FACTORS AFFECTING DEBT RECOVERY IN THE FINANCIAL INSTITUTIONS IN KENYA: A CASE STUDY OF PROGRESSIVE CREDIT LIMITED NAIROBI

NJEREMAN PROTUS WANGA

A RESEARCH PROJECT SUBMITTED TO THE SCHOOL OF MANAGEMENT AND LEADERSHIP IN PARTIAL FULFILMENT OF THE REQUIREMENT FOR THE AWARD OF THE DEGREE OF BACHELOR OF THE MANAGEMENT UNIVERSITY OF AFRICA

SEPTEMBER, 2018
DECLARATION
This research project is my original work and has not been presented for a degree in any other University.

Signature............................................ Date................................

Njereman Protus Wanga
BML/12/00435/3/2018

This research project has been submitted for examination with my approval as The Management University of Africa Supervisor.

Signature............................................ Date................................

John Cheluget, (PhD)
The Management University of Africa
DEDICATION
I dedicate this research project to my family, for their love, encouragement and support that they have given that has brought me this far.
ACKNOWLEDGEMENT

I thank God Almighty for His mercy and the energy He has given me to do this work. I sincerely and greatly thank my supervisor Dr. John Cheluget for the guidance and commitment they accorded to me in order to come up with this work. I also thank my fellow students and The Management University of Africa for impacting me with the necessary knowledge. Last but not least I thank the management of Progressive Credit Limited, Nairobi for granting me the opportunity to carry out this research project at their esteemed organization.
ABSTRACT
The purpose of the study was to investigate the factors affecting debt recovery in the financial institutions in Kenya through a case study of Progressive Credit Limited. The specific objectives of the study were: to establish the effect of employee’s competence, collaterals, customer’s income, professional ethics and credit policies on debt recovery at Progressive Credit Limited. Stake holder’s theory, tradeoff theory and competency theory informed the study. The target populations for the study were 59 respondents who were sent questionnaires. Questionnaires were used as an instrument to collect data. Data was analyzed through qualitatively and quantitatively. The findings were presented in form of tables, pie charts and bar graphs. The findings indicated that there was 86% response rate. Majority of the respondents were male represented by 64% while 36% were female, majority had a tertiary level represented by 41%, majority were operational level staff represented by 86%, majority of the respondents were aged between 34 to 41 years represented by 39% and majority of the respondents had a working experience of between 6 to 10 years represented by 40%. Majority of the respondents 73% agreed that employee competence affect debt recovery while only 27% of the respondents did not agree. Most of the respondents 80% felt that collaterals affects debt recovery while only 20% didn’t agree. Majority (75%) of the respondents indicated that customer’s income greatly influences debt recovery when 25% thought otherwise. Majority of the respondents 88 agreed that professional ethics influence debt recovery whereas 12% did not agree with that. Majority of the respondents 67% agreed that credit polices affects debt recovery while only 33% did not agree. The study recommends that the management of Progressive Credit Limited should create awareness to the staff to adopt new technological changes in debt recovery. The management of Progressive Credit Limited should know the consumer’s income so that it helps to increase repayment of the debt. The study recommends that Progressive Credit Limited should enhance their collection policy by adapting a more stringent policy to a lenient policy for effective debt recovery. The study shall benefit the management of Progressive Credit Limited, other microfinance institutions and other independent researchers.
TABLE OF CONTENTS

DECLARATION..............................................................................................................................................ii
DEDICATION.................................................................................................................................................. iii
ACKNOWLEDGEMENT.................................................................................................................................iv
ABSTRACT.................................................................................................................................................... v
ACRONYMS AND ABBREVIATIONS........................................................................................................... xi
OPERATIONAL DEFINITION OF TERMS................................................................................................ xii

CHAPTER ONE .......................................................................................................................................... 1
INTRODUCTION.......................................................................................................................................... 1
1.0 Introduction........................................................................................................................................ 1
1.1 Background of the Study ................................................................................................................... 1
1.2 Statement of the Problem................................................................................................................ 7
1.3 Objectives ......................................................................................................................................... 7
1.4 Research Questions ......................................................................................................................... 8
1.5 Significance of the Study ................................................................................................................ 8
1.6 Scope of the Study ........................................................................................................................... 9
1.7 Chapter Summary ........................................................................................................................... 9

CHAPTER TWO ...................................................................................................................................... 10
LITERATURE REVIEW ............................................................................................................................ 10
2.0 Introduction....................................................................................................................................... 10
2.1 Theoretical Literature Review ..................................................................................................... 10
2.2 Empirical Literature Review ....................................................................................................... 12
2.3 Summary and Research Gaps ....................................................................................................... 12
2.4 Conceptual Framework ............................................................................................................... 25
2.5 Operationalization of Variables .................................................................................................. 26
2.6 Chapter Summary .......................................................................................................................... 27
<table>
<thead>
<tr>
<th>Chapter</th>
<th>Title</th>
<th>Pages</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>RESEARCH DESIGN AND METHODOLOGY</td>
<td>28</td>
</tr>
<tr>
<td>3.0</td>
<td>Introduction</td>
<td>28</td>
</tr>
<tr>
<td>3.1</td>
<td>Research Design</td>
<td>28</td>
</tr>
<tr>
<td>3.2</td>
<td>Target Population</td>
<td>28</td>
</tr>
<tr>
<td>3.3</td>
<td>Sample Size and Sampling</td>
<td>29</td>
</tr>
<tr>
<td>3.4</td>
<td>Instruments</td>
<td>29</td>
</tr>
<tr>
<td>3.5</td>
<td>Pilot Study</td>
<td>30</td>
</tr>
<tr>
<td>3.6</td>
<td>Data Collection Procedure</td>
<td>30</td>
</tr>
<tr>
<td>3.7</td>
<td>Data Analysis and Presentation</td>
<td>30</td>
</tr>
<tr>
<td>3.8</td>
<td>Ethical Considerations</td>
<td>31</td>
</tr>
<tr>
<td>3.9</td>
<td>Chapter Summary</td>
<td>31</td>
</tr>
<tr>
<td>4</td>
<td>RESEARCH FINDINGS AND DISCUSSION</td>
<td>32</td>
</tr>
<tr>
<td>4.0</td>
<td>Introduction</td>
<td>32</td>
</tr>
<tr>
<td>4.1</td>
<td>Presentation of Findings</td>
<td>32</td>
</tr>
<tr>
<td>4.2</td>
<td>Limitations of the Study</td>
<td>48</td>
</tr>
<tr>
<td>4.3</td>
<td>Chapter Summary</td>
<td>48</td>
</tr>
<tr>
<td>5</td>
<td>SUMMARY, RECOMMENDATIONS AND CONCLUSIONS</td>
<td>50</td>
</tr>
<tr>
<td>5.0</td>
<td>Introduction</td>
<td>50</td>
</tr>
<tr>
<td>5.1</td>
<td>Summary of Findings</td>
<td>50</td>
</tr>
<tr>
<td>5.2</td>
<td>Recommendations</td>
<td>51</td>
</tr>
<tr>
<td>5.3</td>
<td>Conclusions</td>
<td>53</td>
</tr>
<tr>
<td>References</td>
<td></td>
<td>55</td>
</tr>
<tr>
<td>Appendices</td>
<td></td>
<td>56</td>
</tr>
<tr>
<td>Appendix I: INTRODUCTION LETTER</td>
<td></td>
<td>56</td>
</tr>
</tbody>
</table>
## LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Table 3.1</td>
<td>Target Population</td>
<td>29</td>
</tr>
<tr>
<td>Table 4.1</td>
<td>Response Rate</td>
<td>32</td>
</tr>
<tr>
<td>Table 4.2</td>
<td>Gender Analysis of Respondents</td>
<td>33</td>
</tr>
<tr>
<td>Table 4.3</td>
<td>Education Levels of Respondents</td>
<td>34</td>
</tr>
<tr>
<td>Table 4.4</td>
<td>Job Level of Respondents</td>
<td>35</td>
</tr>
<tr>
<td>Table 4.5</td>
<td>Age of Respondents</td>
<td>36</td>
</tr>
<tr>
<td>Table 4.6</td>
<td>Working Duration of Respondents</td>
<td>37</td>
</tr>
<tr>
<td>Table 4.7</td>
<td>Effects of Employee Competence</td>
<td>38</td>
</tr>
<tr>
<td>Table 4.8</td>
<td>Extent of Employee Competence</td>
<td>39</td>
</tr>
<tr>
<td>Table 4.9</td>
<td>Effects of Collaterals</td>
<td>40</td>
</tr>
<tr>
<td>Table 4.10</td>
<td>Extent of Collaterals</td>
<td>41</td>
</tr>
<tr>
<td>Table 4.11</td>
<td>Effects of Customer’s Income</td>
<td>42</td>
</tr>
<tr>
<td>Table 4.12</td>
<td>Extent of Customer’s Income</td>
<td>43</td>
</tr>
<tr>
<td>Table 4.13</td>
<td>Effects of Professional Ethics</td>
<td>44</td>
</tr>
<tr>
<td>Table 4.14</td>
<td>Extent of Professional Ethics</td>
<td>45</td>
</tr>
<tr>
<td>Table 4.15</td>
<td>Effects of Credit Policies</td>
<td>46</td>
</tr>
<tr>
<td>Table 4.16</td>
<td>Extent of Credit Policies</td>
<td>47</td>
</tr>
</tbody>
</table>
LIST OF FIGURES

Figure 1.1 Management Structure of Progressive Credit Limited..........................06
Figure 2.1 Conceptual Framework........................................................................25
Figure 4.1 Response Rate......................................................................................32
Figure 4.2 Gender Analysis of Respondents.......................................................33
Figure 4.3 Education Levels of Respondents......................................................34
Figure 4.4 Job Levels of Respondents.................................................................35
Figure 4.5 Age of Respondents............................................................................36
Figure 4.6 Working Duration of Respondents....................................................37
Figure 4.7 Effects of Employee Competence......................................................38
Figure 4.8 Extent of Employee Competence.......................................................39
Figure 4.9 Effects of Collaterals..........................................................................40
Figure 4.10 Extents of Collaterals........................................................................41
Figure 4.11 Effects of Customer’s Income............................................................42
Figure 4.12 Extents of Customer’s Income............................................................43
Figure 4.13 Effects of Professional Ethics.............................................................44
Figure 4.14 Extents of Professional Ethics............................................................45
Figure 4.15 Effects of Credit Policies.................................................................46
Figure 4.16 Extents of Credit Policies.................................................................47
<table>
<thead>
<tr>
<th>ACRONYMS AND ABBREVIATIONS</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>CBK</td>
<td>Central Bank of Kenya</td>
</tr>
<tr>
<td>EBDIT</td>
<td>Earnings before depreciation interest and taxes</td>
</tr>
<tr>
<td>GoK</td>
<td>Government of Kenya</td>
</tr>
<tr>
<td>MFI</td>
<td>Micro Finance Institutions</td>
</tr>
<tr>
<td>P &amp; G</td>
<td>Procter and Gamble</td>
</tr>
<tr>
<td>SPSS</td>
<td>Statistical Package for the Social Science</td>
</tr>
</tbody>
</table>
OPERATIONAL DEFINITION OF TERMS

Collaterals- The independent variable collateral is linked to debt recovery in the financial institutions in Kenya (dependent variables). The primary danger in granting credit is the chance that the borrower will not repay the loan. The uncertainty of the repayment is covered by demanding collateral to improve the debt recovery in the financial institutions in Kenya (Berríos, 2017).

Credit Policies- The independent variable credit policies are linked to debt recovery in the financial institutions in Kenya (dependent variables). Progressive Credit Limited must regulate policies on proper legislation to facilitate debt recovery in the financial institutions in Kenya (Prahalad, 2014).

Customer’s Income- The independent variable customer’s income is linked to debt recovery in the financial institutions in Kenya (dependent variables). Lack of income from the customers hinders the debt recovery in the financial institutions in Kenya (Maaka, 2015).

Employee Competence- Employee competency helps employee’s to be creative and innovative and therefore would help enhance debt recovery at Progressive Credit Limited. This helps to curb waste hence assist in the debt recovery in the financial institutions in Kenya (Hualan, 2014).

Professional Ethics- The independent variable professional ethics is linked to debt recovery in the financial institutions in Kenya (dependent variables). The code of conduct of employees in the organization makes up its strategic capability, which enables success in undertaking its strategies. Indeed, professional ethics are vital in the overall success of debt recovery in the financial institutions in Kenya (Carpenter and Petersen, 2016).
CHAPTER ONE
INTRODUCTION

1.0 Introduction
This chapter presents the background of the study, statement of the problem, research objectives (general and specific), research questions, and significance of the study, the study limitations and the scope of the study.

1.1 Background of the Study
Debt recovery helps a firm control of its receivable accounts and saving time and an imminent legal battle (Berríos, 2017). Having debt recovery strategies in place helps to identify important elements for collecting debts effectively and using them in evaluating policies in the organization; account ranking helps prioritizing and determining an effective contact strategy; information gathering which are necessary in relationship building with the debtors on the first contract; motivates slow payments, big accounts, and larger clients through use of benefits instead of consequences; address the debtors' response and reasons for not paying with conversation that is more productive and positive; being calm and coolness on clients, and negotiating finally by agreeing verbally with the debtors thus keeping repayment on time (Amina, Rai and Topa, 2015).

Micro financing is a market that is emerging mostly among Kenyan population in urban and peri-urban. The sector growth is mainly supported by microfinance institutions which are private and Kenyan government initiatives that are driven by enablers in economic pillar of the Kenya Vision 2030 (Hualan, 2014). Technically, business in micro finance enables person to conduct the businesses which hold himself out through accepting the deposits on daily basis and other activities of the financed business, whole or to a material extent, through lending or credit extension for accounts and risky on the depositors, includes the providing loans that are short term to SMEs or households with low income and characterized by collateral (Carpenter and Petersen, 2016). According to Fielden, Davidson, Dace and Makin (2017), it is through Microfinance that loans and small credits are supplied to financing the poor through small projects where they form their small businesses aimed at improving standard of living. Micro finance involves
providing credit to low-income earners and the poor thus enabling them engage in small activities (Bwisa, Jane and John, 2014).

Krasko (2014) asserts that micro-financing in Kenya is a phenomenon which is new that begun over 20 years ago. There has been a shift gradually in the interest and allocation of resources aimed to assist the informal sector in many ways. In the 1970’s the organization main aim is to provide credit to informal sector were based in church organizations. The innovative programs like contract group lending as the aim for their success. Lending in group effectively makes borrowers the neighbor’s co-signers of loans to mitigate problems that are created by information asymmetries between the lender and the borrower. The Neighbors can then have the incentive in monitoring one another therefore excluding borrowers who are risky from participating thus prompting the repayments even if there are no collateral requirements (Kimari, 2016). The groups lending mechanisms allow individual group which is often called the solidarity in providing collateral or the guarantee on loan by repayment pledge. Repayments can be made every day, week, month, or every four weeks.

Households use debt as a major form of external finance by governments and firms in economy. The debt financing encompass any finance that requires payment which is unconditional or the future settlement Debts in Kenya has an influence on the economy. Central Bank of Kenya (CBK) estimates the total domestic debt as at 30th June 2009 stood at Kshs. 408billion (Maaka, 2015). If the borrower makes an approach to financial institutions for loans facilities, the borrower intends to finance a project and then eventually pay back the loan. The customers may borrow the funds for many reasons. The main objective for the borrower is to acquire an asset e.g. car, house, land e.t.c. Businessmen may need funds so as to increase capital level, stock -in- trade, or for recurrent expenditure. This requires the borrower to approach the financial institutions to bridge the financial need to take care of short-term needs (Kozak, 2016).

Muthoki (2014) asserts that business income is a key determinant on client credit worthiness. According to Obawale and Oladunjoye (2016), the lender’s margin of safety is determined by the excess of the security pledged over the amount of the loan. When a borrower does not meet the obligation, the security may be sold by the lender for claim
satisfaction. If the loan is sold for amount which exceeds the loan and owed interest, the borrower receives the difference. When the security is worth less, lender is rendered unsecured for the amount difference to the creditor. Income levels are also used to indicate the client credit worthwhile. Since the secured lender may not wish at becoming general creditors, they may seek market value security which sufficient above the loan amount so as to minimize their likelihood of selling their full security satisfaction of the loan (Irresberger, Mühlnickel and Wei, 2015).

As microfinance institutions become larger and more sophisticated, risk management should become a more conscious part of their management and governance. Microfinance institutions with strong risk management maintain quality loan portfolios, avoid liquidity crises, and reduce the risk of loss caused by human error (Nyanga, 2017). Debt management is a crucial factor that microfinance institutions have to handle it effectively in order to promote business continuity. Despite the strict debt recovery guidelines and operational policies set by management to regulate the activities of the debt operations and to manage the debt risk of the institution, yet, they continue to battle with low debt recovery. This paper takes cognizance that there are several factors are likely to affect debt recovery in the micro finance institutions in Kenya (Koch, 2015).

1.1.1 Employee Competence
According to Olongo (2017), organizations need high-performance people to achieve the organization's goals, provide the products and services they are specialized in, and ultimately achieve a competitive advantage. Performance is also important for the individual, since performing tasks and performing at a high level can be a source of satisfaction, with feelings of mastery and pride. The growing globalization of businesses and increasing competition and technological progress have led to a growing need to change the organization's policies and strategies. The pace of the challenges is increasing and, therefore, organizational change is considered inevitable (Prahalad, 2014).
1.1.2 Collaterals
Financial institutions require security to minimize the credit risk that may arise when borrowers deliberately or for uncertain reasons do not return funds lent to financial institutions (Berríos, 2017). Financial institutions require security because loans are among the riskiest companies. Customers' funds are loaned to borrowers. However, since they are loans, they have a problem with borrowers who cannot pay. Therefore, only through the guarantees are assured that the funds of their customers are insured (Wanjohi, 2014).

1.1.3 Customer’s Income
Studies by Carpenter and Petersen (2016) shows that when a loan is not repaid, it may be as the result of the lack of will and/or impossibility of borrowers. HewlIt and Pacard (2015) recommend that banks select borrowers and choose "good" debtors from "bad" borrowers and check borrowers to make sure they use the loans for their intended purpose. This is important to make sure that borrowers can repay their loans. Hualan (2014) suggest looking at the past history of the borrower and the economic outlook to determine whether the borrower is likely to pay it or not. In addition to the characteristics of the debtors, the guarantee requirements, the capacity or the ability to pay and the market conditions must be considered before granting loans to the borrower.

1.1.4 Professional Ethics
Due to the global nature and diversification of many companies in the 21st century, ethical issues in business have become more complicated and complex. This has been reinforced by the complexity of economic, social, global, natural, political, governmental and environmental regulations (Kimari, 2016). Furthermore, the recent financial scandals and corporate failures with the resulting of new mandate for companies have been driven to develop strong ethical codes that guide the behavior of the board members, managers and employees to meet the needs of the parties interested without taking business goals for granted. In the presence of acclaimed corporate governance should promote good ethical practices, bank customers continue to express unsatisfactory banking services, observed mainly in unjustified deductions (debts) on behalf of the client, without detailed
explanations. In addition, the degree to which most individual customers change their banking services due to loss of trust has required concerns in this area (Krasko, 2014).

1.1.5 Credit Policies
Loans are very risky because repayment of loans is not always guaranteed and in most cases depends on other factors that are not under the control of the borrower, which affects the return on share capital (Carpenter and Petersen, 2016). Therefore, the formulation and implementation of these lending policies are some of the important responsibilities of the management of commercial banks. The loan policy of a bank should be specific about how much loan will be available to whom, what period and purpose of the loan. For this reason, lending policies must be well documented so that lending officers can know the areas of prohibition and the operational areas (Hualan, 2014).

1.1.6 Profile of Progressive Credit Limited, Nairobi
Progressive Credit Limited offers financial services to its members under very competitive and attractive terms. This is to encourage financial liberation, economic self-reliance and freedom from financial slavery. Progressive Credit Ltd exists to facilitate the progress of their customers and society in general (Olongo, 2017). Progressive Credit Limited vision is to be the most responsive financial institution in facilitating the progress of their customers and the East African society. Their mission is to passionately seek to understand their customers and design innovative products and services to delight them and the society. Progressive Credit Ltd motto is to facilitate customer’s progress. Progressive Credit Ltd is led by a team of highly qualified and experienced personnel and their core values includes team work, innovation, passion, professionalism, customer service and integrity (Nyanga, 2017).
Figure 1.1 Organizational Structure of Progressive Credit Limited

1.2 Statement of the Problem
Debt recovery has taken on a more modern approach, becoming an extension of revenue and credit management with increasing emphasis on early intervention techniques, where debtors are treated as customers (Prahalad, 2014). Progressive Credit Limited, has often lost money after providing credit products and facilities to its customers. Inability to recover monies owed by customer is known to have a negative impact on cash flow. Gross loans in arrears increased to 50 million Kenyan shillings at the end of December 2018, from 84.33 million Kenya shillings at the beginning of January 2016 (Koch, 2015).

Many studies have been done on micro financial institutions but none has focused on debt recovery strategies. It is evident that these studies did not focus on factors affecting debt recovery in the financial institutions in Kenya. Therefore, there is a research gap hence a need to formulate studies to provide an understanding of how debt recovery affects the financial institutions in Kenya. This study therefore seeks to investigate on debt recovery in the financial institutions and seeks to answer the following question; what are the effects of employee competence, collaterals, customer’s income, professional ethics and credit policies on debt recovery in the financial institutions in Kenya?

1.3 Objectives
The main aim of this research is to establish the factors affecting debt recovery in the financial institutions in Kenya: A case study of Progressive Credit Limited.

1.3.1 Specific Objectives
i. To determine the effect of employee competence on debt recovery in the financial institutions in Kenya

ii. To investigate the effect of collaterals on debt recovery in the financial institutions in Kenya

iii. To evaluate the effect of customer’s income on debt recovery in the financial institutions in Kenya

iv. To determine the effect of professional ethics on debt recovery in the financial institutions in Kenya
v. To determine the effect of credit policies on debt recovery in the financial institutions in Kenya

1.4 Research Questions

i. What is the effect of employee competence on debt recovery in the financial institutions in Kenya?

ii. What is the effect of collaterals on debt recovery in the financial institutions in Kenya?

iii. What is the effect of customer’s income on debt recovery in the financial institutions in Kenya?

iv. How do professional ethics affect debt recovery in the financial institutions in Kenya?

v. How do credit policies affect debt recovery in the financial institutions in Kenya?

1.5 Significance of the Study

1.5.1 Researchers

The study would be able to provide information that may be used by other independent researchers to do further research in the same direction to better understand the factors identified in this study in a deeper way. The study will also generate information that may provide literature for all stakeholders for example academicians and researchers in businesses.

1.5.2 Policy Makers

The Study findings are of great significance to policy makers in the banking industry as they will come up with policies aimed at addressing the factors affecting debt recovery in the financial institutions in Kenya.
1.5.3 Financial Institutions

Other financial institutions, which has been in the front-line in debt recovery can also benefit from this study. Research work such as this will go a long way in assisting them to better realize the success of debt recovery in the financial institutions in Kenya.

1.6 Scope of the Study

The purpose of study was to investigate the factors affecting debt recovery in the financial institutions in Kenya. This study focused on Progressive Credit Limited head office located at Pan Africa Life House, 3rd floor, Kenyatta Avenue in Nairobi Central Business Unit. The target population was 59 employees comprising of top level management, middle level management and operational level management of the organization. The study was completed within a period of three months from April 2018 to September 2018.

1.7 Chapter Summary

The background of the study shows that factors affecting debt recovery in the financial institutions in Kenya: A case study of Progressive Credit Limited. The study findings will be of great significance to financial managers, various financial institutions, researchers and scholars. The study encountered various shortcomings; the issues of lack of cooperation and limited scope. The study targeted top level management, middle level management and operational level management of the organization.
CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter highlights the major studies undertaken on factors affecting debt recovery in the financial institutions in Kenya. The chapter reviews literature in line with the objectives under the study.

2.1 Theoretical Literature Review

2.1.1 Stakeholder Theory

The stakeholder theory is a theory of organizational management and business ethics that addresses morals and values in the management of an organization. It was originally described by Ian Mitroff in his book "Stakeholders of the Organizational Mind", published in 1983 in San Francisco. R. Edward Freeman published an article on stakeholder theory in the California Management Review at the end of 1983, but did not refer to the work of Mitroff, attributing the development of the concept to the internal discussion at the Stanford Research Institute (Hualan, 2014).

Stakeholder theory begins with the assumption that values are necessarily and explicitly part of doing business. Ask leaders to express the shared sense of the value they create and what unites those involved with the care. In addition, it encourages managers to be clear about how they want to do business, especially the type of relationships they want and need to create with stakeholders to achieve their purpose. The focus of stakeholder theory is divided into two central questions (Prahalad, 2014). First, ask what the purpose of the company is. This encourages managers to articulate the shared sense of the value they create, which unites those interested in the care. This moves the company forward and allows it to generate exceptional performance, determined both in terms of objectives and financial parameters of the market. Secondly, stakeholder theory asks what management’s responsibility is for stakeholders. This drives managers to articulate the way they want to do business, especially the types of relationships they want and need to create with stakeholders to achieve their purpose. Many companies have developed and
managed their activities in very consistent terms with stakeholder theory (Koch, 2015). The theory relates to income and professional ethics in debt recovery.

2.1.2 Trade-off Theory
The equilibrium theory of capital structure is the idea that a company chooses the amount of debt financing and the amount of capital funding to be used, balancing costs and benefits. The classic version of the hypothesis dates back to Kraus and Litzenberger who considered a balance between the dead costs of bankruptcy and the tax benefits of debt. 

Theory According to the theory of traditional (or static) compensation (TOT), companies select the optimal capital structure by comparing the tax benefits of debt, the costs of bankruptcy and the costs of the debt and equity agency, i.e. the disciplinary role of debt, and the fact that debt suffers less information costs than external equity (Krasko, 2014). Thus, optimal leverage minimizes the cost of capital and maximizes the value of the company. The remuneration models provide that companies will seek to maintain an optimal (objective) capital structure by balancing the benefits and costs of the debt. Benefits include tax protection, reduction of free cash flow problems and other potential conflicts between managers and shareholders, while costs include expected financial difficulties, costs associated with lack of investment and problems with replacing assets. The trade-off theory predicts that companies have an optimal capital structure (Kozak, 2016). The theory relates to the policies on collateral progressive credit limited uses to recover debt from the borrowers.

2.1.3 Theory of Competence
Initially described as "Four stages to learn new skills", the theory was developed in Gordon Training International by its employee Noel Burch in the 1970s. Although this model has often been attributed to Abraham Maslow, it does not appear in his work. This theory suggests that individuals are initially not aware of what they do not know or are unaware of their incompetence. Then they reach a second stage in which they recognize their incompetence, which pushes them to consciously acquire a skill that uses them consciously. In the end, when the ability is perfected, the individual can use it without consciously thinking about it: at this point, it is said that the individual has acquired unconscious competence. The element of helping someone to consciously recognize their
own incompetence can be compared to some elements of a Johari window, although Johari deals with self-consciousness, while the four levels of competence deal with the stages of learning (Hualan, 2014). The theory relates to employee competence on debt recovery.

2.2 Empirical Literature Review

2.2.1 Employees Competence

According to Krasko (2014) organizations adapting approach that is systematic to the training and the development may define their training needs. This is in accordance with a procedure that is well-organized. The procedure entails looking at the training end from different number perspectives. This is looked at the department or the function of a job, the group occupation and the employees. A particular perspective may chose depends on the circumstances, for instance change in organization external environment exerts pressure for internal changes, and then the corporate perspectives can be taken. However, if issues involve improvement of skills in the particular category of the employees then the category of the employees will provide the focus for efforts. Usually, organizations analyses training needs in response to operational weaknesses in by line managers or to meet the demands of change (Amina et al., 2015).

According to Berríos (2017) employee competence has been defined or referred to as educating technical and operational employees in how to better do their current jobs. There are three ways newcomers are helped to perform their jobs and training being included together with orientation and development. There are various kinds of training methods, and their effectiveness depends on whether what are being taught are facts or skills. If people are to learn facts, such as work rules or legal matters, then, lectures, videotapes, and work books are effective. If people are to learn skills such as improving interpersonal relations or using new tools – then techniques such as discussion, role playing and practice work better. Another way to categorize training methods is to distinguish on-the-job form off-the-job methods. Off-the job training consists of classroom programs, videotapes, workbooks and the like (Bwisa et al., 2014).

According to Hualan (2014) employee competence includes the attempts to improving productivity through increase of ability of employee’s to perform. Training may focus on
the skills which are short-term including three steps; assess the organization needs, employee’s skills to determining the training needs; Training activities designs meeting the needs identified and; Effective training evaluation. Training activities that are common may be employee orientated, apprenticeships, on-the-job training, off-the-job training, notable training, job simulation, and management training. Organizations are now finding that they must offer training programs that often are quite sophisticated. Employers find that spending money on training is usually money well spent. A quality training program could lead to higher retention rates, increased productivity and greater job satisfaction among employees. Training can also boost the company’s stock performance (Carpenter and Petersen, 2016).

According to Krasko (2014), the competence of the employee involves development of human qualities in resources which enables them be productive and which makes more contribution to attainment of organizational goals. Training aims at increasing the productivity of the employees by behavior influence. Individual training can be essentially a process of four-steps. At first training needs are determined which includes information or skills areas needed by individuals or groups. If only training focus on all these needs it can be more productive to the organization. Training of the members of the organizations is typically a continuous activity (Kozak, 2016). Even the employees who have worked in the organization for some time and have been through the initial steps of orientation and training skills training needs aimed at improving their skills. Training programs designs. The determination of training needs aims at ensuring those training needs are designed. Designing programs may entail assembling different types of facts and the activities which meets the training needs that are established. Obviously, there vary training needs, so activities and facts are designed to meet the needs. Administration of training programs is the next step- which is the actual training of the selected individual to participating in the programs. After completion of training programs, effectiveness should be evaluated by the management. This should determine meeting the needs through which it was designed (Kimari, 2016).

According to Hualan (2014), competence of the employees may help in ensuring that members of the organization acquire skills and knowledge required when effectively
performing jobs, taking on the new responsibilities, and adapting to the changing conditions. The primary aim of training is should focus on teaching organization members on how they can perform their jobs and helps them acquiring the skills and knowledge needed to perform effectively. Managers need to perform need assessment before creating a training programs and the type of knowledge and skills they need to acquire through instructions in classroom and training on-the-job. It is through the classroom instructions that an employee’s acquires skills and knowledge in the classroom setting (Berríos, 2017).

2.2.2 Collaterals
According to Berríos (2017), collateral means the ownership of assets; vulnerability of assets to obsolescence and liquidation value of assets.

To understand the importance of collateral, it is necessary to consider the mechanisms of debt enforcement. Generally, all creditors such as banks, supplier, workers and the authorities have a claim in personam against the debtor, either for a sum of money or, failing that, for a pro rata share of the assets of the debtor. For suppliers, this claim arises from the contract of sale. Creditors with collateral, however, have a prior right in rem to the assets that constitute their collateral. This right arises from securing a charge over assets like a residual right of ownership (Carpenter and Petersen, 2016).

Collateral is crucial in the event of default: First, the assets that constitute collateral are removed from the debtor’s estate and turned over to the creditors that hold a charge over these assets (Krasko, 2014). Then, all remaining claims of unsecured and secured creditors are satisfied pro rata by division of the remaining assets of the estate. Since in bankruptcy, liabilities commonly exceed assets significantly, secured creditors with collateral necessarily recover significantly more than unsecured creditors. It may thus be fair to assume that the amount recovered is mainly driven by collateral (Hualan, 2014).

In practice, collateral may not actually be removed from the estate. Instead, collateral is bought back from the secured creditors, because it is useful to the business as a going concern (Muthoki, 2014). In that case, the effectiveness of their collateral determines the bargaining power of the suppliers, because it determines the outside option: the more
effective their collateral, the more the suppliers need to be paid for not removing it. So the link from collateral effectiveness to the willingness to extend trade credit also holds in practice (Berríos, 2017).

The granting of credit facilities is underpinned by the risk of being repaid when due. Olongo (2017) indicated that risk identification is the process by which a business systematically and continuously identifies property, liability, and personnel exposures as soon as or before they emerge. The first step in business risk management in their view is to identify the various types of potential losses confronting the firm, and secondly, to measure these potential losses with respect to such matters as their likelihood of occurrence and their probable severity. It is therefore pertinent to assess the inherent risk of a credit facility, the existing operational management to mitigating the risk and determining the underlying actual risk. This assessment gives the idea of intended quality of the credit facility (Koch, 2015).

The unlikelihood that there will be a loss arising from default at repayment of a credit facility granted is referred to as credit or default risk. The primary danger in granting credit is the chance that the borrower will not repay the loan. Wanjohi (2014) buttressed this by stating that a lender „lends money and does not give it away and there will always be some risk that the customer will be unable to repay. This therefore calls for critical assessment of any credit request with reasonable assurance that repayment would not be of much problem. A bank further covers the uncertainty of the repayment by demanding collateral (Prahalad, 2014).

Creditors in most jurisdictions can secure their claims with a charge over assets of their debtors. These assets constitute collateral and, in the case of default of the debtors, can be repossessed and resold by the creditors to recover their claims (Berríos, 2017). In the case of supplier credit, the products delivered are the supplier collateral. Effective collateral matters for the willingness to extend supplier credit because secured creditors with collateral commonly recover significantly more in debt enforcement than unsecured creditors, who usually receive only pence for the pound (Amina et al., 2015).
Empirically, Carpenter and Petersen (2016) finds that better institutions (creditor rights and court efficiency) are associated with more suppliers lending across countries. This relation may arise because proper creditor rights and efficient law enforcement make collateral more effective, but better institutions also reduce the risk of default occurring in the first place. Hence, the effects may not be separately identified. Further, better institutional quality is likely to be simultaneously conducive to both trade credit and bank credit. Given that trade credit and bank credit are substitutes, the effect of institutional quality on each individually is then also not clearly identified (Bwisa et al., 2014).

Research done earlier by Fielden et al., (2017) suggested that collateral plays a major role in sorting out the entrepreneurs either through the observed risk or through information in private information. So as to or test these roles, a model is developed that incorporates process of signaling (sorted through risk observed) into incentive compatible menu of the loan contracts that works as the mechanism for self-selection (private information sorting). Sorting by Signaling model is used in testing, use of the 1998 survey in the US Small Business Finances. The reports shows that for the first time: the entrepreneurs of the high type are most likely to pledge the collateral and to pay interest rates that are lower; and the entrepreneurs who transfers signals which are good, more better contracts than those transferring bad signals.

2.2.3 Customer’s Income
According to Iqbal, Latif and Naseer (2012), he defines customer’s income as the remaining amount of income after taxes and the expenses living can be deducted from the wages. This is a representation of the money that can be spent by one person to save or to invest. This may also be called discretionary income or expendable income.

The definitive factor for a consumer is the income in Latvia. The income is the monetary and the natural value, which the organizations give to a person for personal expenditures covering. These enables incorporation of wages and various types of incomes from the activity (after payment of taxes); this may include transfers, the net income from the businesses or the activities from agriculture, dividends, property (rent) and others. These consumer behavior factors of households in Latvia economics has been in details examined (Hualan, 2014). Data received from the survey carried was analyzed out by the
DnB NORD bank for the month of December 2009 using SPSS 17 program. The consumer behavior types of according to income levels as shown in Table 1. Monthly income consumers who have above 200 Ls per household have active type classification consumer behavior. Customer belonging to middle social class group (specialists, government personnel, businessmen, qualified workers and managers of enterprises). It is understood that the social group behavioural model (actions and expectations), which is inherent to consumers from particular class (Krasko, 2014).

According to Wanyama and Mutso (2010), consumers with income below 79 Ls per person are classified with the traditional type of consumer behavior. They belong to the social group of lower class (low qualification and wage workers, unemployed, pensioners, housewives). The group of consumers with the income between 115 – 149 Ls is classified as the tolerant type of consumer behavior. They belong to the social group middle class periphery, the self-employed workers of the production and service sphere, farmers, students, semiskilled wage workers.

Confidence of the consumer is an indicator which is economic and measures the optimism degree felt by consumers feeling on the overall economic state and their financial position (Prahalad, 2014). Consumer confidence on the stability of their incomes may determine their activities on spending which serves as a key determinant for economy overall shape. In the essence, economic expansion, improves consumer confidence, consumers may be purchasing more. In bad economic situations, there is low confidence, the consumers saves more and spending less. Diminishing for every month trend in confidence of the consumer may suggest the current economic state whose outlook may be negative on their ability to be employed (Musyoki and Kadubo, 2011).

Major changes predictability on consumer confidence may allow the businesses evaluate the consumers’ willingness to make new purchases. This may result to businesses adjusting to their operations and the governments prepare the changes in tax revenue (Nyanga, 2017). If there is drop inconfidence, consumers spending reduces, various producers may tend reducing accordingly their production volumes. For example, if the manufacturer anticipates reduction in consumer retail purchases, mostly the durable and
expensive goods, they may in advance reduce inventories and which delays investments in the new project and facility. Government gets ready for their reduction in tax revenues in future. On the other hand, if confidence of the consumer improves, there may be increase in goods purchases and services. The anticipated change, the manufacturers may boost their inventories produced. Hiring rates can be increased by large employers. Tax revenues from the Government is expected to improve (Olongo, 2017).

Income distribution idea has an effect on growth of the economy which dates back to at least as early as Koch (2015). According to Kaldor, inequality in income is important for growth since the concentration of wealth in few hands which permits the greater savings, these are investments conducive. This model prediction may often be at odds with the empirical evidence; these views have been challenged recently by various economists. In the 1990s, three theoretical models have been developed explaining the phenomenon. Political-economy model, also known as the, inequality in income is not good growth since the average citizen will push the governments for policies which are more redistributive, the policies may be detrimental for growth and investment. According to sociopolitical instability model shows inequality in income is not good for the growth since it creates a tension which is social not good for the investments. According to credit constraint model, inequalities in income are not good for the growth since it restrict the numbers of people accessing the costly education (Irresberger, Mühlnickel and Wei, 2015).

Segmentation in income causes market division into various income groups. It may be used in the automobiles, cosmetics, financial services, clothing and travel. Organizations in the categories mentioned may seek targeting the customers who have high-income (Obawale and Oladunjoye, 2016). Others may seek targeting customers who have lower levels of income aimed at gaining consumer loyalty and reduce pressures in competition. However, organizations should consider that incomes may always not predict customers who are most suitable for particular products since some customers have various preferences and may prioritize their different money (Muthoki, 2014).
2.2.4 Professional Ethics
Ethics will be concerned majorly with the moral principles and values, which govern our beliefs, actions and decisions. The ethical standards of an organization are judged by its actions of its employees. It will generally be important that the top management business managers, buyers and all members of the procurement system reorganize and understand both professionals and the ethical standards required in the performance of their duties (Moti, Masinde & Mugenda, 2012).

The principles of conduct govern an individual or a group. The concern for what will be right or wrong, good or bad. Business ethics will just be the application of the definition to the work place and business relationships specifically. Professionals’ ethics will be guidelines or best practices that will embody ideals and responsibilities that will inform practitioners as to the principles and conduct they would adopt in certain situations (Kozak, 2016).

Ethics is the moral principles that control or influence a person’s behavior. It also defined as a system of moral principles or rules of behavior Oxford Dictionary, (2005). Ethics will refer to the guidelines or rules of conduct by which we will aim to live. Organizations like individuals will have ethical standards and frequently ethics codes and policies. The ethical standards of an organization are judged by its actions and actions of its employees, not by pious statement of intent put out in the company’s name. The character of an organization will be a matter of importance to its employees and managers to those who do business with it as customers and suppliers and to those who are considering joining it in any of the capacities- Procter and Gamble (P&G) understands the connection between ethical corporate behavior and financial performance (Prahalad, 2014). &G takes the issues of ethics to a higher level by linking it to trust. In a recent visit at the University of San Diego, Stephen Rogers, Director of technology purchases at P&G presents the following statement: “we believe buyers and suppliers optimize the results of the working relationships when there is a foundation of trust. By treating supplier’s honestly, ethically and fairly we do our part in building that foundation, just as the supplier must do its part. We honor the confidentiality of proprietary supplier information regarding technology, cost or other sensitive information
unless given written permission to share it. We do this not only because we believe it to be right, but also because it will make working with P&G and supplying our requirements attractive to current and future suppliers. We strive to give a clear understanding of the rules of the game to supplier before and after commercial interactions (Krasko, 2014).

The concern for ethics and accountability in public services will be of particular significance for African countries because the problem of corruption has reached epidemic proportions affecting both government and civil society. Africa will be regarded as being able to bear its heavy costs with regard to the continent's debilitating poverty. The continent's prospects for sustained growth could be wiped out by extensive and institutionalized corruption (Nyanga, 2017).

Ethics is a philosophy of life. It will set standards in absolute terms. Man in society conforms to certain laws prescribed by the society. The laws may be written or informal or both but whatever will be important will be that it has to be abided by. If one does not care for the laws of the society. It will be termed as unethical. Ethical behavior of man gets him respect social recognition, moral strength and above all internal satisfaction (Berríos, 2017).

Ethic is defined as a self-generating system of moral standards in the realm of business to which a substantial majority of business executives give voluntary assent. It will be a force to which a substantial majority of business that lead to industry-wide acceptance of certain standards of practical conduct. Again, the same authors distinguish personal ethics to business ethics. They personal ethics will have their source in a person’s religion and philosophy of life (Amina et al., 2015). In fact, unless the standard is fixed and will be higher than the prevailing group level, the force of competition will lead to its erosion. In time, the level of business ethics degenerates and there will be no apparent base line or minimum level. A buyer would follow ethical principles in order to build his own reputation and that of his organization. He will buy everything but he would not buy either reputation for reliability. These two can be built by his professional ethics, moral character, wisdom and integrity. The buyer controls the purse of his organization as a custodian. The management will expect that he will be fair, honest and dignified in his
dealings. He will also be expected to follow ethical approach to the problems of business (Bwisa et al., 2014).

Allegations of corruption would long be a factor in business dealings and these would have focused attention on business ethics. Without a rigid self-imposed and universally accepted ethical tradition, purchasing would not be regarded a true profession. In particular references will be made to; respect for confidentiality of information which will come from members in the course of their work speculation in the shares of a supplier is discouraged; placing orders with a company in which there will be a financial interest for the buyer or taking financial interest to the supplier; refraining from any activity which would impair impartiality and disclosing any personal interest; observing contractual obligations as strictly as the buyer intends they would be observed; discouraging practices which would lead to commercial or other corruption; ensuring that the legitimate interests of the suppliers will not be put into risks; aiming at a mutually satisfactory relationship with suppliers rather than short term advantage; promoting the development of high standards of professionals conduct and competences (Musyoki and Kadubo, 2011). Therefore, one of the major reasons for developing and enforcing such codes throughout the organization will be to assist in the development of integrated effective supply chains. Suppliers involved in such chains will need to be reassured that they will be dealing with purchasing organization which will have their long term strategic interest in mind; that they will be going to be involved in various sharp practices; will get paid on time; will not suddenly lose the business because the buyer will be unfairly cutting prices. Such ethics will be important for the buyer as they become involved in partnership to best develop integrated supply chain (Fielden et al., 2017).

The endeavor to accomplish and maintaining the transparency of professional ethics will require companies to monitor and manage how corporate actions and behaviors are performed by other companies upstream and downstream in relation to their own position in the supply chain. They will also need to monitor what is done and used, as well as who the other companies that constitute the members of their supply chain from the point of origin to the point of consumption are (Hewltt and Pacard, 2015).
The significant increase in the number of internationally oriented businesses has affected the increased interest in the similarities and differences in business attitudes and practices in different countries. This area was explored to some extent within the context of culture and is now beginning to be explored within more individualized concepts of ethics. The concept of professional ethics will refer to the study of whatever will be right and good for the human business practices in light of human values (Kimari, 2016). Ethics is the broad field of study exploring the general nature of morals and specific moral choices to be made by the individuals in his relationships with others. While business ethics will be seen to have emerged as an important topic within popular and academic publications in the past few decades to date it would be treated a historically and with an orientation dominated by the USA perspective. It will be important to be ethical when you will be relating with other staff follow the code of ethics that govern your business. Code of ethics will be guidelines to the moral principles or values used by organizations to steer conduct, both for the organization itself and the employees in all their activities be of external or internal. Thus, it will be important to have a code of ethics for your business, as this will ensure maximum returns for the business (Hualan, 2014).

2.2.5 Credit Policies
There exist different policies which lenders have in place aimed at ensuring credit administration is effectively done. Collection policy is one of them which are a requirement since not all customers pay organization bills on time. The effect of collection need therefore ensure acceleration of the collections from the slow payers and enhancing reducing the losses from bad debts (Krasko, 2014). The policies of collection may ensure regular and prompt collection for high turnover of the working capital by ensuring the cost of collection and limit the bad debts and enhancing maintenance of efficiency in collection. The policy of collection specifies a collection procedure that is clear-cut and which dissuade the conflicts that may arise from the repayment of loan, loan structure and the amount. Business viability position and business Management by appraising is analyzed using the policy. The management audit is conducted by the lender so as to identify the weaknesses of the business management by the customer. Business future of the customers may fluctuate highly or may be weak financially or depends on
few buyers, it is then is risky in extending credit to that king of a borrower (Kozak, 2016).

In addition, the policies on credit also consider the limit on credit. The risk extent to the firm is indicated to a customer. The limit on credit may also function on the customer’s character. Various methods are used when analyzing the Credit Worthiness (Hualan, 2014). The capacity of debt to the applicant can be reflected on the projected cash flow, this forms the basis for making the decision on condition of loan and the plan for payment. The assessment of willingness to pay can either be on credit history basis or, if no any, statement of suppliers are used, the neighbors on the reputation of the borrower’s and how promptly (Bwisa et al., 2014).

According to Berríos (2017), the target client MFI can be identified by the lender by evaluating the needs, the capacity and the character for repaying and determining the appropriate amount of loan using expertise on financing. An organization may come up with its own ad hoc approaches of credit scoring numerically to determining the customer’s credit worthiness. Identifying the attributes by the firm can be assigned weights which may depend on their relevance and the combination aimed at creating the overall- score (Hewltt and Pacard, 2015).

Organizations may also adopt a simple discrimination analysis through using methods that are more objective to differentiate a good and a bad customer. For example, analyzing empirically indicates that the earnings ratio before depreciation, the taxes and interest to sales is an important factor when identifying a good and a bad customer. The organization need to select the point of cutoff before granting the credit to the customers who attains EBDIT to sales ratio above the cut-off point that is selected (Amina, Rai and Topa, 2015). Besides, a firm may use the two factors aimed at distinguishing the good and the bad customer viz, EBDIT to sales and cash flow for operation to sales which is a good indicator of the financial health of the customer than the lone ratio. The ratios combination is plotted on the graph for customers who are paying and non-paying ones. A line which is straight in the graph may separate the customer’s two groups. Multiple discriminate analyses may be used to identify, the customer’s credit worthiness which may depend on various factors which may interact with one another. The multiple
discriminate analyses may combine various factors depending on their importance that is given to the factors that determines the compact score differentiating a good and a bad customer (Hualan, 2014).

2.3 Summary and Research Gaps
Most of the studies reviewed in line with the objectives of this study were not undertaken in Kenya and may not effectively respond to the subject under investigation. According to Fielden et al., (2017) employee competence helps to ensure that organizational members have the knowledge and skills needed to perform jobs effectively, take on new responsibilities, and adapt to changing conditions. Training primarily focuses on teaching organizational members how to perform their current jobs and helping them acquire the knowledge and skills they need to be effective performers. However, he fails to address issues such as the right training skills in providing ways of debt recovery in Kenya. This study intends to find out how employee competence influences debt recovery in the financial institutions in Kenya.

As far collaterals are concerned most the studies reviewed did not focus on the financial sector. As such, they may not effectively inform this study. This study aims at assessing the level to which the use collaterals secures debt recovery in the financial institutions in Kenya unlike Krasko (2014)) since his study did not target this sector. The study by Hualan (2014) is also quite dated and may not address the current issues. This study therefore finds it necessary to fill this gap by determining how collaterals affecting debt recovery in the financial institutions in Kenya.

The contributions from various authors have facilitated the need to understanding variables that have been used in the study. However, there are other contributions that the researcher feels could not be used fully to understand the reviewed literature. For instance, author Kimari (2016) has indicated that customer’s income is an important aspect of debt recovery in the financial institutions in Kenya. More developed financial systems can help reduce poverty and lower income inequality. This contribution is true but there is need to note that access to finance is limited in Kenya to a few firms and individuals. Therefore, this study finds it necessary to fill this gap by determining how customer’s income affects debt recovery in the financial institutions in Kenya.
The study by Kozak (2016) on the effect of professional ethics on the success of debt recovery in the financial institutions was undertaken in another continent and may not reflect on the Kenyan situation. Furthermore, this present study intends to find the extent to which such inadequacy of professional ethics affects debt recovery in the financial institutions in a Kenyan situation. The studies by Maaka (2015) may also not address the issue of professional ethics. This study therefore finds it necessary to fill this gap by determining how professional ethics affects debt recovery in the financial institutions in Kenya.

An author like Irresberger et al., (2015) argues that credit policies play a major role in the debt recovery in the financial institutions in Kenya. He informs us that there have been calls to financial institutions to adopt more suitable alternatives in assisting on the debt recovery in the financial institutions in Kenya. However, he fails to address issues such as the financial institutions initiatives in providing ways of debt recovery in the financial institutions in Kenya. This study intends to find out how credit policies influence debt recovery in the financial institutions in Kenya.

2.4 Conceptual Framework
Conceptual framework is a schematic presentation which identifies the variables that when put together explain the issue of concern (Mugenda and Mugenda, 2012). Koch (2015) explains that a conceptual framework is a model representation where a researcher represents the relationship between variables under study and show the relationship diagrammatically. The conceptual framework is therefore the set of broad ideas used to explain the relationship between the independent variables (factors) and the dependent variables (outcome). As presented in Figure 2.1, the independents variables guiding this study are: employee competence, collaterals, customer’s income, and professional ethics and credit policies. These variables impact debt recovery in the financial institutions in Kenya (dependent variable).
2.5 Operationalization of Variables
The table shows the operationalization of variables; independent variables are employee competence (training, knowledge), Collateral (property, pay slip), customer income (salary, business), professional ethics (morals, conduct), credit policies (payment terms, guidelines). Dependent variable is debt recovery (auctioning assets, debt collection).

<table>
<thead>
<tr>
<th>Variable</th>
<th>Indicators</th>
<th>Measurement scale</th>
</tr>
</thead>
<tbody>
<tr>
<td>Independent</td>
<td>Employee competence</td>
<td>Questionnaire</td>
</tr>
<tr>
<td>Independent</td>
<td>Collateral</td>
<td>Questionnaire</td>
</tr>
<tr>
<td>Independent</td>
<td>Customer income</td>
<td>Questionnaire</td>
</tr>
<tr>
<td>Independent</td>
<td>Morals</td>
<td>Questionnaire</td>
</tr>
<tr>
<td>Professional ethics</td>
<td>Conduct</td>
<td></td>
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<tr>
<td>---------------------</td>
<td>---------</td>
<td></td>
</tr>
<tr>
<td>Independent</td>
<td>Payment terms</td>
<td></td>
</tr>
<tr>
<td>Credit policies</td>
<td>Guidelines</td>
<td></td>
</tr>
<tr>
<td>Questionnaire</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dependent</td>
<td>Auctioning of assets</td>
<td></td>
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<tr>
<td>Debt recovery</td>
<td>Debt collection</td>
<td></td>
</tr>
<tr>
<td>Questionnaire</td>
<td></td>
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</tr>
</tbody>
</table>

2.6 Chapter Summary
From the studies reviewed, it is evident that debt recovery in the financial institutions in Kenya is affected by numerous factors. The study identified, factors related to employee competence, collaterals, customer’s income, professional ethics and credit policies as some of the most important factors affecting debt recovery in the financial institutions in Kenya. It was also found out that most of the studies did not focus on the financial sector and also took place in other countries and may not address the Kenyan scenario. This necessitates a detailed analysis of these factors affecting debt recovery in the financial institutions in Kenya. As such, this study was of essential till to the end.
CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.0 Introduction
This chapter presents the research design and methodology. These are the steps taken in the data collection, and analysis. Furthermore, the sampling design and the data collection procedures that were used in the research were also presented. This chapter also describes the data collection instruments, the target population, the sampling method, procedure of data collection as well as data analysis techniques.

3.1 Research Design
A research design can be thought of as the structure of research. It is the glue that holds all of the elements in a research project together. A design is used to structure the research, to show how all of the major parts of the research project work together to try and address the central research questions. Research design is basically the plan and structure of investigation. Zikmund (2016) defines it as the scheme, outline or plan that is used to generate answers to the research problems. A research design can be regarded as an arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance with the research purpose. The researcher used descriptive design in data collection, analysis and evaluation of the phenomenon. A descriptive research is a scientific method of investigation in which data is collected and analyzed in order to describe the current conditions, terms or relationships concerning a problem (Mugenda and Mugenda, 2012). This method was relevant in the study because it was scientific and it investigated and attempted to describe and interpret the phenomenon in its current form.

3.2 Target Population
A population is a group of individuals, objects or items from which samples are taken for measurements. Target population as defined by Mugenda and Mugenda (2012) is a universal set of the study of all members of real or hypothetical set of people, events or objects to which an investigator wishes to generalize the result. This information will be tabulated in Table 3.1:
Table 3.1 Target Population

<table>
<thead>
<tr>
<th>Category</th>
<th>Target Population</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Level Management</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Middle Level Management</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td>Operational Level Management</td>
<td>49</td>
<td>83</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>59</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

3.3 Sample Size and Sampling
Census sampling technique was used in the study. According to Mugenda (1999), a census is a study that obtains data from every member of the population. Therefore, the study applied census method to sample all the employees because they are involved directly in the activities of the organization and hence formed important respondents for the study. The study therefore sampled all the 59 employees of Progressive Credit Limited.

3.4 Instruments
According to Zikmund (2016), there are many methods of data collection. The choice of a tool and instrument depends mainly on the attributes of the subjects, research topic, problem question, objectives, design, expected data and results. This is because each tool and instrument collects specific data. Primary data on the factors affecting debt recovery in the financial institutions in Kenya was collected. Secondary data was obtained from relevant literature review from dissertations, journals, magazines and the internet. Primary data for this study was collected using semi structured questionnaires.

Structured or close-ended questions involved those questions with a list of all possible alternatives from which respondents selected the answer that best describes the situation. They were easier to analyze since they were in an immediate form, and therefore economical to use in terms of time and finance. Unstructured or open-ended questions were the questions, which gave the respondents complete freedom of response. These free responses permit an individual to respond in his or her own words. They permit a greater depth of response. They are also simpler to formulate.
3.5 Pilot Study
This is a small-scale testing of the methods and procedures to be adopted conducted on larger scale. In order to improve the quality and efficiency of the study, the researcher will conduct a pilot study so that to reduce the likelihood of making errors. The researcher will also do the pilot study in order to evaluate the time that will be consumed, the costs that will be involved and to improve on various aspects of the study.

3.5.1 Validity
According to Zikmund (2016), validity is an indication of how solid your research is. More specifically, validity applies to both the design and the methods of its investigation. The method of validity of the construction was used to determine the validity of the questionnaire. The validity of the construction guaranteed the degree to which the test measures the desired hypothetical construction.

3.5.2 Reliability
Reliability (Gay) is the degree to which the test is measured consistently regardless of what has been measured. Measurement errors that can affect reliability are random errors and measurement errors that can affect validity that are constant or systematic errors. The test-retest was used to determine the correlation (Zikmund, 2016).

3.6 Data Collection Procedure
Before the collection of data, the researcher will need permission from the authority concern, therefore, should ensure that he or she has relevant letters from the institution requesting for permission be authorized to carry out the investigations. Researcher then presents the questionnaires randomly to the respondents from each sub-group and collect back the filled questionnaires for evaluation.

3.7 Data Analysis and Presentation
Data analysis refers to examining what has been collected in a survey or experiment and making deductions and inferences. The study analyzed the information collected quantitatively and qualitatively. The analyzed data was presented in the following forms; percentages, frequencies, tables and figures. Qualitative analysis of information was analyzed by the open-ended questions. As indicated by Zikmund (2016) qualitative analysis provides insight and understanding while quantitative analysis tries to generate
those insights to the population by emphasizing on the importance of looking at variable in a broad setting in which they are found. Quantitative data was coded and fed into quantitative analysis software, in this case SPSS Statistics v.20, for easy analysis.

3.8 Ethical Considerations
When carrying out the research process, the researcher is supposed to be ethical in all the dealings. The researcher is to be ethical both to him or her and the respondents.

3.8.1 Informed consent
The researcher sought informed consent from the University where the letter was introduced to the management of progressive credit ltd, Nairobi.

3.8.2 Voluntary participation
The respondents filled the questionnaires voluntary without coercion or intimidation

3.8.3 Confidentiality
The researcher should be confidential, not coercive, should not use undue influence, should respect the respondents, be patient with them, courtesy, integrity and is required to be objective.

3.8.4 Privacy
The privacy of respondents was observed through non-disclosure of their identity.

3.8.5 Anonymity
The researcher will maintain the anonymity of the respondents throughout the study

3.9 Chapter Summary
This chapter has discussed the research and methodology that the researcher will use in conducting the study. These includes; introduction, design, the population, sample and sampling techniques, plot study, data collection and procedure, data analysis and presentation and ethical consideration.
CHAPTER FOUR
RESEARCH FINDINGS AND DISCUSSION

4.0 Introduction
This chapter presents data analysis and presentation of findings. Quantitative analysis and qualitative techniques were applied in interpretation of analyzing data.

4.1 Presentation of Findings

4.1.1 Response Rate
This indicates the rate at which questionnaires issued out were returned.

<table>
<thead>
<tr>
<th>Population Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Response</td>
<td>51</td>
<td>86</td>
</tr>
<tr>
<td>Non-Response</td>
<td>8</td>
<td>14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>59</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Figure 4.1 and table 4.1 shows that out of 59 questionnaires issued 86% of the questions were returned fully answered while only 14% were not answered. This shows that most of the respondents were able to answer and return their questionnaires.
4.1.2 Gender Analysis
The information about gender was important in this study as all genders were represented.

Table 4.2 Gender Analysis

<table>
<thead>
<tr>
<th>Gender</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>33</td>
<td>64</td>
</tr>
<tr>
<td>Female</td>
<td>18</td>
<td>36</td>
</tr>
<tr>
<td>Total</td>
<td>51</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.2 Gender Analysis

The Table 4.2 and Figure 4.2 show that 64% of the respondents were male while 36% were female. From the study it was concluded that the number of males who responded were higher than the number of females. This can also be explained by the fact that most of the respondents who were given the questionnaires were male and this may have resulted to the outcome.
4.1.3 Level of Education

Table 4.3 Highest Level of Education

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Secondary</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>Tertiary</td>
<td>21</td>
<td>41</td>
</tr>
<tr>
<td>University</td>
<td>13</td>
<td>25</td>
</tr>
<tr>
<td>Masters</td>
<td>8</td>
<td>16</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

According to the Table 4.3 and Figure 4.3, it is clearly shown that in terms of education level highest population frequency is tertiary level with 41% followed by university level with 25%, secondary level with 18% and Master’s level with 16%. Most of the respondents had the tertiary level of education which were represented by 41% of the total sample population.
4.1.4 Job level
In this section, the respondents were asked to indicate their job level in the organization that was to portray those who are in top management, middle management and operational management. The responses were summarized as in Table 4.4 below

Table 4.4: Job Level

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Top Management</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Middle Management</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>Operational Management</td>
<td>44</td>
<td>86</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

From Table 4.4 and Figure 4.4 shows that the top management was represented by 3%, middle management was represented by 11%, while the remaining 86% represented operational level employees. Most of the respondents represented 86% were from the operational level staff.
4.1.5 Ages of Respondents

Table 4.5 Ages of Respondents

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>18-25 years</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>26-33 years</td>
<td>14</td>
<td>27</td>
</tr>
<tr>
<td>34-41 years</td>
<td>20</td>
<td>39</td>
</tr>
<tr>
<td>42-49 years</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>50 years &amp; Above</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Figure 4.5 Ages of Respondents

According to the Table 4.5 and Figure 4.5, shows clearly the age group of the respondents. Based on the analysis; 6% were between the age group of 18-25 years old, 27% were between 26-33 years old, 39% were between the age group of 34-41 years old, 18% were between the age group of 42-49 while the remaining 10% were in the age bracket of above 50 years. It is clear that majority of the respondents were aged between 34-41 years represented by 39% of the total sample population.
4.1.6 Working Experience of Respondents

Table 4.6 Analysis on Working Experience of Respondents

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 2 years</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>2-5 years</td>
<td>14</td>
<td>27</td>
</tr>
<tr>
<td>6-10 years</td>
<td>20</td>
<td>40</td>
</tr>
<tr>
<td>11 years &amp; Above</td>
<td>11</td>
<td>21</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Figure 4.6 Analysis on Working Experience

Analysis from the Table 4.6 and Figure 4.6 it clearly shows that 12% of respondents had work experience of less than 2 years, 27% had work experience of between 2-5 years, 40% of the respondents had a working experience of between 6-10 years and lastly 21% of respondents had a working experience of 11 years & above. It shows that majority of the respondent had a working experience of 6-10 years.
Table 4.7 and Figure 4.7 present the findings from the study. According to the findings 73% of the respondents said there was effect of employee competence on debt recovery while 27% of the respondents said there was no effect. Therefore, the findings imply that employee competence affects debt recovery in Progressive Credit Limited.
4.1.8 Extent of Employee Competence

Table 4.8 Extent of Employee Competence

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great</td>
<td>23</td>
<td>45</td>
</tr>
<tr>
<td>Moderate</td>
<td>12</td>
<td>24</td>
</tr>
<tr>
<td>Minimal</td>
<td>11</td>
<td>21</td>
</tr>
<tr>
<td>No Extent</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Figure 4.8 Extents of Employee Competence

Table 4.8 and Figure 4.8 show views of the respondents on the effect of employee competence on debt recovery. Based on the study 45% of the total respondents indicated that the extent of which employee competence on productivity is great, 24% of the total respondents stated that the extent of which employee competence affects debt recovery is moderate, 21% of respondents implied that employee competence affects debt recovery at a minimal extent and lastly the remaining 10% indicated there is No extent. Therefore,
the findings imply that employee competence affects debt recovery in Progressive Credit Limited.

4.1.9 Collaterals

Table 4.9 Effects of Collaterals

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>41</td>
<td>80</td>
</tr>
<tr>
<td>No</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Figure 4.9 Effects of Organizational Culture

Table 4.9 and Figure 4.9 shows that majority of the respondents 80% indicated that collaterals affects debt recovery while 20% denied that collaterals do not affects debt recovery in Progressive Credit Limited.
4.1.10 Extent of Collaterals

Table 4.10 Extent of Collaterals

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great</td>
<td>30</td>
<td>59</td>
</tr>
<tr>
<td>Moderate</td>
<td>10</td>
<td>20</td>
</tr>
<tr>
<td>Minimal</td>
<td>9</td>
<td>17</td>
</tr>
<tr>
<td>No Extent</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>51</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.10 Extent of Collaterals

Table 4.10 and Figure 4.10 qualitatively show the extent to which collaterals affects debt recovery, the respondents responded as follows: great extent 59%, moderate extent 20%, minimal extent 17% and at No extent 4%. Majority was of great extent indicating that collaterals affects debt recovery in Progressive Credit Limited. Therefore, the findings imply that collaterals affects debt recovery in Progressive Credit Limited.
4.1.11 Customer’s Income

Table 4.11 Effects of Customer’s Income

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>38</td>
<td>75</td>
</tr>
<tr>
<td>No</td>
<td>13</td>
<td>25</td>
</tr>
<tr>
<td>Total</td>
<td>51</td>
<td>100</td>
</tr>
</tbody>
</table>

Figure 4.11 Effects of Customer’s Income

Figure 4.11 and Table 4.11 shows that 75% says that customer’s income influence debt recovery while 25% says that customer's income had no influence on debt recovery in Progressive Credit Limited.
4.1.12 Extent of Customer’s Income

Table 4.12 Extent of Customer’s Income

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great</td>
<td>34</td>
<td>67</td>
</tr>
<tr>
<td>Moderate</td>
<td>9</td>
<td>18</td>
</tr>
<tr>
<td>Minimal</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>No Extent</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Figure 4.12 Extents of Customer’s Income

From Table 4.12 and Figure 4.12 shows that 67% of respondents said that customer’s income influences debt recovery at a great extent, 18% felt it was moderate, 10% it was minimal and lastly 5% felt that it does not affect at any extent.
4.1.13 Professional Ethics

Table 4.13 Effects of Professional Ethics

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>45</td>
<td>88</td>
</tr>
<tr>
<td>No</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>51</td>
<td>100</td>
</tr>
</tbody>
</table>

From Table 4.13 and Figure 4.13 Majority of the respondents 88% felt that professional ethics influences debt recovery in Progressive Credit Limited while 12% felt otherwise.
4.1.14 Extent of Professional Ethics

Table 4.14 Extent of Professional Ethics

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great</td>
<td>27</td>
<td>53</td>
</tr>
<tr>
<td>Moderate</td>
<td>14</td>
<td>27</td>
</tr>
<tr>
<td>Minimal</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>No Extent</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

From the Table 4.14 and Figure 4.14, 53% of the respondents commented that professional ethics greatly affects debt recovery in Progressive Credit Limited, 27% showed that the extent was moderate, 12% said it minimally affects and 8% said that professional ethics affect debt recovery in Progressive Credit Limited at no extent.
4.1.15 Credit Policies

Table 4.15 Effect of Credit Policies

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>34</td>
<td>67</td>
</tr>
<tr>
<td>No</td>
<td>17</td>
<td>33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

From Table 4.15 and Figure 4.15 indicates that 67% of the respondents greatly agreed that professional ethics affects debt recovery in Progressive Credit Limited while only 33% disagreed.
4.1.16 Extent of Credit Policies

Table 4.16 Extent of Credit Policies

<table>
<thead>
<tr>
<th>Category</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great</td>
<td>30</td>
<td>59</td>
</tr>
<tr>
<td>Moderate</td>
<td>11</td>
<td>21</td>
</tr>
<tr>
<td>Minimal</td>
<td>6</td>
<td>12</td>
</tr>
<tr>
<td>No Extent</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>51</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Figure 4.16 Extents of Credit Policies

From Table 4.16 and Figure 4.16 the analysis shows that 59% greatly agreed that credit policies affect debt recovery in Progressive Credit Limited, 21% moderately agreed, 12% of the respondents said it minimally affects while 8% agreed it affects at no extent.
4.2 Limitations of the Study
The researcher encountered various limitations that are hindered access to some information needed for the study.

4.2.1 Lack of Cooperation
The researcher was unable to collect all the required information since some of the respondents were uncooperative to the extent that they refused to give out the information and therefore some questionnaires were not fully answered. Some of them feared being victimized yet others assumed that their time was wasted thus affected the accuracy of the results. The researcher solved this by giving them more time to fill in the questionnaires and later came to collect the questionnaires for data analysis.

4.2.2 Confidentiality
Some respondents were not willing to give out the information since they were afraid that the information was not to be treated with confidentially and it would therefore cost them to loss their work, since some did not know that the researcher had been permitted by the management to carry out the investigation on the problem under study. The researcher gave out the letter of introduction from MUA and promised total confidentiality to the respondents. This helped to eliminate and curb the limitation to the study.

4.3 Chapter Summary

4.3.1 General Information
Majority of the respondents indicated that employee competence, collaterals, customer’s income, professional ethics and credit policies were the factors affecting debt recovery in Progressive Credit Limited. The study clearly showed that there was 86% response rate. Majority of the respondents were male which was represented by 64% while 36% were female, majority had tertiary level of education represented by 41%, majority were operational level staff represented by 86%, majority of the respondents were aged between 34 to 41 years represented by 39% and majority of the respondents had a working duration of between 6 years to 10 years represented by 40%.
4.3.2 Employee Competence
Majority of the respondents indicated that there was great influence of employee competence on debt recovery in Progressive Credit Limited. They indicated that employee competence can have tremendous influence on debt recovery in Progressive Credit Limited. Majority number of the respondents represented 73% said yes while 27% said no.

4.3.3 Collaterals
Majority of the respondents indicated that there was great influence of collaterals on debt recovery in Progressive Credit Limited. Majority (80%) of the respondents indicated that collaterals greatly influence debt recovery in Progressive Credit Limited. while 20% of the respondents thought otherwise.

4.3.4 Customer’s Income
Majority of the respondents indicated 75% agreed it affects while 25% said that it did not affect debt recovery in Progressive Credit Limited.

4.3.5 Professional Ethics
Majority of the respondents represented by 88% agreed that the professional ethics influences debt recovery in Progressive Credit Limited whereas 12% did not agree with that.

4.3.6 Credit Policies
Majority of the respondents represented by 67% agreed that credit policies influences debt recovery in Progressive Credit Limited whereas 33% did not agree with that.
CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSIONS

5.0 Introduction
This chapter summarizes the findings of the study in relation to the major issues raised with respect to the objectives of the study, answers to research questions are provided as well as recommendations, conclusion and room for further studies.

5.1 Summary of Findings
This chapter discusses the summary of findings, conclusions and recommendations of the research study. The summary of findings gives an in depth explanation of the factors raised by the respondents on the factors affecting debt recovery in Progressive Credit Limited. The findings contributed towards answering of the research questions and making conclusions of the research study.

5.1.1 What is the Effect of Employee Competence on Debt Recovery in the Financial Institutions in Kenya?
The study shows that 45 % of the respondents said that employee competence had a great influence on debt recovery in the financial institutions in Kenya, 24 % were of the view that it was moderate, 21% felt that the influence was minimal and 10% felt that it had no influence.

5.1.2 What is the Effect of Collaterals on Debt Recovery in the Financial Institutions in Kenya?
The study has clearly indicated that collaterals is of the great value to financial organizations. 59% of the respondents agreed that collaterals greatly influence debt recovery in the financial institutions in Kenya at a great rate, 20% felt it was moderate, 17% felt that it affect at a minimal extent while 4% of the respondents indicated no extent on debt recovery in the financial institutions in Kenya.
5.1.3 What is the Effect of Customer’s Income on Debt Recovery in the Financial Institutions in Kenya?

Most of the respondents, 67%, indicated that customer’s income have an influence on debt recovery in the financial institutions in Kenya at a great extent, 18% felt it was moderate, 10% felt it was minimal and 5 % felt it had no extent.

5.1.4 How do Professional Ethics affect Debt Recovery in the Financial Institutions in Kenya?

The study shows that 53 % of the respondents said that professional ethics had a great influence on debt recovery in the financial institutions in Kenya, 27% felt that the professional ethics influenced debt recovery in the financial institutions in Kenya at a moderate extent, 12% of the respondents felt that professional ethics influenced debt recovery in the financial institutions in Kenya at a minimal extent. Lastly the remaining 8% of the respondents said that the professional ethics had no extent on debt recovery in the financial institutions in Kenya.

5.1.5 How do Credit Policies affect Debt Recovery in the Financial Institutions’ in Kenya?

The study shows that 59 % of the respondents said that credit policies had a great influence on debt recovery in the financial institutions in Kenya, 21% felt that credit policies influenced on debt recovery in the financial institutions in Kenya at a moderate extent, 12% of the respondents felt that credit policies influenced on debt recovery in the financial institutions in Kenya at a minimal extent. Lastly the remaining 8% of the respondents said credit policies had low extent on debt recovery in the financial institutions in Kenya.

5.2 Recommendations

5.2.1 Employee Competence

The management of Progressive Credit Limited should create awareness to the staff to adopt new technological changes in debt recovery. The organization should organize in-trainings and on job trainings for all employees. Employee competencies contribute to increased efficiency and that training boost employee’s morale hence sustainability. New
employees need to be properly orientated in order for them to articulate well with the organization’s operations to avoid mistakes and improve debt recovery strategies.

5.2.2 Collaterals
Collateral aspects are important considerations during client’s appraisal. The failure in assessing the capacity of the customers’ ability to repay loans has resulted to loan default, appraising client may consider the customers character who may seek credit facilities and competence financial institutions with personnel who are competent when carrying out the client appraisal.

5.2.3 Customer’s Income
The management of Progressive Credit Limited should know the consumer’s income so that it helps to increase repayment of the debt.

5.2.4 Professional Ethics
Progressive Credit Limited top management should strongly support quality initiatives with employees through teamwork, close internal communication, and developing a cooperative culture that fosters trust and collaboration. Interestingly, these same strategic views should always be shared by middle managers in order to fill the gap between employees.

5.2.5 Credit Policies
Financial institutions should aim at enhancing their policies on collection through implementing policies that are more stringent to a policy that is lenient for effectiveness in recovering debts.

Financial institutions should enhance how they conduct client appraisal aimed at improving financial performance. Through techniques on client appraisal, financial institutions will be in a position to identify the client’s credit worthiness and thus reducing increase on non-performing loans. Financial institutions should enhance control on credit risk aimed at helping to decrease levels of default as well as the non-performing loans. This should aim at helping to improve the financial performance.
5.3 Conclusions
From the study it can be concluded that employee competence, collaterals, customer’s income, professional ethics and credit policies influences debt recovery in the financial institutions in Kenya with specific reference to Progressive Credit Limited.

The study shows that 45 % of the respondents said that employee competence had a great influence on debt recovery in the financial institutions in Kenya, 24 % were of the view that it was moderate, 21% felt that the influence was minimal and 10% felt that it had no influence. It was concluded that, there is consensus that employee competence affected debt recovery in the financial institutions in Kenya at Progressive Credit Limited.

The study has clearly indicated that collaterals is of the great value to financial organizations. 59% of the respondents agreed that collaterals greatly influence debt recovery in the financial institutions in Kenya at a great rate, 20% felt it was moderate, 17% felt that it affect at a minimal extent while 4% of the respondents indicated no extent on debt recovery in the financial institutions in Kenya. It was concluded that, there is consensus that collaterals affected debt recovery in the financial institutions in Kenya at Progressive Credit Limited.

Most of the respondents, 67%, indicated that customer’s income have an influence on debt recovery in the financial institutions in Kenya at a great extent, 18% felt it was moderate, 10% felt it was minimal and 5 % felt it had no extent. It was concluded that there is consensus that customer’s income affected debt recovery in the financial institutions in Kenya at Progressive Credit Limited.

The study shows that 53 % of the respondents said that professional ethics had a great influence on debt recovery in the financial institutions in Kenya, 27% felt that the professional ethics influenced debt recovery in the financial institutions in Kenya at a moderate extent, 12% of the respondents felt that professional ethics influenced debt recovery in the financial institutions in Kenya at a minimal extent. Lastly the remaining 8% of the respondents said that the professional ethics had no extent on debt recovery in the financial institutions in Kenya. It was concluded that, there is consensus that
professional ethics affected debt recovery in the financial institutions in Kenya at Progressive Credit Limited.

The study shows that 59% of the respondents said that credit policies had a great influence on debt recovery in the financial institutions in Kenya, 21% felt that credit policies influenced on debt recovery in the financial institutions in Kenya at a moderate extent, 12% of the respondents felt that credit policies influenced on debt recovery in the financial institutions in Kenya at a minimal extent. Lastly the remaining 8% of the respondents said credit policies had low extent on debt recovery in the financial institutions in Kenya. To sum it, there was a consensus that credit policies affects debt recovery in the financial institutions in Kenya at Progressive Credit Limited.
REFERENCES


APPENDICES

APPENDIX I: INTRODUCTION LETTER

Dear Respondent,

I am a student at the Management University of Africa pursuing degree of bachelor of leadership and management. I am working on a project, which is a requirement in the partial fulfillment for the bachelor of leadership and management

Below is a questionnaire: I would like you to either tick where appropriate or fill in. All data and information gathered is purely for academics purpose and will be treated with confidentiality. I thank you in advance for your cooperation in this regard and may God bless you.

Yours Faithfully,

Protus Wanga
APPENDIX II: QUESTIONNAIRE FOR RESPONDENTS

This section has questionnaire on the “Factors affecting Debt Recovery in the Financial Institutions in Kenya: A Case Study of Progressive Credit Limited.” Please tick the most appropriate response to questions that give possible answers and write down your answers in the spaces provided in the open and close ended questions. The purpose of the research is purely academic and information revealed will be held with utmost confidentiality to anyone.

Instructions:

☐ Please respond to all the items in the questionnaire

☐ Put a tick (√) in the brackets for the option most applicable for you.

☐ DO NOT write your name in the questionnaire.

SECTION A: GENERAL INFORMATION

1. Gender
   Male (   )
   Female (   )

2. Highest Educational Level
   Secondary School (   )
   Tertiary College (   )
   University Level (   )
   Others (Specify)…………

3. Job Level
   Top Management (   )
   Middle Management (   )
   Operational Management (   )

4. Age Bracket
   18-25 years (   )
   26-33 years (   )
34-41 years ( )
42-49 years ( )
50 years & above ( )

5. How long have you worked in the organization?
Less than 2 years ( )
2-5 years ( )
6-10 years ( )
11 years & above ( )

SECTION B: EMPLOYEE COMPETENCE

6. Does employee competence affect debt recovery in Progressive Credit Limited?
Yes ( )
No ( )

7. Explain................................................................................................................
................................................................................................................
................................................................................................................
................................................................................................................

8. To what extent does employee competence affect debt recovery in Progressive Credit Limited?
Great Extent ( )
Moderate Extent ( )
Minimal Extent ( )
No Extent ( )
SECTION C: COLLATERALS

9. Do collaterals affect debt recovery in Progressive Credit Limited?

Yes ( )
No ( )

10. Explain……………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………

11. To what extent do collaterals affect debt recovery in Progressive Credit Limited?

Great Extent ( )
Moderate Extent ( )
Minimal Extent ( )
No Extent ( )

SECTION D: CUSTOMER’S INCOME

12. Does customer’s income affect debt recovery in Progressive Credit Limited?

Yes ( )
No ( )

13. Explain……………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………
……………………………………………………………………………………………………

14. To what extent does customer’s income affect debt recovery in Progressive Credit Limited?

Great Extent ( )
Moderate Extent ( )
Minimal Extent ( )
No Extent ( )
SECTION E: PROFESSIONAL ETHICS

15. Do professional ethics affect debt recovery in Progressive Credit Limited?
   Yes ( )
   No ( )

16. Explain.................................................................................................................................
..............................................................................................................................................
..............................................................................................................................................

17. To what extent do professional ethics affect debt recovery in Progressive Credit Limited?
   Great Extent ( )
   Moderate Extent ( )
   Minimal Extent ( )
   No Extent ( )

SECTION F: CREDIT POLICIES

18. Do credit policies affect debt recovery in Progressive Credit Limited?
   Yes ( )
   No ( )

19. Explain.................................................................................................................................
..............................................................................................................................................
..............................................................................................................................................
..............................................................................................................................................

20. To what extent do credit policies affect debt recovery in Progressive Credit Limited?
   Great Extent ( )
   Moderate Extent ( )
   Minimal Extent ( )
   No Extent ( )

Thank you Very Much for your Cooperation!