

**AN ASSESSMENT OF ACCOUNTS RECEIVABLE MANAGEMENT PRACTICES  
AT M-KOPA SOLAR UGANDA LIMITED**

**BY**

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## **ABSTRACT**

The purpose of the study was to assess the accounts receivable management practices at M-KOPA solar Uganda Limited through evaluation of the accounts receivable management practices and challenges between October 2014 and December 2015.

The study adopted a cross sectional research design and applied a quantitative research approach to obtain data from a sample of M-KOPA staff and customers that purchased M-KOPA Solar products on credit between October 2014 and December 2015 used in the analysis and interpretation of findings. The sample size for the customers that purchased the M-KOPA Solar product on credit was 385 based on the equation developed by Cochran (1963:75) while Simple random sampling was used to select the sample of the company employees. The study used both primary and secondary data sources using a structured questionnaire administered to the staff of M-KOPA Solar Uganda and Customers. The study adopted credit extension policy, credit collection policy and control and monitoring as practices of accounts receivable management practices.

Based on the findings, the firm was ineffective following up with customers that defaulted on their payments due to laxity in the appraisal process that neglected other key factors (5Cs) considered before granting credit. Payment reminders were uniform yet customers needed assistance from the collection staff to enable them make payments. The absence of a credit committee encouraged defaulting influenced by a shortage of collection staff at the selling points distant from customers' residences. Timely access to credit balances and inability to provide light promptly after making payments highlighted shortages with the billing system.

It was recommended that M-KOPA Solar Uganda strengthens its appraisal procedures ensuring strict compliance to stringent client appraisal procedures applied in financial institutions. Similarly, the firm should frequently update the internal billing system and employ more collection officers per selling point to effectively meet the collection purpose for the company. Finally, the firm should consider restructuring their distribution to bridge the gap between customers and the company.