ANALYSIS OF CREDIT RISK MANAGEMENT IN SMALL AND MEDIUM ENTERPRISES (A CASE STUDY OF AUTOMOBILES SPARE PARTS ENTERPRISES, KIRINYAGA ROAD)

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THIS IS A RESEARCH PROJECT SUBMITTED FOR THE PARTIAL FULFILLMENT OF THE AWARD OF A DIPLOMA IN BUSINESS MANAGEMENT OF THE UNIVERSITY OF NAIROBI.

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Declaration

I, declare that this research project is my original work and it has not been presented in any other university or institution of academic award.

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

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This research project has been submitted for examination with my approval as University supervisor.

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

Supervisor’s Name:........................................ PAVLINE CHESE
ABSTRACT

The purpose of this study is to analyze the credit risk management in small and medium enterprises. It was a case study of automobiles spare parts enterprises Kirinyaga Road.

The survey research design used was in form of questionnaires to conduct the research. The data collected was analyzed with a view to get an insight on the credit risk management to small and medium business enterprises, and guide in identifying areas for further research.

The study found out that the major challenge is the increase of bad debts and poor management of cash flows. The study was carried out in order to establish whether credit risk management can be handled to ensure sufficient cooperation among the small and medium enterprises persons.

The findings of the study observed was from the people involved in these small and medium enterprises.

The study recommended that small and medium enterprises should be educated on the importance of credit risk management in their business operations. Millions of money is lost as a result of bad debts and although the government is pumping a lot of funds to the enterprises more is being lost.

Most enterprises in the developed countries have developed clear strategies and policies to manage credit, Kenya should also form special strategies that when goods are sold at credit the small enterprises are assured of getting their money. The entrepreneurs should also make point of implementing mechanisms that are customer friendly and that can ensure that they don’t lose money in selling goods for credit.