



## Control Mechanisms in Credit Management of Motorcycle Dealers in Camarines Norte, Philippines

Jemmalyn G. Aloc, CPA, MBA<sup>1</sup>, Girly H. Naval, DBA<sup>2</sup>

<sup>1,2</sup>Camarines Norte State College

**ABSTRACT:** This research assessed the control mechanisms in credit management of motorcycle dealers in Camarines Norte. Specific information were gathered pertaining to the profile of motorcycle dealers in terms of initial capital investment, length of business operation, average annual sales, average annual installment sales, number of employees assigned in collection, and training attended by collection personnel; credit management employed by motorcycle dealers; level of assessment on the control mechanisms in credit management; and the significant relationship between the profile of the respondents and their level of assessment. Findings revealed that most of the respondents have at least five million and above initial capital investment with at least one million average annual installment sales. Also, their dealership business had been existing for ten years already with three to five personnel in-charge in the collection of payments, and been given the opportunity to attend to relevant trainings for at least three to five times a year. Accordingly, credit investigation and item repossession policy are among the commonly employed and existing credit management policies of the motor dealers. Further, the credit management's control mechanisms along credit, billing, collection and imposition of penalties are highly observed by the motor dealers. The hypothesis when tested revealed a significant positive relationship which suggest that as the number of trainings attended by employees increases their level of assessment on the control mechanism in credit management in terms of collection also increases. The study strongly recommends regular conduct of training to personnel in-charge in collection, the adoption of computerization in recording transactions and giving of incentives to personnel who have reached the collection quota.

**KEYWORDS:** Billing, Collection, Credit Management, Control Mechanisms, Motorcycle Dealers

### INTRODUCTION

Credit refers to an agreement to purchase a good or service with the expressed promise to pay on a later date. Most of the customers often prefer to use credit or installment as mode of payment in availing a specific item for sale since this scheme allow flexibility of their available budget or cash which can be used in other concerns like daily household sustenance. It is for this reason that most large companies often conduct promotional activities such as giving of discount, free items and friendly credit scheme in order to boost their sales and increase the customers confidence in purchasing items they wanted. Offering credit often encourages customers to speed up their spending as well as their purchasing decisions and actions. Some businesses offer credit to gain a competitive advantage in their market. Granting credit sales enable the firms' revenue to upsurge, and in the long run pushes up the profitability. Motorcycle companies are among the companies that offer attractive credit scheme to customers. Since motorcycle at this present time is a necessity, and the most convenient and economical means of transportation. Customers are easily attracted to purchase it even on a credit basis. While providing credit as a main source of generating income in most firms especially the motorcycle dealers, it takes into account of credit management which helps them to minimize the risk, to avoid financial distress and bankruptcy. The firms are exposed to risk of default which need to be managed effectively to acquire the required level of loan growth and performance (Banta et al., 2017).

Credit management is the function of granting credit terms and making sure money is collected when it becomes due. Good credit management promotes dialogue between finance and sales teams to create a balancing act where risk is minimized and opportunities maximized. Credit risk management is the practice of mitigating those losses by understanding the adequacy of a borrower's capital and loan loss reserves. This is a process that has long been a challenge for financial institutions and is increasingly important. Failure to adequately mitigate credit risks could severely impact the business. The major benefit of integrated, quantitative credit risk management is to reduce revenue losses.



In Camarines Norte, the number of motorcycle dealers is growing. They offer promising promotions that encourage potential customers to purchase their products to a point that customer can even bring home a motorcycle for zero down payment. Most of motorcycle customers belong to class C and D markets (Turco, et al., 2021), allowing them to own motorcycle units even if they do not have the cash equivalent for the unit. As accounted from the motorcycle dealers, most of their customers buy units to augment their income. They can use them as source of their livelihood such as their partner in their “*habal-habal*” or “*trisikad*” business. This is the *tagalog* term for motorcycle-for-rent that is used to transport passenger to any point of destination when other means of transportation is not available. Hence, making *habal-habal* owner a good option for commuters especially during a late evening hour trip. Given the nature of their source of livelihood, monthly installment is indeed convenient for them. However, this customer-friendly option does not always favor companies. It can be too risky for the business to offer installment scheme especially in the absence of a not so well-established credit management policies. This risky credit management move of the motorcycle dealers has prompted the conduct of this research. This allows the assessment of the control mechanism in credit management of motorcycle dealers and be able to provide strategies to improve their credit operation.

## METHODOLOGY

The study used descriptive survey method of research. It used quantitative approach in describing the profile of respondents, credit management policies practices in terms of credit, billing, collection and penalties imposed. Based on the data provided by the Local Government Unit (LGU) Daet- Municipal Planning and Development Office, there are 25 branch managers from the registered motorcycle dealers that are operating for at least two years in the province of Camarines Norte. These qualified manager-respondents have served for at least one year in any motorcycle industry in the province at the time of the study. Survey questionnaire was sent to all the registered motorcycle dealers and researchers were fortunate enough to have a 100 percent retrieval.

Frequency count and percentage were used to describe the profile of the respondents, and to determine the existing credit management policies practiced by the business. Weighted mean was used to measure the level of assessment of the respondents. Somer’s Delta was used to determine the significant relationship between the profile of the respondents, and their level of assessment on the control mechanisms in credit management of motorcycle dealers which hypothesis was tested at five percent level of significance.

## RESULTS AND DISCUSSIONS

Tables I – VI present the profile of the respondents in terms of initial capital investment, annual sales, annual installment sales, length of business, number of employees assigned in the collection and number of trainings attended by collection personnel per year.

Initial Capital Investment. Table I reveals the initial capital investment of the business. Majority of the respondent’s initial capital investment ranges from 5,000,000 pesos and above with the frequency of ten or 40 percent of the total respondents. While initial capital investment 2,500,000 pesos got the lowest frequency of four or 16 percent.

**Table I.** Initial Capital Investment

Indicators	Frequency	Percentage (%)
P1,000,000 and below	4	16.0
P1,000,001 – P2,500,000	4	16.0
P2,500,001 – P5,000,000	7	28.0
P5,000,001 and above	10	40.0
Total	25	100.0

The relatively high initial capital of investment as shown in Table I can be attributed to the nature of the business. Majority of them are registered as corporation. This nature typically requires a huge capital investment. This initial capital investment helps business to meet up initial costs such as renting or leasing space, furnishing the office, paying utilities, buying supplies, hiring



employees, and stocking of inventories. Parallel with the study of Banta et al. (2017), it is said that a corporation is a legal entity created by operation of law, has separate and distinct existence from individuals who created it, and those who control its operations. A business is considered a corporation if it has a capital investment of Php 5,000, 001 and above. This amount is due to bigger management, higher inventory rates, and higher maintenance costs.

Average Annual Sales. Table II reveals the average annual sales of the business. Fifteen (15) out of 25 respondents or 60 percent of the population revealed that their annual sales ranged from 1,000,001 and above while only two out of 25 or eight percent of the respondents claimed that their average annual sales were 100,000 pesos and below.

**Table II.** Average Annual Sales

Indicators	Frequency	Percentage (%)
P100,000 and below	2	8.0
P100,001 – P500,000	4	16.0
P500,001 – P1,000,000	4	16.0
P1,000,001 and above	15	60.0
Total	25	100.0

The survey results reflect that majority of the respondents have high sales. This proved that demand for motorcycle is also high. Customers prefer to buy motorcycle because it provides convenience and flexibility of use to the owners. Motorcycles are not only for personal use but also for business use such as delivery service, source of public transportation. In addition, this business sets a specific number of units to be sold in a month which is known as sales quota which need to be achieved and maintained for them to have good profit. Sales personnel strive to attain this quota in exchange for some incentives to make sure that sales are expected to be high. Chung et al., (2019) emphasized that frequent quota plan leads to an increase in sales performance for low-performing sales people by preventing them from giving up in later periods within a quota-evaluation cycle.

Average Annual Installment Sales. Table III reveals the average annual installment sales of the business. Majority of the respondent's annual installment sales as answered by ten or 40 percent of the total respondents revealed that it ranges from 1,000,001 and above, while three out of 25 respondents or 12 percent claimed that their average annual installment sales were 500,000 pesos and below.

**Table III.** Average Annual Installment Sales

Indicators	Frequency	Percentage (%)
P100,000 and below	3	12.0
P100,001 – P500,000	3	12.0
P500,001 – P1,000,000	9	36.0
P1,000,001 and above	10	40.0
Total	25	100.0

The data show that most of the sales were acquired through credits. This could be attributed to the preference of the buyers in purchasing the products. Most motorcycle companies offer attractive and affordable installment schemes like paying ₱ 2,300 pesos monthly for a brand-new motorcycle with only ₱ 1,500 down payment. That is the reason why a lot of customers are attracted to get a unit. They offer credit sales promo in consideration to customers standard of living, and their capacity to pay. In an article written by Ilagan (2017), he stated that affordable financing package is among the factors highlighted by the Motorcycle Development Program Participants Association (MDPPA) regarding the leap of motorcycle sales in the country in recent years. It is said that financing schemes for motorcycles are so attractive to a lot of buyers. Some of them require a down payment of only ₱1,500.00 with corresponding monthly amortization of almost ₱2,000.00, depending on the length of payment period which is normally one to three years.



Length of Business Operation. Table IV shows the number of years the business has been operating. Majority of the population comprising 60 percent or 15 respondents affirmed that their business has been operating for more than ten years, while four out of 25 or 16 percent claimed that they have been existing for less than five years.

**Table IV.** Length of Business Operation

Indicators	Frequency	Percentage (%)
Less than 5 years	4	16.0
6-10 years	6	24.0
10 years above	15	60.0
Total	25	100.0

The survey result declares that most of the motorcycle dealers in Camarines Norte have been existing for more than ten years already. Since most of them are corporation, they are expected to operate for long period of time. The longer they exist in the industry means that they have sustainable business operation due to steady demand of motor patrons, availability of motor accessories, and continuous promotional efforts they are doing. Those in the range of less than five years represents the new players or motorcycle dealers in Camarines Norte who may have tried their luck in this kind of business.

Number of Employees Assigned in Collection. Table V reveals the number of employees assigned in collection. Most of the respondents, having a frequency of eight and corresponds to 32 percent claimed that there are three to five personnel assigned in the collection. On the other hand, 20 percent or five out of 25 respondents confirmed that they have six to eight personnel assigned in the collection.

**Table V.** Number of Employees Assigned in Collection

Indicators	Frequency	Percentage (%)
0 – 2	6	24.0
3 – 5	8	32.0
6 – 8	5	20.0
9 and above	6	24.0
Total	25	100.0

It implies that motorcycle dealers opt to maintain a minimum number of workforce handling credit and collection tasks since majority of their operations and objectives are focused on getting new customers and boosting their sales. In fact, their promotional store practices such as the offering of discounts to customers who could settle their accounts on time and even earlier than the due dates are among their leading promotional activity being observed by dealers hence, it is quite not so necessary to deploy too many personnel in the collection unit. Some respondents claimed that collection personnel are directed to do a door-to-door collection of the store's accounts payable from their customers coming from the 12 municipalities of the province. Other techniques applied by some dealers their alliance and partnership with financial firms like Bank of Makati, and Robinson Banks wherein these banks are responsible for the collection of customer's accounts. It is consistent with the study of Java (2020) in which he stated that dealerships that sell small commuter motorcycles have their financing facilities. These loan arrangements are often handled by the dealership itself or a financial-based sister company. In the case of dealerships in more remote areas, the dealership may not offer it in-house, but they often have a partnership with a financial firm that can help, though in this case, the buyer may often have to do much of the legwork for the loan requirements. Either way, motorcycle dealerships often have ways to make it easier to get a new motorcycle.

Number of Trainings Attended by Collection Personnel. Table 6 reveals the number of trainings attended by collection personnel in a year. Majority of the respondents claimed that the collection personnel attended three to five times in a year, having



a frequency of 12 or 36 percent of the respondents. However, only four percent or one out of 25 respondents attended the training eight or more times in a year.

**Table VI.** Number of Training Attended by Collection Personnel

Indicators	Frequency	Percentage (%)
0 – 2	9	36.0
3 – 5	12	48.0
6 – 8	3	12.0
8 or more	1	4.0
Total	25	100.0

It implies that businesses are giving their employees a chance to improve on their tasks through training by attending three to five times a year. Trainings were given on an average rate. Since a number of in-house trainings and regular meetings are conducted religiously where new product, operation, and management insights are given by the branch head. Hence, basic knowledge and skills are reinforced and reiterated.

Credit Management Policies in terms of Credit, Billing, Collection and Penalties Imposed

Table VII presents the credit management policies commonly employed by motorcycle dealers in terms of credit, billing, collection, and penalties imposed. The credit investigation and item repossession policy were present in all respondents. Installment billing policy was existing to 20 out of 25 or 80 percent of respondents. In-house collection policy has a frequency of 21 or 84 percent of the respondents. On the other hand, lump-sum billing and outsourced collection policy were not existing having 19 and 16 respondents respectively.

**Table VII.** Credit Management Policies in terms of Credit, Billing, Collection, and Penalties Imposed

Indicators	Existing (%)		Not Existing (%)	
<b>Credit</b>				
Credit Investigation Policy	2	100.0	0	0.0
Credit Re-evaluation Policy	19	76.0	6	24.0
<b>Billing</b>				
Installment Billing Policy	20	80.0	5	20.0
Lump Sum Billing Policy	6	24.0	19	76.0
<b>Collection</b>				
In- house Collection Policy	21	84.0	4	16.0
Outsourced Collection Policy	9	36.0	16	64.0
<b>Penalties Imposed</b>				
Item Repossession Policy	25	100.0	0	0.0
Loan Restructuring Policy	18	72.0	7	28.0

Result implies that all the respondents conduct credit investigation to their customers as part of their protocol before granting a loan. In doing so, the company will have pertinent information as to the credibility of the client in terms of settling obligation. However, some respondents do not re-evaluate the credit worthiness of their customers because they find it time consuming, and costly, and for them evaluation and investigation should be done only at the start of credit transaction.

According to National Association of Credit Management (n.d.), the purpose of a credit investigation should be to obtain information to make a specific decision about granting credit to a company. The goal of the investigation is to obtain factual and accurate information that will lead to an appropriate credit decision. But, credit investigations on a customer do not end once an application is approved and an account is established. It is recommended that credit applications be updated whenever there is a



change in the credit grantor's policies or credit terms or at certain timeframes such as annually or every three or five years. Same recommendation was given in the study of Barasa (2017) that to address the lack of re-evaluation of credit policy, more funds should be allocated to the credit department to adjust the policy periodically.

The result shows that the existence of installment billing policy is higher compared to the lump sum billing policy. This coincides with the result in Table III which implies that most customers prefer to acquire a unit under an installment scheme. There are customers who are willing to pay full in cash, thus some dealers have established lump-sum billing policy for that matter. It is also unfair for the customers if dealers do not offer a cash basis sale because they will be forced to buy it on installment in which it will be more expensive due to interest charges. According to Pacis (2020), the two to three years installment scheme is most preferred by customer than having it paid for lump sum.

The results revealed that more respondents practice an in-house collection policy than an outsourced collection policy because they have better control of customer account, and that they will be free from paying commission to third party provider. Other respondents claimed that they have financial firm partners like Bank of Makati, and Robinsons Bank who do the collection for the unit sold.

The result implies that all of the respondent's remedy or action in case a customer fails to pay three consecutive monthly amortizations is to repossess the motorcycle vehicle because in doing so, it increases the chance to recover the capital spent in releasing the unit since it will be sold to someone who could be more responsible in settling monthly obligation. However, loan restructuring is quite hard to practice because it prolongs and extends the term of the customers debt with/without additional charges which can be too risky for the company. If the customers are unable to pay the default arrears of amortization but refuses to surrender the unit, they will negotiate to the dealers for the extension of payment terms. By doing this, it increases the chance that customers may again encounter difficulty in settling the new terms of the loan which will affect the cashflow of the company.

## Level of Assessment on Control Mechanisms in Credit Management of Motorcycle Dealers along Credit, Billing, Collection, and Penalties Imposed

Tables VIII to XI present the level of assessment on control mechanism in credit management of motorcycle dealers along credit, billing, collection, and penalties imposed.

Credit. Table VIII shows the level of assessment on control mechanism in credit management along credit process. In general, the control mechanism of motorcycle dealers is highly observed along credit process with an average weighted mean of 4.82. Among the seven indicators, customers' orientation on credit terms and conditions has the highest weighted mean of 4.96 or highly observed, while holding of employee training in evaluating and approving credit limit of customers has the lowest weighted mean of 4.64 or highly observed.

**Table VIII.** Level of Assessment on Control Mechanism of Credit Management along Credit

Indicators	WM Adjectival Rating	
1. Conduct of credit background investigation	4.92	HO
2. Customers' interview on trade references	4.76	HO
3. Customers' orientation on credit terms and conditions	4.96	HO
4. Holding of employee training in evaluating and approving credit limit of customers	4.64	HO
5. Periodic review and re-evaluation of credit terms for existing customers	4.76	HO





6. Observance of fast credit approval to customer	4.80	HO
7. Observance of Data Privacy Act and maintenance of confidential records	4.88	HO
Average Weighted Mean	4.82	HO

Legend:

4.21 – 5.00 Highly Observed (HO)      1.81 – 2.60 Less Observed (LO)  
 3.41 – 4.20 Observed (O)                  1.01 – 1.80 Not Observed (NO)    2.61 – 3.40 Moderately Observed (MO)

The result with the highest weighted mean implies that most of the motorcycle dealers ensure that credit terms and conditions are clear to the customers before proceeding to the loan process. They allotted at least five minutes to discuss and inform the customers about the installment loan. This practice is mandatory to all staff as they are to explain the policies to lessen the confusion and misunderstanding with regard to the credit terms and condition in the future. Providing and orienting the customers the credit terms and condition is very important in credit management. It helps the business cover all the important matters and not overlook the things that are less obvious. It serves as a protection in case customer violates the agreement. In support to this, Kim (2012) confirmed that the interpersonal interaction between service employees and customers influences service quality, customer satisfaction, and customer loyalty.

**Billing.** Table IX presents the level of assessment on control mechanism in credit management along billing process. With an average weighted mean of 4.31, it revealed that the control mechanism of motorcycle dealers is highly observed along billing process. Among all the indicators, ensuring the complete submission of requirements before processing of application got the highest weighted mean of 4.88 or highly observed while sending email to customers about outstanding credit balance has the lowest weighted mean of 3.16 which is moderately observed.

**Table IX.** Level of Assessment on Control Mechanism of Credit Management along Billing

Indicators	WM	Adjectival Rating
1. Ensuring complete submission of requirements before processing of application	4.88	HO
2. Providing variety options to customers in terms of credit schemes	4.72	HO
3. Giving advance collection notice to customers thru phone calls	4.32	HO
4. Sending email to customers about outstanding credit balance	3.16	MO
5. Sending billing reminders to customers thru SMS	4.44	HO
6. Uses electronic system to record and access customers information	3.96	O
7. Updating real-time credit record as per customer's request	4.72	HO
Average Weighted Mean	4.31	HO

Legend:

4.21 – 5.00 Highly Observed (HO)      1.81 – 2.60 Less Observed (LO)  
 3.41 – 4.20 Observed (O)                  1.01 – 1.80 Not Observed (NO)    2.61 – 3.40 Moderately Observed (MO)



Based on the result, the highest weighted mean shows motorcycle dealers ensure that customers submitted necessary documents before proceeding to the loan. This control mechanism is highly observed by most motorcycle dealers since customer database facilitate future transaction. Most motorcycle dealers offer one day process of loan approval. The common requirements needed by motorcycle dealers from the customers are valid identification card (ID), proof of billing, 2” by 2” or 1” by 1” picture, and proof of income. Once all the necessary documents are submitted, and credit investigation is done, the unit is now ready to be released. As emphasized in the study of Ngwa (2016), he stated that for greater results of credit risk management to be attained, business must value all information about the customers perfectly as any neglected information can be the root cause of their problem or default.

Collection. Table X shows the level of assessment on control mechanism in credit management along collection process. Generally, it reveals that the control mechanism of motorcycle dealers is highly observed along collection process, having an average weighted mean of 4.21. Provision of official receipt and real time update of customer’s book of accounts has the highest weighted mean of 4.92 or highly observed, while collection of payments thru Bayad centers and E-Wallets has the lowest weighted mean of 3.08 or moderately observed.

**Table X.** Level of Assessment on Control Mechanism of Credit Management along Collection

Indicators	WM	Adjectival Rating
1. Preference to receive cash payment in advance	4.76	HO
2. Provision of payment options via check or credit cards	3.44	O
3. Collection of payments thru Bayad centers and E-Wallets	3.08	MO
4. Grants of discount to customers who paid in advance	4.84	HO
5. Provision of official receipt and real time update of customer’s Book of Account	4.44	HO
6. Door-to-door collection of payment	3.72	O
7. Observance of same collection policy to all customers	4.68	HO
Average Weighted Mean	4.21	HO

Legend:

4.21 – 5.00 Highly Observed (HO)      1.81 – 2.60 Less Observed (LO)  
3.41 – 4.20 Observed (O)              1.01 – 1.80 Not Observed (NO)      2.61 – 3.40 Moderately Observed (MO)

The result implies that in every collection they receive to a customer, an official receipt was issued and updates their record immediately. This indicator got the highest mean. They impose strict compliance to issuance of receipts since every business entity is mandated by the Bureau of Internal Revenue (BIR) to issue an official receipt and/or sales invoice for every sale of goods, properties or services. It is a good control mechanism in credit management if business is compliant to that law. This kind of compliance is very important to avoid penalties and consequence imposed by the government like suspension or closure of business establishment. An update on customer’s book of account is also essential to easily access the customers outstanding balance. Section 237 of the Tax Code states the issuance of receipts or sales or commercial invoices. All persons that are subjected to an internal revenue tax shall, for each sale and transfer of merchandise, or for service rendered valued at twenty-five pesos or more should issue duly registered receipt or sale or commercial invoice, prepared at least in duplicate, showing the date of transaction, quantity, unit cost and description of merchandise or nature of service (Tax and Accounting Center of the Philippines, 2020).





Penalties Imposed. Table XI presents the level of assessment on control mechanism in credit management. Penalties imposed is highly observed as it got the average weighted mean of 4.46. The strict observance of policy on repossession of motorcycles for customers with delinquent records got the highest weighted mean of 4.88 or Highly Observed, while ‘restructuring of loan by extending credit terms’ got the lowest weighted mean of 3.84 or ‘Observed’.

**Table XI.** Level of Assessment on Control Mechanism of Credit Management along Penalties Imposed

Indicators	WM	Adjectival Rating
1. Giving of enough number of days prior to repossession confiscation of the item	4.72	HO
2. Imposition of penalty and interest based on common industry practice	4.56	HO
3. Forfeiture of discounts for late payments in the succeeding transaction/ payment centers and E-Wallets	4.52	MO
4. Restructuring of loan by extending credit terms who paid in advance	4.84	HO
5. Disqualification of customers who have records of penalties	4.00	HO
6. Strict observance of policy on repossession of the motorcycle for customers with delinquent records	4.88	O
7. Proper training program for personnel as regards to imposition of penalties and the like	4.68	HO
Average Weighted Mean	4.46	HO

Legend:

4.21 – 5.00 Highly Observed (HO)      1.81 – 2.60 Less Observed (LO)  
 3.41 – 4.20 Observed (O)                  1.01 – 1.80 Not Observed (NO)    2.61 – 3.40 Moderately Observed (MO)

The strict observance of policy on repossession of motorcycle for customers with delinquent records got the highest mean. The results suggest that most of the motorcycle dealers abide by the repossession policy, and the credit terms and condition agreed by both parties. This has reinforced the findings in Table VII depicting that all respondents have item repossession policy implemented in case a customer fails to pay. Provision for penalties is written and agreed upon by the business and the customer before the execution of credit. A demand letter is given to the non-paying customer before the repossession will be executed. This serves as a notice of information that the client is in default. If the customer does not pay or negotiate with the collection personnel and agreed to settle the outstanding balance, that is the time repossession of the unit sold will be implemented.

The same is true when Milz (2019) stated that borrowers must abide by the terms of the contract once he/she enters a loan agreement to finance a motorcycle. If a borrower defaults on those terms, the lender has the right to take back, the unit- in this case the motorcycle. The finance contract agreement defines what are counted as a default. Typically, missed or incomplete payments constitute a default. Once the borrower defaults on the loan, the lender may come at any time to repossess it.

Significant Relationship between the Profile of the Respondents, and Level of Assessment on the Control Mechanism in Credit Management

Table XII presents the relationship between profile of the respondents and their level of assessment on the control mechanism in credit management. The relationship is measured using Somers’ delta (*d*) at five percent level of significance. The number of



trainings per year is statistically significant specifically on the collection control mechanism in credit management with Somers' delta of 0.344 and p value of 0.02

**Table XII.** Relationship between the Profile of the Respondents, and Level of Assessment on the Control Mechanism in Credit Management

Profile	Level of Assessment		Interpretation on Significance
	Somer's d	P-value	
Initial Capital Investment			Not Significant
Average Annual Sales	0.20	0.17	Significant
Average Annual Installment Sales	0.19	0.14	Significant
Length of Business Operation	-0.05	0.77	Significant
Number of Employees Assigned in Collection	0.14	0.23	Significant
Number of Trainings Attended by Collection Personnel	0.34	*0.02	Significant

\* Significant along collection control mechanism

Based on the table above, there is no significant relationship between the respondents' perceived level of assessment on the control mechanism in credit management and their profile in terms of initial capital investment of the business, average annual sales, average annual instalment sales, length of business operation, and number of employees assigned in collection. The table also reflects that there is a significant positive relationship between the respondents' perceived level of assessment on the control mechanism in credit management and their profile in terms of number of trainings attended by employees per year. Therefore, the null hypothesis is rejected in this study. The data suggest that as the number of trainings attended by employees increases, their level of assessment on the control mechanism in credit management, collection also increases.

## CONCLUSIONS

After thorough analysis of the data gathered, the study arrived at the following conclusions: most of the respondents has more than five million initial capital investments, with over one million average annual installment sales. Further, most of the motorcycle dealers have already existed for more than ten years with three to five personnel assigned in the collection of payments. As accounted, the personnel involved in the collection of payments have attended at least three to five times relevant training sessions in a year. All of the respondents claimed that credit investigation and item repossession policy are already existing in their business operation. The respondent-managers assessed the level of assessment on control mechanism in credit management of motorcycle dealers along credit, billing, collection and penalties imposed as all highly observed. The testing of null hypothesis revealed that there is a significant positive relationship on the level of assessment on the control mechanism in credit management along collection and the profile of the respondents specifically in terms of the number of trainings attended by collection personnel per year resulting to a rejection of the null hypothesis. The study strongly recommends regular conduct of training to personnel in-charge in collection, the adoption of computerization in recording transactions and giving of incentives to personnel who have reached the collection quota.



## ACKNOWLEDGEMENTS

The researchers would like to express their heartfelt gratitude and appreciation to the following: all respondents who do not hesitate to answer survey questionnaire promptly; families and friends for giving them courage and inspiration to finish the study; and Above all, to Heavenly Father, Savior Jesus Christ for His unfading love, protection, guidance and blessings Without them, this research would not be possible. Thank you so much.

## REFERENCES

1. Banta, M.R., Barbosa, K. C., Bitang, V. M., De Torres, MP. C., Fajilan, J. I., & Encio, H. A., (2017). Employed Credit Risk Management by Motorcycle Dealers in Batangas City, Philippines. *Asia Pacific Journal of Multi- Disciplinary Research*, Vol. 5, No. 4, November, 2017.  
<https://research.ipubatangas.edu.ph/wpcontent/uploads/2019/08/APJMR-2017.5.4.3.11.pdf>
2. Turco, M.M., Juevesa, R. D. and Galigao, A.T (2021). Business Practices and Customers Satisfaction among Motorcycle Dealers in General Santos City. *Open Journal of Business and Management* Vol.09 No.01(2021), Article ID:106969,28 pages10.4236/ojbm.2021.91025
3. Chung, D., Narayandas, D. & Chang, D. (2019). The Effects of Quota Frequency: Sales Performance and Product Focus. [https://www.hbs.edu/ris/Publication %20Files/17-059\\_a6331b07-0c41-4988-8496-d8633c3071c6.pdf](https://www.hbs.edu/ris/Publication%20Files/17-059_a6331b07-0c41-4988-8496-d8633c3071c6.pdf)
4. Ilagan, A. (2017). Manufacturers: 90% of motorcycles sales are through financing. [https://www.topgear.com.ph/moto-sapiens/motorcycle-news/most-motorcycles-sales-financing-a00188-20170726?ref=article\\_tag](https://www.topgear.com.ph/moto-sapiens/motorcycle-news/most-motorcycles-sales-financing-a00188-20170726?ref=article_tag)
5. Java, AF. R. (2020). What You Should Know Before Getting A Motorcycle Loan. <https://www.finder.com/ph/what-you-should-know-before-getting-a-motorcycle-loan>
6. National Association of Credit Management (n.d.). Credit Investigations. Principles of Business Credit. Chapter 11. Page 7. [Http://Web.Nacm.Org/Pdfs/Educ\\_Presentations/Principles\\_Ch11\\_V3.Pdf](http://Web.Nacm.Org/Pdfs/Educ_Presentations/Principles_Ch11_V3.Pdf)
7. Barasa, W. M. (2017). Credit Management Policy and Profitability of a Commercial Bank A Case Study of Housing Finance Bank. [Http://Cees.Mak.Ac.Ug/Sites/Default/Files/Publications/Dissertation.Pdf](http://Cees.Mak.Ac.Ug/Sites/Default/Files/Publications/Dissertation.Pdf)
8. Pacis, V. (2018). Status of motorcycle stores in Batangas City. [https://www.academia.edu/21514795/Status\\_of\\_motorcycle](https://www.academia.edu/21514795/Status_of_motorcycle)
9. Kim, W. (2012). Customers' Responses to Customer Orientation of Service Employees in Full-Service Restaurants: A Relational Benefits Perspective. *Journal of Quality Assurance in Hospitality & Tourism*, 10:153–174, 2012 <https://www.tandfonline.com/doi/pdf/10.1080/15280080902988188>
10. Ngwa, E. (2016). Credit Risk Management in Banks As Participants In Financial Markets. <https://www.diva-portal.org/smash/get/diva2:441943/FULLTEXT02>
11. Tax and Accounting Center of the Philippines, (2020). BIR Official Receipts and Sales Invoices in the Philippines. <https://taxacctcenter.ph/bir-official-receipts-and-sales-invoices-in-the-philippines/>
12. Milz, F. (2019). What are the Laws Governing Motorcycle Repossession? <https://www.consumerslaw.com/blog/what-are-the-laws-governing-motorcycle-repossession/>

*Cite this Article: Jemmalyn G. Aloc, CPA, MBA, Girly H. Naval, DBA (2021). Control Mechanisms in Credit Management of Motorcycle Dealers in Camarines Norte, Philippines. International Journal of Current Science Research and Review, 4(8), 1059-1069*