Advances in Economics, Business and Management Research, volume 145
8th International Conference on Entrepreneurship and Business Management (ICEBM 2019) UNTAR

Credit and Collection Management Practices, Credit Risk Management, and Financial Performance of Private Higher Educational Institutions (HEIs) in the Philippines: Basis for Continuous Improvement

Maria Delia M. Poot, Ph.D.

De La Salle Lipa, Lipa City, Philippines
**Corresponding author. Email: maria.delia.poot@dlsl.edu.ph*

ABSTRACT
The main goal of an educational institution is to maintain its stability and improve its growth and sustainability. Thus, educational institution must have an effective Credit and Collection Management Practices (CCMP) and Credit Risk Management to avoid credit risk. The study assessed the CCMP of private Higher Educational Institutions (HEIs) as to planning, organization and staffing, leadership, and coordination. It further assessed the CRM of the institutions which were credit and collection policy and credit risk control. Descriptive research design, T-Test, ANOVA, and correlation analysis were utilized in this study. Respondents were the Chief Financial Officers, Controllers, Finance Directors, Finance Managers, and the staff from the Finance Resource Department of the institutions. Results showed that a moderate positive correlation existed between the CCMP as to planning, organization and staffing, leadership and coordination, and the CRM as to the collection policy and credit risk control. Thus, a highly significant relationship implies that the better the CCMP, the better the CRM they employed. Moreover, the computed r-values and the resulted p-values of profitability indicated a moderate positive correlation which means that a significant relationship existed and implied that the better the CCMP, the better the financial performance in terms of profitability would be. Likewise, results showed that a significant relationship between CRM as to the credit risk control, and financial performance as to the profitability, which means that the better the credit risk control applied, the better the performance would be.
Keywords*: Credit and Collection Management Practices, Credit Risk Management, Credit and Collection Policy, Credit Risk Control*

1. INTRODUCTION

In an educational institution, receivables come in several forms of credit or loans provided to the employees and students such as salary loan, emergency loan, soft loan (travel), computer loan, student loan, (employees' children) hospital bills, and students' tuition fees. Focusing on one specific type of receivables plays a vital role in the credit and collection section of the Finance Resource Department of the school.

Credit and Collection Management Practices (CCMP) and Credit Risk Management (CRM) are challenges in the financial institutions to maintain its stability and improve its growth and sustainability. Most of the studies on CRM focus on the survival and sustainability of banking institutions, hence, the researcher, as part of a private Higher Educational Institution (HEI) proposed a study on how credit and collection and credit risk are being managed in educational institutions.

The employees of an educational institution most especially the faculty members need trainings and seminars to be lifelong learners, competent professionals, and to be of good service to the students as well as to the institution. The effective credit and collection and CRM in an educational institution are needed to sustain these needs for faculty and staff development as the institutions continue applying the outcome-based education.

In an educational institution, CCMP and CRM are integral parts of the credit control process of an organization. Faculty and staff sometimes are in need of financial assistance from the school, thus, they have applied for a particular loan that they will be qualified based on the assessment of their creditworthiness. Since credit and collection management is part of the curriculum of the Financial Management program, the study will contribute to the fields of knowledge and will be a good reference in formulating the course learning outcomes. CCMP and CRM also present an opportunity to greatly improve the overall performance of the institutions.

CCMP and CRM as components of the accounts receivable management system are essential in every educational institution. Proper monitoring of the accountabilities of the students and employees is the main focus of the employees of the credit and collection that handle the students' accounts. CCMP and CRM play a vital role in the performance of an educational institution and for the protection of the stakeholders as the needs of the employees and the students are the priorities of the institution.

This study was conducted not only for the benefit of many, but will also for the benefit of the group of researchers because of the additional information and knowledge that will be acquired from this study. Moreover, the critical thinking skills of the researcher will be put into practice as the study progresses. The additional information and knowledge acquired from this study will also be useful to the College of Business Administration since this topic is strongly related to the courses covered by the department.

This study should also increase the awareness and knowledge of the students, faculty, and staff from other colleges, as well as other employees of the schools regarding the credit and collection processes and requirements. Knowledge about the topic will provide the students an edge as they prepare for their future professions. The faculty, staffs, and other employees will also be able to expand their knowledge regarding the matter. The interviewees of selected schools shall also be able to assess their policies and procedures, and to project the effects of their past and current issues. The best practices in credit and collection and CRM can be applied by the schools to achieve excellent performance.

This study can give the researchers awareness in the execution of policies in credit management. This could help in the part of the researcher in their future work endeavor and future studies. The academicians may also utilize this study as an additional source of information for instructors and students pursuing credit and collection management. Likewise, the study can serve as a literature review for researchers pursuing the field of credit and collection management. This study can also serve as a guide for future studies and open new insights relevant to the topic.

The public, specifically the parents and stakeholders, will also benefit from this study. Potential students and employee applicants will have the knowledge of the basic requirements they should possess for successful granting by the schools of their desired credit. On the other hand, the stakeholders, such as parents, will have the knowledge of how the schools protect their interest through their policies and procedures in granting loans on students' tuition fees. They will realize the value of entrusting their children to the school to acquire the quality education. Education is a continuous process and a lifelong learning. It's merely an investment that will benefit the students in the future for they will be facing the changing business environment. They will be applying their expertise in the corporate world. Finally, this study will also be beneficial to the students of Business Economics for they will understand the importance of credit to our country.

2. OBJECTIVES OF THE STUDY

This study was intended to evaluate the CCMP, CRM, and financial performance as to credit performance and profitability of private higher educational institutions (HEIs) in the Philippines focusing on the De La Salle schools in Calabarzon, namely De La Salle Lipa (DLSL), De La Salle University – Laguna (DLSU-Laguna Campus), De La Salle University-Dasmariñas (DLSU-D), De La Salle-Health Sciences Institute (DLS-HSI), and La Salle College Antipolo (LCSA).

The specific objectives were to determine the profile of the individuals who were responsible in credit and collection in terms of school, age, gender, educational attainment, years of experience, position and credit/loans provided by the institutions, the institutions' CCMP as to planning, organization and staffing, leadership, and coordination, the institutions' CRM as to credit and collection policy and credit risk control, the institutions' financial performance as to credit performance and profitability; the relationship among the individual profiles, CCMP, CRM, and financial performance, also the relationship between CCMP and CRM, and finally the effect of CCMP and CRM on financial performance.

3. REVIEW OF LITERATURE

In my quest to deepen my understanding as an educator and to contribute to the field of knowledge in financial management in an educational institution, I decided to pursue this study as my dissertation. As mentioned by the researcher that most of the studies on credit and collection management and credit risk management focused on accounting and banking industries, and since there were limited studies that focused on educational institutions, some of the literatures presented here were from the accounting and banking industries' management of credit and collection and credit risk. The researcher included those related literatures that are applicable in an educational institution.

3.1 Credit and Collection Management Practices

As stated in the Credit Management Handbook, No Nonsense Credit and Collection Discipline Power (Sison, 2012), credit and collection management practices can be tested through the audit of credit and collection operation as to planning, organization and staffing, leadership and management coordination. Planning includes the setting up and developing objectives, policies and programs; identifying and solving problems; determining the best, easiest, and quickest ways and means of reaching established objectives; and arranging the sequence of steps and schedule of activities necessary for the accomplishment of desired results. Planning covers the objectives and policies, basic controls, plans and programs, budgets, capital requirements, markets, growth and development, procedures and techniques, staffing needs, and summary of reports.

Sound organization creates the pattern, the framework that vitally affects the performance and effectiveness of all members of management. Most defects in organization arise from disregard of new fundamental principles. The function of organization includes both structure and staffing. Organization and staffing include the accountability, authority, progression, relationships, effectiveness, duties and responsibilities, qualification requirements, compensation, utilization, and performance appraisal. Management is responsible for the morale of its total work force – for employee attitudes and willingness to produce; for attaining maximum production with a minimum of stress, strain and friction, and for teamwork, satisfaction and loyalty. Leadership includes the environment, morale, meeting leadership, participation, development, utilization, advancement, understanding, motivation and job satisfaction. Coordination is a must for management, if an organization wants to have close harmony among its rank and file employees. Only by consulting each other and the democratic participation of appropriate management groups can a smooth–working team be created. It includes consultation management, viewpoints, communications, flexibility, interpretation, recognition, self-discipline, balance, reports and operations.

3.2 Credit Risk Management (CRM)

Financial officers in companies are facing increasingly heightened requirements for risk management. Credit risk has gone from being a necessary business evil to a strategic survival imperative, regardless of the reasons for introducing risk management, the first step for business is to accurately identify and quantify such risk. When companies have a grasp of their credit risks, they should manage these as an integral part of the business (Milner, 2012).

CRM in a financial institution starts with the establishment of sound lending principle and an efficient framework for managing the risk. CRM is very important to banks as it is an integral part of the loan process. Adequately, managing risk in financial institutions is critical for their survival and growth (Ankrah, 2013).

According to the study of Poot (2017) entitled “Credit Risk Management and the Perceived Impact on Collection Efficiency”, the respondents mentioned that the challenges being faced by the institution were the clients in form of students. It means that if a student is already classified as credit risk, the school will still continue to accept him / her during the enrollment. There were parents, guardians, and some students who did not have sufficient amount of money to pay during the enrollment and examinations, as well as uncertainty in the financial status of stakeholders. Other challenges are to discover and analyze what kinds of risk that exist and how to handle them in a way best-suited to the objectives of our institution. The major kinds of method or process used by the institution in managing credit risk are salary deduction, net 40% of take-home pay, clearance procedure, no permit no exam policy; students with balances are not allowed to enroll, sending/giving the statement of accounts, imposing surcharge to encourage the payment of receivables, giving discount on full payment to reduce receivables, prevent future increasing receivables by settling old account before allowing future transactions, constant account monitoring; and embedded controls for non-collusion. There is the presence of institutional policies that they will not release the school documents of the students with old account, and the acceptance of credit-card payment to reduce account receivables.

3.3 Credit and Collection Policy

Good business requires the collection of invoices to be made promptly and without any damage resulting to the customer relationship. Regarding the amount owed, a company can devote more time and effort to the collection of lame balances that it can to smaller ones. The time to terminate a collection effort is crucial. The decision can make or lose money. The longer a bill remains unpaid, the less chance you have on collecting it. Start collection procedures as soon as the invoice is past due. Perhaps there's a misunderstanding that can be resolved or compromised by making contact with the debtor. Recognize the importance of maintaining your own cash flow and reduce the expense of borrowing money to replace funds being held up by your customer. Collection is an art to be developed in a person. Collection out of court is not limited to the routine efforts of sending collectors, statement of account, and collection letters or attorney’s demand letter. Efforts have been exerted to provide the fundamentals of the laws directly related with credit and collection transactions. Many collectors do not know how to identify the debtors and their defenses in delaying and/or not paying their credits. Moreover, there are strategies and tactics to be used in their collection efforts (Sison, 2012).

3.4 Financial Performance as to Credit Performance and Profitability

Njenga (2014) defined loan performance as the financial soundness of a financial institution on the performance of their disbursed loan to various sectors. It comprises the stable and timely repayment of debt granted to the borrower. A debtor’s ability to pay may be the subject to unforeseeable circumstances which increase credit risk. Subsequently, loan portfolio performance can be associated to the rate of investment return in loan products, the number of credit customers, and the amount they are borrowing, the timely repayment of loans, collaterals, and the available loan products.

In the study of Cheruiyot, (2015), it was found out that credit policy positively influences loan repayment thus contributes to reduce loan default. The result showed that most of the respondents indicated that well-defined credit policies positively influence loan repayment which resulting in reduced delinquency. The study showed that if the organization comes up with a clear credit policy, the loan delinquency rates will be minimized. The findings of Gatimu and Kalui (2014) also stated that credit policy has a significant effect on loan default.

4. METHODS

4.1 Research Design

This study employed the descriptive research design to answer the problems stated and to attain the objectives of the study. Correlation, T-test, and ANOVA were utilized in this study. The researcher used the most common type of descriptive research tool, which was the survey method through modified and structured questionnaire.

4.2 Participants of this Study

This study was conducted at the De La Salle Schools in the Philippines focusing on the Calabarzon area, namely De La Salle Lipa (DLSL), De La Salle Univesrsity – Laguna (DLSU-Laguna Campus), De La Salle University-Dasmariñas (DLSU-D), De La Salle-Health Sciences Institute (DLS-HSI), and La Salle College Antipolo (LCSA), with total enumerations participated by the employees of the Finance Resource Department, Credit and Collection section, particularly, the Chief Finance Officer, Controller, Finance Director, Finance Manager, Finance Supervisor, and the accounting/finance staff. Data was collected through the researcher's proper scheduling of visit to each school depending on the availability of the respondents. This study used the percentage, frequency distribution, and the mean of the available data collected from De La Salle schools.

4.3 Instrument

The questionnaires used in determining the dimensions of CCMP were adopted from the publication by the Business Assistance, Credit Corporation (Bagco Credit) of No Non-Sense Credit and Collection Discipline – Power (Sison, 2012) Audit of Credit and Collection Operation: Performance Tests on Credit and Collection Management as to Planning, Organization and Staffing, Leadership and Coordination. (Reference: Credit Management Handbook 2nd Edition, Richard D. Irwin, Inc. Homewood, Illinois, U.S.A), the study of Njenga (2014) on "The Effects of Credit Management Practices on Loan Performance in Deposit Taking Microfinance Institutions in Kenya", and from the study Ankrah (2013) on Credit Risk Management. The variables on the effects of CCMP and CRM on financial performance as to credit performance and profitability were measured through the use of rating-scale. The researcher made some minor modifications on the questionnaire on the original concept in order to make it more applicable to an educational institution and the researcher had also a structured questionnaire on credit and collection policy and credit risk control based on the interview and the information gathered about the challenges they were facing in performing credit management practices in their respective institutions. The instrument passed a reliability test having an overall result to Cronbach's Alpha of .976. The closer the Cronbach's Alpha coefficient to 1.00, the greater the internal consistency of the items in the scale will be. The items were considered very good / excellent and acceptable.

4.4 Data Gathering Procedure

In order to get the necessary data, the researcher first prepared the questionnaire. The researcher asked permission from the Chief Finance Officer of the De La Salle schools to gather data and set an appointment and explained the purpose of conducting the interview with covering letter. In La Salle College Antipolo, the researcher made long-distance calls, sent the survey questionnaire through LBC, and made several follow-ups, and decided to visit the school upon confirmation from the Finance Supervisor that the documents were already available.

The researcher had proper scheduling of visitation to De La Salle schools as well as proper monitoring of the questionnaire for distribution. Likewise, the researcher had the proper scheduling and monitoring on the retrieval of the survey questionnaire. Secondary data were accumulated through the use of the finance books, magazines, and other published and unpublished materials from the internet. The researcher even visited the Credit Management Association of the Philippines (CMAP) located in Makati City for gathering credit information that will supplement this study. The collected data was sorted and organized before being run through the Statistical Packages for Social Sciences (SPSS). The variables for CCMP are planning, organization and staffing, leadership, and coordination. Each area has ten (10) sub-variables. As to planning, the sub-variables are objectives and policies, basic controls, plans and programs, budgets, capital requirements, markets, growth and development, procedures and techniques, staffing needs, and summary reports.

As to organization and staffing, the sub-variables are accountability, authority, progression, relationships, effectiveness, duties and responsibilities, qualification requirements, compensation, utilization, and performance appraisals. As to leadership, the sub-variables are environment, morale, meeting leadership, participation, development, utilization, advancement, understanding, motivation, and job satisfaction. As to coordination, the sub-variables are consultative management, viewpoints, communications, flexibility, interpretation, recognition, staff discipline, balance, reports, and operations.

4.5 Data Analysis

The researcher collected, analyzed, and interpreted the data from De La Salle schools using the following statistical techniques:

a. Frequency tabulation. This statistical treatment was used for clear presentation of figures and in systematic arrangement of data by categories. Mean. This technique was used to summarize the average response in each category.

b. Percentage. This method interpreted the frequencies obtained from the given scores in a table. Simple percentage determined the proportion of the frequencies with the total frequencies expressed in terms of (%).

The researcher used tables for the purpose of data interpretation. This required the respondents to make a decision on the statement, generally on a five-point scale, 1 - lack in practice = much improvement needed, 2 – weak in practice = considerable improvement needed, 3 - fair in practice = some improvement needed, 4 - adequate in practice = little improvement needed, 5 - excellent in practice = few changes needed. For the interpretation of the mean value, the legend is: 4.50 – 5.00 = Excellent in Practice; 3.50 – 4.49 = Adequate in Practice; 2.50 – 3.49 = Fair in Practice; 1.50 – 2.49 = Weak in Practice; 1.00 – 1.49 = Lack in Practice. The number beside each response becomes the value for that response and total score is obtained by adding the values of each response, hence the reason why they are also called summated scales' (the respondents' score was found by summing the number of responses). The mean method in the measurement of central tendency was used to determine how respondents replied with respect to the set of questionnaires pertaining to CRM. Correlation was used to determine the relationship of profile to the CCMP and to find out the relationship of each area of them. The relationship of CCMP and CRM practices was also determined. The t-test was used to test the difference when the data was grouped according to the profile. Regression was used to determine the effects of CCMP and CRM practices in credit final performance.

5. RESULTS AND DISCUSSIONS

Table 1. Summary of the Credit and Collection Management Practices (CCMP)

Indicators	Weighted Mean	Verbal Interpretation	Rank
Planning	3.20	Fair	4
Organization and Staffing	3.36	Fair	1
Leadership	3.25	Fair	2.5
Coordination	3.25	Fair	2.5
Composite Mean	3.27	Fair	

Legend: 4.50 – 5.00 = Excellent in Practice; 3.50 – 4.49 = Adequate in Practice; 2.50 – 3.49 = Fair in Practice; 1.50 – 2.49 = Weak in Practice; 1.00 – 1.49 = Lack in Practice

Table 1 presents the organization and staffing with a weighted mean of 3.36 that leads in the CCMP. According to Sison (2012), sound organization creates the pattern, the framework that vitally affects the performance and effectiveness of all members of management. Most defects in organization arise from disregard of new fundamental principles.

Credit and collection organization and staffing was ranked number one among the CCMP, followed by leadership and coordination both with weighted mean of 3.25, and the least was planning with a weighted mean of 3.20. The composite mean of 3.27 shows that the credit and collection practices components were all fair in practice. Based on the experience of the researcher, in any field of endeavor in an institution, the management must give priority to the organization and most importantly the staff. Human capital constitutes a big factor in an organization. We need competent people to lead the group and coordinate as well in all programs of the organization. Organization and staffing, leadership, and coordination must be developed and enhanced before the planning comes in. Planning will take place with a good leadership and coordination of the organized people in the entire organization.

As stated by Gupta in his study entitled "The Audit Process as a Function of Differentiated Environment: An Empirical Study", generally accepted auditing standards and a number of auditing standard-setting agencies have repeatedly emphasized the importance of proper planning and adequate supervision to the audit process. Planning and supervision, or more broadly, control and coordination, have become increasingly important since the scope of auditing has expanded to include the evaluation of an organization's operations. Research results indicated that planning and supervision, or control and coordination, in an audit team are indeed shaped by the various independent variables. The bureaucratic and group modes of control are significantly affected by changes in audit task complexity and the cognitive style of auditors. As the size of the audit team increases, the audit team moves more towards the bureaucratic mode of control, but does not change its use of the group mode. The personal mode of control is largely unaffected by changes in these variables and, therefore, is considered a pivotal coordination mechanism. The sociopolitical environment surrounding an audit does not lead to changes in the bureaucratic and group modes of control. However, further analysis on the components of bureaucratic mode of control reveals that increased visibility of an audit leads to increased reliance on the formal policies and procedures, but not on the predetermined audit programs.

Table 2. Summary of the Credit Risk Management (CRM)

Indicators	**Weighted Mean**	**Verbal Interpretation**	**Rank**
Credit and Collection Policy	3.51	Adequate	1
Credit Risk Control	3.31	Fair	2
Composite Mean	**3.41**	**Fair**	

Legend: 4.50 – 5.00 = Excellent in Practice; 3.50 – 4.49 = Adequate in Practice;2.50 – 3.49 = Fair in Practice; 1.50 – 2.49 = Weak in Practice; 1.00 – 1.49 = Lack in Practice

Table 2 presents the CRM summary with composite mean of 3.41 which was fair in practice. It can be noticed that

CRM as to credit and collection policy with a weighted mean of 3.51 was found to be adequate in practice along with CRM as to credit risk control with a weighted mean of 3.31. This simply means that credit risk control can be fully practiced in credit and collection section or department, if the credit and collection policy is being followed by the employees within the department.

Table 3. Summary of the Financial Performance

Indicators	Weighted Mean	Verbal Interpretation	Rank
Credit Performance	3.03	Constant	2
Profitability	3.37	Constant	1
Composite Mean	3.20	Constant	

Legend: 4.50 – 5.00 = Greatly Increased; 3.50 – 4.49 = Increased; 2.50 – 3.49 = Constant; 1.50 – 2.49 = Decreased; 1.00 – 1.49 = Greatly Decreased

Table 3 presents the financial performance as to credit performance and profitability. The composite mean of 3.20 represented a constant responses of the institution in terms of financial performance. Majority of the respondents were rank and filed in the credit and collection department who were not in charge of making credit decisions. They merely focused on the collection process and since they were asked on their perception, in the absence of the accurate figure or amount, they arrived at an answer, which was constant. Financial performance result was constant, merely there were only few respondents who could determine the financial performance particularly the Chief Finance Officers, Controllers, and the Finance Directors even the statement was qualitative in approach.

5.1 Difference of Responses on the CCMP, CRM, Financial Performance When Being Grouped According to the Profile

As a result, all computed p-values were greater than 0.05 significance level, thus the researcher failed to reject the null hypothesis. This means that that there was no statistically significant difference that existed and this implies that the CCMP as to planning, organization and staffing, leadership and coordination did not vary across each profile. This simply means that irrespective of the given profile variables, all the employees of the credit and collection department must participate in the planning session in the organization. The credit and collection team must work together for a common goal and everyone should be part of the credit and collection planning. The credit and collection management team needs to be organized and the staff should work in harmony with one another to achieve the common objectives of maximizing profit by minimizing costs and bad debts. The credit and collection team, with the great contribution from the credit manager, must lead the group to achieve the common goal. As a result, there was significant difference on the CCMP when being grouped according to school. This was observed since the obtained p-value of 0.048 which was less than 0.05 significance level. This only implies that the responses on the practices differed and it was found out that DLSU-D had different practices as to coordination. There must be strict compliance with the credit and collection policy and it must apply the proper credit risk control. The financial performance is the result of good CCMP and CRM.

5.2 The Relationship Between CCMP and CRM

Based from the computed r-values, they indicates a moderate positive correlation and the resulted p-values were all less than 0.01 significance level, thus the null hypothesis was rejected. This means that a significant relationship existed and implies that the better the credit and collection practices, the better the risk management they employed.

Table 4. The Relationship Between CCMP and Financial Performance

CCMP	**Financial Performance**					
	Credit Performance			**Profitability**		
	r-value	**p-value**	**I**	**r-value**	**p-value**	**I**
Planning	-0.76	0.576	NS	0.406	0.002	S
Organization and Staffing	-0.145	0.285	NS	0.319	0.017	S
Leadership	-0.198	0.144	NS	0.296	0.027	S
Coordination	-0.176	0.195	NS	0.423	0.001	S

Legend: Significant at p-value < 0.05; HS = Highly Significant

Based on Table 4, the computed r-values of profitability indicates a moderate positive correlation and the resulted p-values were all less than 0.05 significance level, thus the null hypothesis was rejected. This means that a significant relationship existed and implies that the better the credit and collection practices, the better the financial performance was, in terms of profitability.

However, there was no significant difference observed on financial performance as to credit performance.

Table 5. The Relationship Between CRM and Financial Performance

CRM	Financial Performance					
	Credit Performance			Profitability		
	r-value	p-value	I	r-value	p-value	I
Credit and Collection Policy	-0.145	0.285	NS	0.203	0.134	NS
Credit Risk Control	-0.246	0.068	NS	0.353	0.008	S

Legend: Significant at p-value < 0.01; HS = Highly Significant

As seen from the result, only credit risk control and financial performance as to profitability shows significant relationship since the obtained p-value of 0.008 which was less than 0.05 significance level. This only means that the better the credit risk control applied, the better the performance was. In the study by Mungure (2015), it was found out that majority of the respondents agreed that loan default was due to the failure of loan officers to collect loans at maturity. This shows that there is somehow a problem of follow-up on repayment by loan officers. It falls under the low level of compliance on loan recovery procedure, thus it has to be addressed. Also, the findings of Gatimu and Kalui (2014) stated that loan recovery procedures have a significant effect on loan default.

5.3 Conclusions

It is concluded that determining the profile of the individuals who are responsible in credit and collection in terms of school, age, gender, educational attainment, years of experience, position and credit/loans provided by the institutions, can help the credit and collection department of the institution in realizing that the employees must be equipped with knowledge and expertise in credit and collection that can contribute for the enhancement of their credit and collection practices and in managing credit risk.

The CCMP of the institutions' credit and collection were fair in practice as to planning, organization and staffing, leadership and coordination. As a result, some improvements are needed and they are advised to work excellently and continue to improve their services for better performance.

The CRM as to credit and collection policy and credit risk control of the institutions were fair in practice. Hence, they need to continue to work together and practice excellently.

The responses of the credit and collection employees on financial performance and profitability were constant. This simply means that all the employees of the credit and collection need to be part of the financial planning in order to be aware on the overall performance of the organization and to continue to be motivated for continuous improvement purpose.

There were no significant relationships on the given profile variables as to school, age, gender, educational attainment, years of experience, and position to CCMP, CRM as to credit and collection policy and credit risk control, and financial performance as to credit performance and profitability. Thus, irrespective of the profile variables, the credit and collection employees must continue to improve their performance in order to maintain the stability of the organization.

There was a highly significant relationship between CCMP as to planning, organization and staffing, leadership, and coordination, and CRM as to credit and collection policy and credit risk control. Therefore, the employees of the credit and collection must continue their best practices in order to avoid credit risk.

There was a significant relationship between CCMP and financial performance as to profitability, and between CRM as to credit risk control and financial performance as to profitability. Therefore, the credit and collection employees must work together and continue to improve the credit performance in best practices and conduct the proper controlling of credit risk in order to maintain the stability and profitability.

5.4 Recommendations

Based on the results of this study, the researcher came up with the following recommendations:

The credit and collection section of the Finance Resource Department of the institution led by Credit Manager or Finance Director must practice excellently the hiring of competent employees to handle the delicate and critical tasks with the approval of Chief Finance Officer (CFO). The profile of the employees is still important in the selection process of hiring competent employees.

The institutions' credit and collection section of the Finance Resource Department needs improvement in their CCMP as to planning, organization and staffing, leadership, and coordination. The responsible individuals in the group must work excellently and continue to improve their services for better performance.

The institutions need to continue to work together and practice excellently on CRM as to credit and collection policy and credit risk control. The employees of credit and collection need to strictly comply with the credit and collection policy and continue to control the credit risk to improve the financial performance of the institution. Non-compliance policies and procedures in credit and collection must be given disciplinary action by the management.

The employees of credit and collection need to be part of the financial planning as to be aware on the overall performance of the organization and to continue to be motivated for continuous improvement purpose.

The employees of credit and collection irrespective of their profile, must continue to improve their performance in order to maintain the stability of the organization and to focus on credit performance by monitoring the current account and giving priority on outstanding accounts.

The employees of credit and collection must continue their best practices in order to avoid credit risk. They need to continue to place proper internal control, because the recording and collection of accounts reside in credit and collection. They need to assign competent employees to focus on the collection process, with full concentration on billing and collection, with more systematic and organized way in managing customers' database as well as monitoring the receivables.

The credit and collection employees must work together and continue to improve the credit performance in best practices and conduct proper controlling of credit risk in order to maintain the stability and profitability. The management must be transparent with the employees of the credit and collection regarding financial performance for them to be part of the overall performance of the organization.

REFERENCES:

[1] Ankrah, G. (2013) Credit risk management. *Academia*. Retrieved from https://www.google.com.ph/?gfe_rd=cr&ei=PNG7VMH9O8yL8QfhlIGwAg&gws_rd=ssl#q=credit+risk+management+by+Ankrahhttp

[2] Cheruiyot, M. (2015). An Analysis of Causes of Loan Delinquency in Government. Retrieved from http://goo.gl/EHv7iO

[3] Gatimu, E. M., & Kalui, F. M. (2014). Assessing Institutional Factors Contributing To Loan Defaulting In Microfinance Institutions in Kenya. IOSR Journal Of Humanities And Social Science (IOSR-JHSS) Ver. II, 19(5), 105–123. Retrieved from www.iosrjournals.org

[4] Milner, L. (2012) Effective Credit Risk Management: Vital for Business Survival *Accountancy SA 30.31* http://search.proquest.com/business/docview/1020172990/CE7C1F20E5564F7CPQ/1?acc ountid=28547

[5] Mungure, M. E.(2015), The Causes and Impacts of Loan Default to Microfinance Institutions (MFIs) Activities. Retrieved from https://goo.gl/Vrkj4U

[6] Njenga, B. (2014). *The Effects of Credit Management Practices on Loan Performance In Deposit Taking Microfinance Banks In Kenya*.

[7] Poot, M.D (2017) Credit Risk Management and the Perceived Impact on Collection Efficiency; Journal of Management December 2017/Vol.4 ISSN: 2350-7802

[8] Sison, N.E., Sison, N. F., Sison, M. O. (2012). *No nonsense credit and collection discipline-power* (4th Edition). Makati City: Business Assistance, Credit Corporation (Bagco Credit).