forward. It was also made clear to respondents that they might terminate the survey at any time. Everyone who took part in the study was free to ignore any question they didn't want to answer. Some people chose to withhold information, like when asked about employee turnover. In light of the foregoing, the researcher ensured that all pertinent ethical considerations were given to the rights and well-being of all study participants prior to conducting this study.

3.10 CHAPTER SUMMARY

The research design served as a road map that was followed to success in achieving the study's principal objective. In this chapter, we detail the methodology that guided our research. An overview of the study's method was given to get things started. The sampling strategy and the study's methodology, which covered the sample frame, the survey demographic, the selection process, and the traits of the chosen sample, were covered in great detail. The questionnaire was crucial to the process of gathering data. The questionnaire's creation and distribution processes were both in-depth. Both the questionnaire's design and the methods used to analyze its results were detailed.

Information about the study's reliability and validity was provided, as was the researcher's approach to meeting these standards. Following that, the researcher talked about some ethical concerns.

CHAPTER FOUR

ANALYSIS AND PRESENTATION

4.0 INTRODUCTION

Here are the research's conclusions, analyses, interpretations, and supporting arguments. The study was carried out to ascertain whether and how credit management measures had an effect on Metro Peech's financial performance. The data was compiled from 120 individual responses to online questionnaires. To further illustrate the relationship between the factors, the data is shown in tables, frequencies, and percentages.

4.1 RESPONSE RATE

The study's goal was to collect data from 120 participants, and 100 of them completed the survey.

Table 4.1 Response rate

Targeted response	Actual Response	Percentage
120	100	83.3

Source: Compiled by the researcher

The sample size (n = 30) is big enough to account for the high response rate (83.3%). This response rate was deemed adequate in light of Mugenda and Mugenda's (2012) assertion that a response rate of at least 50% is essential for reporting and analysis, a rate of 60% is normally excellent, and a rate of 70% is great. According to Kothari (2011), a response rate of 70% or more is exemplary. As a consequence, the margin for error is reduced and the accuracy is improved (Malhotra, 2007).

4.2 DEMOGRAPHIC INFORMATION

The purpose of the study was to learn more about the demographics of the participants.

4.2.1 Gender

Researchers were interested in the proportion of male and female participants.

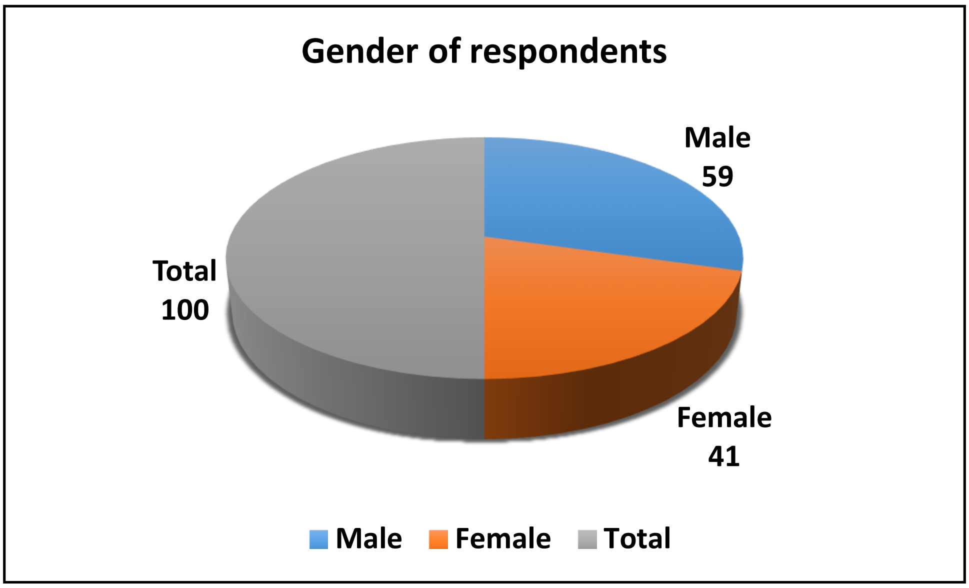

Figure 4.1: Gender of respondents

Source: Primary data (2023)

Findings showed that 59% of the respondents were male whilst 41% were females.

4.3.2 AGE

The respondents' ages were one of the variables studied.

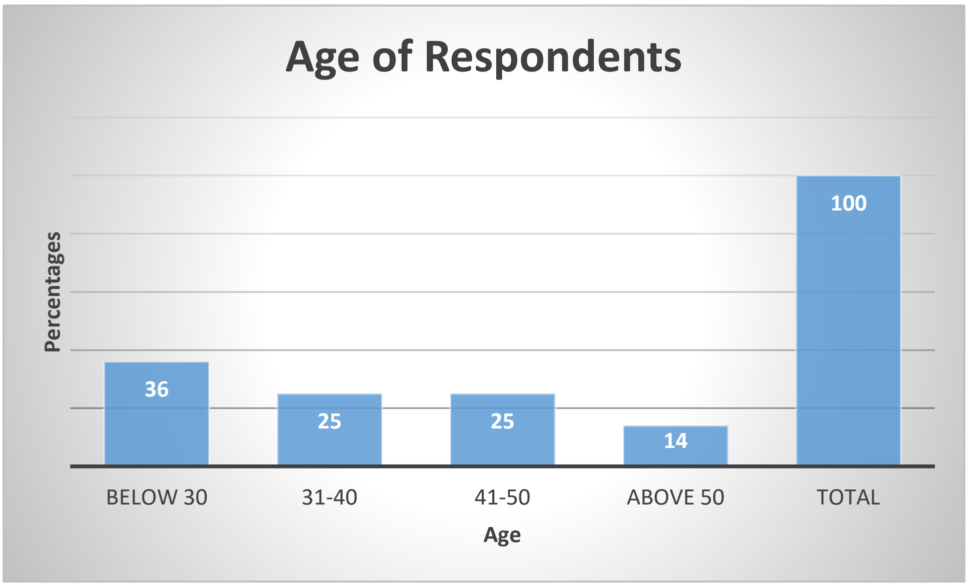

Figure 4.2 Age

Source: Primary data (2023)

36% percent of respondents were less than 30 years old, the research showed. About half of the participants were in the 30-40 age cohort, while the other half were in their forties and fifties. Only 14% of the participants were younger than 50. The majority (86 %!) of survey takers were under the age of 50, suggesting that they had a high level of technical competence.

4.3.3 HIGHEST EDUCATIONAL LEVEL

Examining the respondents' educational backgrounds, which in turn impact their worldviews and behaviors, allowed us to zero in on the most attractive traits. Companies with highly educated staff are more likely to embrace new technologies. Here are the tabulated results.

Table 4.2: Highest level of education

Highest level of education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Degree	70	70.0	70.0	70.0
	Master's Degree	27	27.0	27.0	97.0
	PHD	3	3.0	3.0	100.0

	Total	100	100.0	100.0	

Source: Primary data (2023)

The majority (70%) of the respondents, according to the findings, had earned an honors degree. A Master's degree was held by 27% of the respondents. 3 % of those polled were Doctorate holders. As a result, it would be safe to base this study's conclusions on the survey's results.

4.3.4 POSITION IN THE FIRM

The purpose of this research was to identify the respondents' current positions of responsibility within the organization.

Table 4.3 Position in the Company

Position in the Company

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Credit control	27	27.0	27.0	27.0
	Accountant	40	40.0	40.0	67.0
	Risk officers	33	33.0	33.0	100.0
	Total	100	100.0	100.0	

Source: Primary data (2023)

In addition, 40 percent of those who participated in the survey were employed in some form of accounting. Risk officers made up 33% of the total population. More over a quarter (27%) of those polled worked in credit control. The responses were representative of the various industrial departments, yielding useful data for analysis and inference.

4.3.5 EXPERIENCE

The survey's goal was to ascertain how long employees had been with the company.

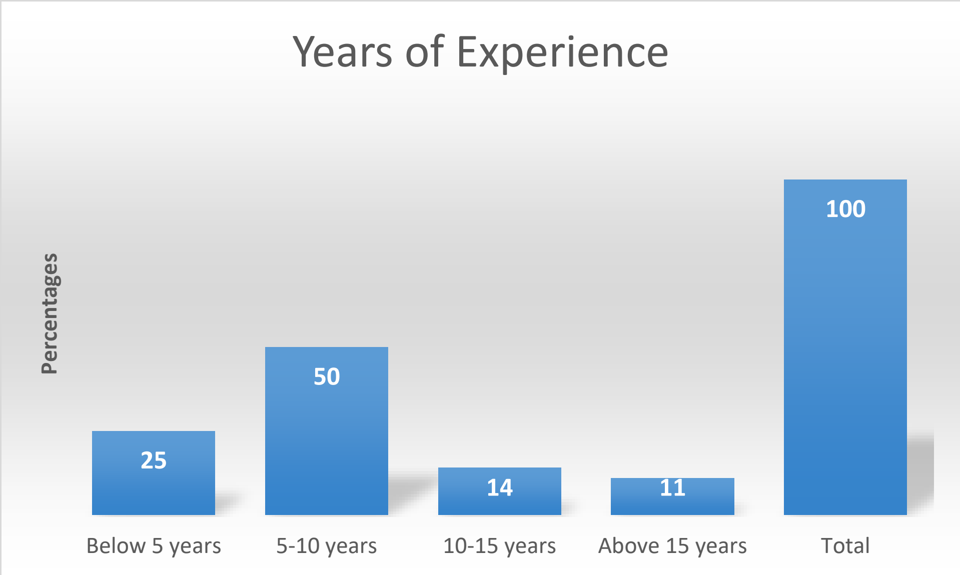

Figure 4.3: Experience

Source: Primary data (2023)

Half of the workforce had been with the company for five to ten years, the research found. The survey found that a quarter of employees have been there for less than five years. Fourteen percent of those polled have been with the company for fifteen years or more. The surviving staff averaged over 15 years of service.

4.4 EFFECT OF RISK ASSESSMENT ON FINANCIAL PERFORMANCE

The purpose of the study was to calculate the impact of risk analysis on GDP. Below is a table displaying the results?

Table 4.4 Effect of risk assessment on financial performance?

STATEMENT	**SD**	**D**	**N**	**A**	**SA**	**Mean**	**Standard deviation**
Stimulates risk recognition	3.1	9.2	9.2	41.5	36.9	4	1.061
Eases credit management	0	1.5	20	38.5	40	41.7	0.802
Enhances liquidity							

management	3.1	9.2	9.2	41.5	36.9	4	1.061
Reduces management costs	4.6	6.2	6.2	41.5	41.5	4.09	1.071
Improves decision making	4.6	7.7	20	35.4	32.3	3.83	1.112
Enhances internal communication	0	1.5	20	38.5	40	4	1.061

Source: Primary Data (2023)

Study in this area was conducted to learn how risk assessment affects companies' bottom lines. For your convenience, I've summarized the results in a table. The majority of respondents (by a mean of 4.17 on both criteria) agreed that risk assessment enhances liquidity management and decreases management cost. Methods 4 and 4 also show that respondents agree that risk assessment encourages and improves interdepartmental dialogue. With a mean score of 4.09, respondents also agree that risk assessment helps keep management costs down 83% of the time.

The same was discovered by Kimani (2018): some risk management tactics are more crucial than others for monetary success. Some of the most important approaches to risk management that were thought to have a direct effect on financial performance were developing a risk management plan and incorporating risk management into the formulation of organizational goals. Therefore, banks may increase their performance by emphasizing the development of effective risk-management policies and including risk management into the process of creating realistic organizational objectives, even if the research did not cover all performance indicators. While risk analysis of financial statements is often cited as the most important aspect of risk management, budgeting and strategic planning are equally essential tools for reducing risk that can have an adverse effect on a bank's profitability (Rashid et al., 2018).

4.4.1 EFFECTS OF CONTROL ACTIVITIES ON FINANCIAL PERFORMANCE

This section of the research aimed to pin down just how much of an impact control activities had on a financial performance. The data is tabulated below.

Table 4.5: Effects of control activities on financial performance

STATEMENT	SD	D	N	A	SA	MEAN	STANDARD DEVIATION
The institution has clear separation of goals	4.6	7.7	20	35.4	32.3	3.83	1.112
To deploy financial and accounting systems, staff is properly trained.	0	1.5	20	38.5	40	4	1.061
The institution regularly conducts internal audits	3.1	4.6	13.8	29.2	49.2	4.19	0.802
Our institution's administration keeps a careful eye on the Internal Controls that are put in place.	3.1	4.6	13.8	29.2	49.2	4.17	1.039
Internal control systems are frequently implemented, reducing risk exposure for the	4.6	6.2	6.2	41.5	41.5	4.09	1.071

firm.							

Source: Primary Data (2023)

The study's stated goal was to ascertain whether or not control efforts influenced financial output. While just 12.3% of respondents strongly disagree, the vast majority of respondents (67.7%) think that the organization makes its purpose very apparent. More over three-quarters (78.5%) of respondents agreed that employees have the necessary skills to implement accounting and finance-related systems, while only 2.5% disagreed. The majority of respondents (49.2%), together with just 4.6 dissenting voices and 13.8% remaining neutral, agreed that the institution's regular internal audits had an effect on financial performance. Finally, individuals in company that make use of internal control systems and prepare contingency risk plans on a regular basis are better able to weather unexpected events. While just 10.8 percent of respondents didn't think it affected financial results, 6.3 percent were unclear.

Mwakimasinde, Odhiambo, and Byaruhanga (2014) concluded that internal control systems had a positive, statistically significant effect on financial performance. Rehman and Anwar (2017) reached similar conclusions, arguing that internal controls are critical to a company's financial credibility among stakeholders, investors, and anybody else who utilizes financial reporting information to make decisions.

Using multiple regression, Eniola and Akinselure (2016) found a P-value of 0.002, which is much lower than the 5% threshold set by SPSS for this study, suggesting a strong relationship between internal control and fraud. In order to significantly reduce fraud, the study recommended that management enhance methods for assuring the efficacy of internal control.

4.4.2 EFFECT OF INFORMATION AND COMMUNICATION ON FINANCIAL PERFORMANCE

Another area of enquiry was the effect that sharing and receiving information had on a business’ financial performance.

Table 4.6: Effect of information and communication on financial performance

Statement	SD	D	N	A	SA	Mean	Standard deviation
The company has adopted the use of technology in forensic analysis	46.7	33.3	18.3		1.7	4.12	0.761
The organization has a clear communication channels	36.7	35	16.7	5	6.7	3.9	1.16
The organization has invested in software applications like AIS	28.3	53.3	8.3	6.7	3.3	3.97	0.974
Tasks are clearly communicated to employees		45	16.7	8.3	30	4.01	901

Source: Primary Data (2023)

80% of respondents indicated they did not agree that the firm had adopted the use of technology in forensic enquiry when asked how information and communication impact the financial performance of organizations. The percentage of those who agreed was 1.7%, with 18.3% expressing uncertainty. Only 17% of people said they didn't have a strong opinion either way regarding the company's communication channels. Ten percent of those polled thought spending money on AIS would hurt profits, while 43 percent disagreed either somewhat or strongly. Finally, when asked if workers' level of role clarity had any impact on the company's bottom line, 61.7% replied no, 8.3% said yes, and 16.7% were confused.

Similarly, Aliyu and Hassan (2020) concluded that the largest impact of ICT in improving the operations and operations of commercial banks depends on the reduction of overhead expenses. In particular, there is room for cost reduction in advertising, staffing, and regular branch maintenance. This agrees with what Mwangi (2018) found in his study of how ATMs affect bank profits. According to the findings, banks profited monetarily from the proliferation of ATMs due to the lower transaction costs, the lack of a need for traditional branch facilities, and the accompanying increase in the number and value of deposit accounts.

4.4.3 EFFECT OF MONITORING ON FINANCIAL PERFORMANCE

The study's goal was to trace the connection between surveillance and company profits. Results are displayed in table 4.7.

Table 4.7 : Effect of monitoring on financial performance

STATEMENTS	SD	D	N	A	SA	Mean	Standard deviation
Audits are conducted regularly		61.7	33.3	3.3	0.7	4.53	0.724
The organization has a strong supervision system	28.3	53.3	8.3	6.7	3.3	3.85	1.132
The organization regularly conducts performance appraisals	22	38	10		30	3.97	0.94
Change control is implemented successfully	55	30	10	1.7	3.3	4.07	0.88

Source: Primary Data (2023)

61% of respondents were unconvinced that compliance audits impacted financial performance, whereas seven percent were convinced. Only 10% of respondents thought the organization had a competent monitoring system, while 8% were indifferent and 81% disagreed. The majority of respondents (60%), along with 30% who agreed and

10% who were unsure, believed that performance reviews had little effect on the bottom line. Eighty-five percent of respondents indicated change control adoption had no impact on financial performance, while five percent claimed it did and ten percent were unclear.

Odhiambo (2019) found similar results when he investigated how SACCOs in Kenya's financial outcomes changed following implementation of monitoring and control procedures. There is a strong link between control and monitoring activities and financial outcomes. These activities account for 43.0% of the variance in financial performance, as measured by a beta value of 0.526 in the regression model at the 5% level of significance. The findings suggest that effective financial monitoring and management may significantly improve corporate outcomes.

4.5 INFERENTIAL STATISTICS

The relationship between financial performance and the other factors (risk assessment, control actions, communication and information, and monitoring) was examined by multiple regression analysis. A number of regression techniques were used to evaluate the assumptions. The data for the multiple regression analysis were entered, coded, and calculated using Statistical Package for the Social Sciences (SPSS).

4.5.1 CORRELATION

Before delving into the nature and ramifications of the relationship, bivariate analysis, also known as correlation analysis, seeks to establish whether or not a causal connection actually exists. Quickly testing ideas and determining whether or not aspects are worth further examination are two of the many uses for correlation analysis in business. It was decided that a significance level of 0.01 for a Pearson correlation test with two tails was appropriate. A number of -1 indicates a completely negative linear correlation, 0 indicates no relationship, and a value of 1 indicates an absolutely positive linear correlation. The table below displays the outcomes of a Pearson correlation analysis.

Table 4.8: Correlation

Correlations

		Financial performance	Risk assessment	Control activities	Information and communication	Monitoring
Financial performance	Pearson Correlation	1	.819**	.423**	.694**	.467**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	100	100	100	100	100
Risk assessment	Pearson Correlation	.819**	1	.819**	.770**	.660**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	100	100	100	100	100
Control activities	Pearson Correlation	.423**	.819**	1	.694**	.567**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	100	100	100	100	100
Information and communication	Pearson Correlation	.694**	.770**	.694**	1	.611**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	100	100	100	100	100
Monitoring	Pearson Correlation	.467**	.660**	.567**	.611**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	100	100	100	100	100

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

Source: Primary data (2023)

Bivariate analysis, often known as correlation analysis, investigates the potential for and the actual presence of a causal relationship between two variables. Correlation analysis makes it simple for businesses to try out hypotheses and see whether certain elements are worth digging into further. The level of significance for a Pearson correlation test with two tails was set at 0.01. Absolute linear negative correlation is represented by the value -1, absolute linear positive correlation by the value 0, and no linear correlation by the value 1. The outcome of the Pearson correlation are shown in the table below.

4.5.2 REGRESSION

Table 4.9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.721[a]	.748	.641	.349	.848	109.036	4	78	.000	1.152

a. Predictors: (Constant), (risk assessment, control activities, information and communication, and monitoring)

b. Dependent Variable: financial performance

Source: Primary data (2023)

The predicted decrease in R2 due to the solution being overly well-suited to the data set due to the presence of independent variables is calculated using the adjusted R2. According to the data shown in the table above, if r = 0.721, then r 2 = 0.748, suggesting that the linear connection between x and y (as defined by the regression equation) may explain for 74.8% of the total variance in y. The remaining 2.5% of y's total variance cannot be explained. The coefficient of determination measures how well the regression line fits the data. If the regression line precisely crosses all of the dots in the scatter plot, then that line adequately describes the data. Distance from the points increases as the line's explanatory power decreases.

The Durbin-Watson test result was 1.152, which is less than 2, indicating that there is no perfect positive correlation in the model-estimated residuals.

4.5.3 ANOVA

ANOVA is used to evaluate the model fit.

Table 4.10: ANOVA

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	85.801	4	21.450	106.847	.000[a]
	Residual	12.045	60	.201		
	Total	97.846	64			

a. Predictors: (Constant), risk assessment, control activities, information and communication, and monitoring

b. Dependent Variable: financial performance

Source: Primary data (2023)

H_0: There is no linear dependence of the dependent variable and independent variables

H_1: There is a linear dependence of the dependent variable and independent variables

To examine the significance of the relationship between two or more means, an analysis of variance (ANOVA) was performed (dependent and independent variables). This highlights the importance of the regression model. The ANOVA results indicate that the regression model has a p =.000 error margin, which translates to a 0% risk of making an incorrect prediction. Financial performance is found to have a linear relationship with the independent variables (risk assessment, control activities, information and communication, and monitoring) at the 5% level of significance, so we discard the null hypothesis and make this inference based on the F-value (106.847) being greater than the F-statistics (0.3413).This indicates that there is at least one independent variable whose coefficient is not zero.

4.5.4 COEFFICIENT

Risk analysis, control actions, information and communication, and monitoring are the independent variables whose coefficients are shown in the table.

Table 4.11: Coefficients

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
1	(Constant)	0.311	.409		3.206	.002	.493	2.128
	Risk assessment	.0.612	.317	-1.040	-3.681	.000	-1.799	-.532
	Control activities	.317	.079	.728	10.295	.000	.658	.975
	Information and communication	.587	.097	.302	2.955	.004	.093	.481
	monitoring	.310	.231	.994	3.501	.001	.347	1.272

a. Dependent Variable: financial performance

Source: Primary data (2023)

The researcher conducted a multivariate regression analysis to determine the relationship between the financial outcome and the four factors studied in this survey. The formula for the regression was as shown:

$\boldsymbol{Y}$=0.311 +0.612$\boldsymbol{NTI}$ +0.317$\boldsymbol{PI}$ +0.587$\boldsymbol{PTI}$+0.310$\boldsymbol{OI}$

With no changes to any of the other variables (risk assessment, control measures, communication and information, and monitoring), the regression equation forecasts an increase in financial performance of 0.311.

HYPOTHESIS 1: RISK ASSESSMENT HAS A POSITIVE EFFECT ON FINANCIAL PERFORMANCE.

The original hypothesis investigated the link between working efficiency and peril. Results demonstrate that increasing standards for risk assessment improves financial performance by.612 ($p = 0.001$), supposing no other parameters (control actions, information and communication, and monitoring) change. That's why it's important to incorporate risk assessment into your business plan.

Hypothesis 2: Control activities has a positive effect on financial performance.

The second hypothesis analyzed how interventions affect economies. There is a statistically significant positive correlation between the number of control actions and financial performance of.317 ($p = 0.001$) when all other components (risk evaluation, information and communication, and monitoring) are maintained constant. As a result, there is a positive relationship between higher control activity and financial outcomes.

Hypothesis 3: Information and communication has a positive effect on financial performance

Third, the researcher hypothesized that prosperous careers have common traits with good communication. If risk assessment, control actions, and monitoring are held constant, an increase in information and communication will enhance financial performance by.587 ($p = 0.004$). As a result, the findings corroborate the conclusion. The expansion of both channels of knowledge and communication appears to have a beneficial impact on commercial outcomes.

Hypothesis 4: Monitoring has a positive effect on financial performance

Lastly, the researcher hypothesized that monitoring has a positive impact on financial performance if other factors are held constant, then a.310 ($p = 0.001$) increase in information and communication will result in improved financial performance. Therefore, the data supports the conclusion. There appears to be a causal relationship between escalating levels of monitoring and improved corporate performance.

4.6 CHAPTER SUMMARY

The results, analysis, interpretations, and arguments of the study are presented in this chapter. Credit management was found to have a bearing on Metro Peech's bottom line. Whenever it was helpful to show how one factor affected another, we used tables, frequencies, and percentages to convey the data. Multiple methodologies, including multiple regression analysis, Pearson's Product Moment Correlation (PPMC), and the coefficient of determination (r2), have been used in studies focusing on correlation analysis. According to the results, there is a statistically significant relationship between the positively-valued variables (risk assessment, control activities, information and communication, and monitoring) and financial performance.

CHAPTER FIVE

RESEARCH FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 INTRODUCTION

This chapter will provide a concise summary of the research results, findings, and recommendations. Focus will be placed on how the study's objectives relate to its results. After reviewing the study's findings to identify areas for enhancement in credit control, Metro Peech's financial performance will be enhanced. This chapter also features some suggestions.

5.1 SUMMARY OF FINDINGS

5.1.1 EFFECT OF RISK ASSESSMENT ON FINANCIAL PERFORMANCE

This study aimed to investigate the connection between risk evaluation and monetary results. Overall, respondents rated risk assessment positively (4.17 on both measures), saying that it improves liquidity management and lowers management costs. Methods 4 and 4 further demonstrate that respondents believe risk assessment encourages and enhances internal communication. In addition, a mean score of 4.09 indicates that 83% of respondents agree that risk assessment helps keep management expenses in check. The regression model estimates a.612 (p 0.001) improvement in financial results for every one-unit increase in risk assessment. Results are congruent with those observed by Mwakimasinde, Odhiambo, and Byaruhanga (2014), who also discovered that internal control systems positively impacted financial performance. Consistent with the findings of Rehman and Anwar (2017), who emphasized the importance of internal controls in ensuring the reliability of financial reporting for the benefit of stakeholders, investors, and anyone else who uses this information to make choices, our findings show that internal controls have a significant impact on the reliability of financial reporting?

5.1.2 EFFECTS OF CONTROL ACTIVITIES ON FINANCIAL PERFORMANCE

The study's stated goal was to ascertain whether or not control efforts increased financial production. Seventy-one percent of respondents agreed that the organization has effectively divided its missions. Also, nearly eighty-five percent (78.5%) of respondents stated that their staff members are proficient with accounting and financial software. The majority of those surveyed (49.2%) agreed that the consistent use of internal auditing had a positive impact on the institution's bottom line. Those in company also benefit from routinely utilizing internal control systems and preparing contingency risk plans, making them more resilient in the face of uncertainty. 83% of respondents said that it had an impact on their finances. The financial results are expected to improve by.317 ($p = 0.001$) if control actions are increased, as predicted by the regression model. Internal control systems have a favorable, considerable influence on financial performance, as revealed by Mwakimasinde, Odhiambo, and Byaruhanga (2014). In accordance with these findings, Rehman and Anwar (2017) discovered that internal controls are vital to the financial credibility of the organization for stakeholders, investors, or anybody else who utilizes financial reporting information to make choices.

5.1.3 EFFECT OF INFORMATION AND COMMUNICATION ON FINANCIAL PERFORMANCE

The purpose of the research was to determine how information and communication affect the profitability of businesses. Eighty percent of respondents stated they did not believe the company's use of technology had improved forensic investigation or the impact of information and communication on the financial performance of firms. While most people thought AIS was helpful in outlining next steps, they were divided on whether or not it actually affected revenue. The correlation between financial success and communication and information flow was found to be 5% ($p = 0.004$).Aliyu and Hassan (2020) reached similar results on the potential benefits of ICT for commercial banks' activities and operations, with a focus on the importance of lowering overhead costs. Significant cost reductions may be accomplished in several areas, including advertising, staffing, and branch maintenance.

5.1.4 EFFECT OF MONITORING ON FINANCIAL PERFORMANCE

Finding out how sharing and receiving knowledge has an effect on business results was the driving force for this study. The majority of respondents (80%) were of the opinion that the company's use of technology had not enhanced forensic investigation or the influence of information and communication on the financial performance of enterprises. Most respondents saw value in AIS's ability to lay out future actions, but opinions were more split on whether or not it actually impacted income. The regression analysis revealed a statistically significant link between a 5% increase in information and communication flow and a 5% increase in financial performance. Commercial banks can benefit from ICT by streamlining their processes and reducing their overhead expenses, as stated by Aliyu (2020) and Hassan (2020). There is potential for savings in several areas: marketing, personnel, and routine branch upkeep.

5.2 CONCLUSION

The purpose of the study was to investigate the relationship between the techniques of credit card control and the financial performance of MetroPeech. There should be further research conducted on the several factors that affect the financial performance of wholesalers. It is essential to carry out further research on similar issues in sectors other than the one being investigated. The paper recommends doing more studies on the factors that influence the implementation of credit management techniques.

5.3 RECOMMENDATIONS

- According to the report, changing from a tougher to more effective approach will help MetroPeech enhance their debt collection technique.
- Customers and MetroPeech should keep up their productive working connection. Building reliable relationships with clients and keeping lines of communication open is essential for effective credit control. Customers will appreciate the company's consideration and professionalism if they are contacted well in advance of the invoice's due date to verify receipt of paperwork and discuss possible payment arrangements.
- By providing proper employee training, employee workshops, as well as employee seminars to build business knowledge in their personnel, Metro Peech management

should improve how employee teams are established. Effective credit control methods would result from this, lowering the likelihood of unsatisfactory financial performance. The importance of credit management to the organization is now well understood by the workforce.

- The study also suggests that Metro Peech boost its client appraisal procedures in order to increase their financial success. The Metro Peech will be able to identify clients with good credit through client appraisal procedures, lowering their portfolio of non-performing loans.

5.4 SUGGESTIONS FOR FURTHER RESEARCH

The goal of the study was to find out how credit card control methods affected Metro Peech's financial performance. There should be further investigation into other elements that impact wholesalers' financial performance. It's important to conduct additional study on related topics in other industries. The report suggests additional research on the variables impacting the use of credit control strategies.

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APPENDIX 1: LETTER OF INTRODUCTION

To MetroPeech Employees

I am a student at the University of Bindura undertaking a degree in Accounting. I am currently undertaking a research project on “The impact of credit control techniques on financial performance” as a partial fulfillment of my degree requirements. Attached herewith is a questionnaire that I am requesting to be completed. All the information you will provide will remain strictly confidential. If you are interested in the findings of this research, it shall be mailed to you upon request.

Your cooperation and existence will be highly appreciated.

Sincerely

MacDonald Mashiri

APPENDIX 2: QUESTIONNER FOR EMPLOYEES.

Instructions

1. Pleases tick **(√)** in the appropriate bracket(s) provided to indicate your opinion.
2. For open-ended questions, fill in the space provided below each question. Use short sentences or words that you think will express your opinion precisely.

SECTION A: DEMOGRAPHICS

1. Please indicate your gender by ticking the appropriate box

Male		Female	

2. Indicate your age range

Below 30years		31- 40 years		41- 50 years	
Above 50 years					

3. Indicate your Education Level

Certificate		Diploma		Undergraduate	
Honours Degree		Master's Degree		PHD	
Others					

4. Indicate your Position

Accountant		Credit control techniques		Risk officers	
Others (Specify)					

5. Indicate your years of experience

Below 5 years		5 – 10 years		10 -15 years	
Above 15 years					

SCALE:

1 = Strongly Disagree (SD), 2 = Disagree (D), 3 = Neutral (N), 4 = Agree (A) and 5 = Strongly Agree (SA)

<u>Key</u>

Strongly Disagree	**Disagree**	**Neutral**	**Agree**	**Strongly agree**
1	2	3	4	5

Indicate the extent to which you agree with the following items using the following ratings:

1. **What is the effect of risk assessment on financial performance?**

ITEMS	SD	D	N	A	SA
Stimulates risk recognition					

Eases credit management					
Enhances liquidity management					
Reduces management costs					
Improves decision making					
Enhances internal communication					

2. What is the effect of control activities on financial performance?

ITEMS	SD	D	N	A	SA
The institution has clear separation of goals					
Staff is well trained to implement accounting and financial management system					
The institution regularly conducts internal audits					
Management closely monitors implementation of Internal control systems in our institution					
The business often create contingency risk					

plans and implement internal control systems are less exposed to risk.					

3. What is the effect of information and communication on financial performance?

ITEMS	SD	D	N	A	SA
The company has adopted the use of technology in forensic analysis					
The organization has a clear communication channels					
The organization has invested in software applications like AIS					
Tasks are clearly communicated to employees					

4. What is the effect of monitoring on financial performance?

ITEMS	SD	D	N	A	SA
Audits are conducted regularly					
The organization has a strong supervision system					
The organization regularly conducts performance appraisals					
Change control is implemented successfully					

5. Is there any other information you may wish to provide concerning the effects of credit control techniques on financial performance at MetroPeech?

Yes ☐ **No**

If your answer to the above question is yes, please use the space provided below to share further information

……………………………………………………………………………………………

Thank you for your time and cooperation. Your views are much appreciated.