

Institute of Credit Management
Certificate in Credit Management
Part Four

A. EXIT LEVEL OUTCOMES and SYLLABUS

1. HUMAN RESOURCE MANAGEMENT

□ **Exit Level Outcome**

Manage the credit employee's performance and development whilst conforming to required legislation and Company policies and procedures.

Learning Outcome

The content of this chapter will enable learners to:

- o Explain the contribution that human resource management in the credit department can make to the effectiveness of the organisation's activities.
- o Discuss and evaluate the process theories of employee motivation.
- o Explain the objectives and elements involved in human resource planning.
- o Discuss the objectives and elements of job descriptions and key performance areas.
- o Draft a job description for a credit employee.
- o Discuss methods of measuring staff performance.
- o Discuss the role of, and the differences between, mentoring, coaching and counseling.
- o Explain and identify the practical application of Management by Objectives.
- o Discuss the criteria to be considered when developing goals.
- o Set collection and cash flow targets.
- o Understand and discuss the legal requirements of human resource management.
- o Apply the theory covered in this chapter to the management of credit personnel.

Recommended reference material: Introduction to Business Management – 6th Edition

Editors: Cronje; Du Toit; Marais; Motlatla

And/or

Human Resource Management in South Africa – Second

Edition

Editors: Grobler; Warnich; Carrell; Elbert; Hatfield

1.1 The objective of human resource management in the credit environment

1.2 Human resource planning

- 1.2.1 *Factors influencing human resource forecasting*
- 1.2.2 *Job analysis: Importance and specifications*
- 1.2.3 *Job descriptions and key performance areas*
- 1.2.4 *Competency levels*

1.3 Human resource performance measurement

- 1.3.1 *Areas to be measured in a credit environment*
 - 1.3.1.1 *Effectiveness*
 - 1.3.1.2 *Efficiency*
 - 1.3.1.3 *Service levels*
 - 1.3.1.4 *Productivity*
- 1.3.2 *Performance appraisals*
 - 1.3.2.1 *Objectives of performance appraisals*
 - 1.3.2.2 *Developing and using a performance appraisal system*
 - 1.3.2.3 *Management by Objectives*
 - 1.3.2.3.1 *The process*
 - 1.3.2.3.2 *Goal setting*
 - 1.3.2.3.3 *Cash flow forecasting using past collection percentages, DSO and sales budgets*
 - 1.3.2.4 *Counseling / Coaching / Mentoring /Disciplining*

1.4 Employee motivation

- 1.4.1 *Approaches to motivation*
 - 1.4.1.1 *Maslow's hierarchy of needs*
 - 1.4.1.2 *Herzberg's theory of needs*
 - 1.4.1.3 *McClelland's theory of needs*
 - 1.4.1.4 *Alderfer's ERG theory*
- 1.4.2 *Developing a motivational strategy from the theories*

1.5 Human resource training and development

- 1.5.1 *Differentiating between training and development*
- 1.5.2 *Training and development objectives*

1.5.3 *Training and development methods*

1.6 Human resource – legal environment

1.6.1 *Forms of Employment -Definitions*

- 1.6.1.1 *Permanent Part time*
- 1.6.1.2 *Permanent Full time*
- 1.6.1.3 *Contract worker*

1.6.2 *The Labour Relations Act 66 of 1995*

- 1.6.2.1 *Purpose of the Act*
- 1.6.2.2 *Overview of the Act*
 - 1.6.2.2.1 *Freedom of Association*
 - 1.6.2.2.2 *Organisational Rights*
 - 1.6.2.2.3 *Bargaining Councils*
 - 1.6.2.2.4 *Statutory Councils*
 - 1.6.2.2.5 *CCMA (Commission for Conciliation, Mediation and Arbitration)*
 - 1.6.2.2.6 *Labour Court and Labour Appeal Court*
 - 1.6.2.2.7 *Automatically unfair dismissals*
 - 1.6.2.2.8 *The grievance procedure*
 - 1.6.2.2.9 *The disciplinary procedure*

1.6.3 *The Basic Conditions of Employment Act 75 of 1997*

- 1.6.3.1 *Purpose of the Act*
- 1.6.3.2 *Overview of the Act*
 - 1.6.3.2.1 *Working time*
 - 1.6.3.2.2 *Leave*
 - 1.6.3.2.3 *Remuneration and deductions*
 - 1.6.3.2.4 *Notice of termination of employment*
 - 1.6.3.2.5 *Employer's administrative obligations*

1.6.4 *The Employment Equity Act 55 of 1988*

- 1.6.4.1 *Purpose of the Act*
- 1.6.4.2 *Overview of the Act*

1.6.5 *Skills Development Levy Act 9 of 1999*

- 1.6.5.1 *Purpose of the Act*
- 1.6.5.2 *Overview of the Act*

1.6.6 *Unemployment Insurance Act 63 of 2001*

- 1.6.6.1 *Purpose of the Act*
- 1.6.6.2 *Overview of the Act*

2. CREDIT MANAGEMENT STATISTICS

□ Exit Level Outcome

Administer and evaluate the credit management process and results.

Learning Outcome

The content of this chapter will enable learners to:

- o Understand and extract relevant and meaningful statistics.
- o Compare statistics and discuss the objectives of these comparisons.
- o Apply the theory covered in this chapter to a credit environment.
- o Set collection targets using the methods identified.
- o Draft management reports and departmental budgets and predictions.
- o Reconcile and discuss the General Ledger Debtors Control Account.

*Recommended reference material: “Applied Business Statistics Methods and Application”
Editor: Trevor Wegner*

2.1 Introduction to quantitative techniques (Statistics)

- 2.1.1 *Uses, terminology, statistic, data types, data sources and data collection methods*
- 2.1.2 *Precision, approximations and rounding*
- 2.1.3 *Sampling methods (simple random, stratified, systematic, cluster and multi-stage)*
- 2.1.4 *Probability sampling (quota and judgmental)*
- 2.1.5 *Frequency distributions*
- 2.1.6 *Measure of Central Position*
- 2.1.7 *Measures of Dispersion*
- 2.1.8 *Index numbers*
- 2.1.9 *Time Series Analysis*
- 2.1.10 *Linear Correlation and Regression Analysis*
- 2.1.11 *Representation of Statistical Data, Tables, Charts and Graphs*
- 2.1.12 *Credit management Statistics (Cash to credit; account approval to rejections, bad debts to credit sales, comparison of one companies statistics to another,*

industry norms and comparisons; results to budgets; productivity levels, quality and service levels, collection results, cost of credit levels)

2.2 Reporting and Controls

- 2.2.1 Debtors Control account: activities and reconciliation
- 2.2.2 Expense, Collection and Bad Debt budgeting
- 2.2.3 Collection targets and predictions
- 2.2.4 DSO reduction target calculations

3. BUSINESS LAW

□ Exit Level Outcome

Apply key legislation, code of conduct and ethics in the credit management process.

Learning Outcome

The content of this chapter will enable learners to:

- o Understand and apply relevant credit and business laws
- o Discuss the objectives of the identified laws
- o Discuss AIDS in the workplace
- o Understand and explain Corporate Governance
- o Discuss Cyber Law and it's effect on business

*Recommended reference material: Blue Book of South Africa 2004/5
Government Website*

3.1 Introduction to the business legal environment

3.1.1 Laws affecting business in South Africa *(excluding Human Resource related Acts)*

- 3.1.1.1 *The Constitution of South Africa, Act 108 of 1996*
- 3.1.1.2 *The Companies Act 61 of 1973*
- 3.1.1.3 *The Close Corporations Act 69 of 1984*
- 3.1.1.4 *National Small Business Act 102 of 1996*
- 3.1.1.5 *Business Names Act 84 of 1972*
- 3.1.1.6 *Value Added Tax Act 89 of 1991*
- 3.1.1.7 *Non-profit Organisation Act 71 of 1997*
- 3.1.1.8 *Competition Act 89 of 1998*
- 3.1.1.9 *Protection Disclosures Act 26 of 2000 (Whistle-blowers)*
- 3.1.1.10 *Promotion of Access to Information Act 2 of 2000 (amended)*
- 3.1.1.11 *Electronic Communications and Transactions Act (2002)*
- 3.1.1.12 *Insolvency Act 24 of 1936 (Amended)*
- 3.1.1.13 *Usury Act 73 of 1968*

- 3.1.1.14 Consumer Affairs (Unfair Business Practices) Act 71 of 1988 (amended 1999)
- 3.1.1.15 Financial Intelligence Centre Act (FICA)

NOTE: With the exception of Insolvency Act, Companies Act, Close Corporations Act and Usury Act – which are to be studied in detail - learners are required to study and explain the following information on the above laws:-

- o Objective of each law
- o Effect of each law on business activities (ie specific restrictions or activities)

3.2 Corporate Governance

3.2.1 Definition

3.2.2 Accepted South African Code of Business

- 3.2.2.1 Seven fundamental characteristics of good corporate governance as identified in the King Reports

4. INTRODUCTION TO BUSINESS ECONOMICS

□ Exit Level Outcome

Identify key areas of the economic cycle that impacts on trading activities.

Learning Outcome

The content of this chapter will enable learners to:

- o Understand the role of business in society
- o Define economics
- o Differentiate between macroeconomic and microeconomics
- o Identify and explain the 3 important sectors in the economy
- o Describe and compare free market, socialism and command economic systems
- o Understand and explain terminology used in connection with economic statistical data
- o Explain the 5 main macroeconomic objectives
- o Define and explain the measurement of economic growth
- o Calculate GDP
- o Define and interpret consumer price index (CPI)
- o Explain the balance of payments
- o Explain elasticity of demand and supply
- o Explain inflation and its effect on consumers and the Country

- o Identify the main differences between the labour and goods markets
- o Discuss the advantages and disadvantages of minimum wages
- o Identify and discuss the role of Trade Unions in South Africa

*Recommended reference material: Economics for South African Students (Third Edition)
Philip Mohr, Louis Fourie and associates
Economics Grade 12 - The Blue Book Series
Introduction to Business Management 6th Edition
Cronje, Du Toit, Marais, Motlatla*

4.1 Introduction to economics

- 4.1.1 *Definition of economics*
- 4.1.2 *Definition and role of the monetary sector*
- 4.1.3 *Definition and role of the public sector*
- 4.1.4 *Definition and role of the foreign sector*

4.2 The economic cycle

4.3 Difference between microeconomics and macroeconomics

- 4.3.1 *Definitions*
- 4.3.2 *5 main objectives of macroeconomics*

4.4 The three economic systems

- 4.4.1 *Free market*
- 4.4.2 *Socialism*
- 4.4.3 *Command*

4.5 The goods and services market

- 4.5.1 *Definition of a market*
- 4.5.2 *The development of a market*
- 4.5.3 *The economic significance of a market*
- 4.5.4 *The role of competition in a market*
- 4.5.5 *Defining Supply and Demand*
- 4.5.6 *Impact of fluctuating supply and demand on prices*
- 4.5.7 *Income elasticity of demand*
- 4.5.8 *Prices elasticity of supply*
- 4.5.9 *Inflation*
- 4.5.10 *Definition, measurement, causes and effect*

4.6 Defining economic growth and measurement

4.7 Terminology used in connection with economic statistical data

- 4.7.1 *Gross domestic product GDP (explain and calculate)*

- 4.7.2 Gross domestic expense (GDE) (define)
- 4.7.3 Consumer Price Index (CPI) (define)

4.8 The labour market and Trade unions

- 4.8.1 Differences between goods and labour markets
 - 4.8.2 The role of trade unions
 - 4.8.3 Advantages and disadvantages of minimum wage laws
 - 4.8.4 Central bargaining units
 - 4.8.5 Purpose, advantages and disadvantages to workers
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B. ASSESSMENT CRITERIA

The Learner will be assessed using the following:-

- *Completion and submission to the ICM of a ~~set~~ home assignment by a specific date, and*
- *Written evaluation (3 hours)*
 - *Question One will be a compulsory case study (30 marks)*
 - *Questions Two - Five will be questions based on each of the sections (15 marks each)*
 - *Question Six will consist of 10 general multiple choice questions*

The evaluation weighting will be as follows:-

- *Assignment - 20%*
- *Written evaluation - 80%*

Learners will be required to achieve an overall mark of 50% in order to obtain credits towards the ICM Diploma in Credit Management.

Successful learners will be eligible to proceed to Credit Five once it becomes available from the ICM.

The first examination date will be November 2005
