#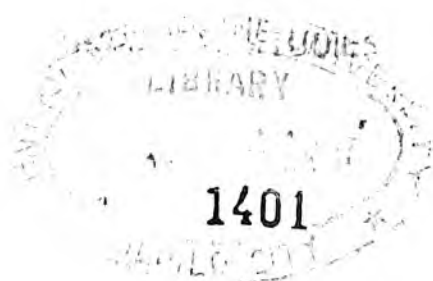 ASSESSMENT OF CREDIT POLICY FORMULATION AND EXECUTION OF CHINA QINGDAO HAIER CO., LTD.: BASIS FOR CREDIT STANDARDS, CREDIT TERMS, CREDIT COLLECTION POLICY

A Special Paper

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ASSESSMENT OF CREDIT POLICY FORMULATION AND EXECUTION OF CHINA QINGDAO HAIER CO., LTD.: BASIS FOR CREDIT STANDARDDS, CREDIT TERMS, CREDIT COLLECTION POLICY

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ABSTRACT

This Special Paper is a study of the Credit Policy Formulation and Execution of China Qingdao Haier Company. The literature study, in-depth interview method, and questionnaire survey research method was conducted last 2014-2015. By using the combination of theoretical research and empirical research, this study analyzed the results of Qingdao Haier Co., Ltd.'s credit policy formulation and application for the three dimensions: structure, process and results as basis for the credit standards, credit terms, and credit collection policy. The subjects were the employees from sales, accounting, credit control, and customers departments. Furthermore, a questionnaire was used to determine the perception of these employees toward the credit policy of the company.

Specifically, this study aimed to:

1). conduct a pre-survey on the existing credit policy of China Qingdao Haier Co., Ltd which involves the sales department, accounting department , credit control department   and customers;

2). assess the Credit Policy Formulation and Execution of China Qingdao Haier

Co., Ltd in the areas of credit standards, credit terms and credit collection policy

using SWOT Analysis; and,

3). come up with updated credit standards, credit terms and credit collection

policy for the company.

The respondents were 239 employees who were composed of: 142 sales

employees, 57 accounting employees, 9 credit staffs, and 31 customers. Through this

comprehensive area of respondents, it measured wide-range variables of interest from

all the elements of the given population. The target population well represented the

different departments of the company.

The descriptive statistics used were the frequency, mean, and percentage. Then,

inferential statistics used was the SWOT analysis.

Based on the data analysis, Haier's comprehensive credit policy is very strict. In

other words, Haier's comprehensive credit risk management capability is very strong.

Haier's credit standards are very strict. Consequently, Haier's bad debt loss ratio is

low in the industry. Haier's credit terms are considered strict. In other words, Haier's

accounting receivable terms is one of the shortest in the industry. Haier's credit

collection are good. Another meaning, Haier's post-credit risk management capability

is good in the industry in China.