

PROJEK PELAJAR

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**A STUDY ON THE ROLE OF CREDIT MANAGEMENT UNIT OF  
TELEKOM MALAYSIA BHD ( KUCHING )**

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## EXECUTIVE SUMMARY

One of the most important elements in the financial environment of a business is the accounts receivable function. This was because most of the business enterprise selling their products or services using credit terms . It is quite difficult for the seller to sells their products or services to the customer in cash terms. Therefore, the business enterprise needs to manage their accounts receivable effectively in order to generate more revenue to sustain their daily business operations.

The vital process begins with the decision whether to extend credit to a customer, proceeds through delivering and billing for the product or service, and ends with collection of cash as payment of the account. It is the collection of accounts receivable which provides a significant source of cash for most companies. How quickly and how smoothly an account receivable is converted to cash depends in large measure on the credit function since it is the auspices of the credit function to initially create a receivable by extending credit and ultimately perform

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## **CHAPTER 1 INTRODUCTION**

### **1.1 Brief History on Telekom Malaysia Bhd**

Syarikat Telekom Malaysia Bhd (STMB) was privatized in January 1987. After privatization, its further geared itself to provide better telecommunications service to cater growing demands of the customers. In 1990 STMB was subsequently changed to Telekom Malaysia Berhad (TMB) to reflect its global identity and to be a major player in the field of telecommunications. Its principal activities are the provision operation and maintenance of telecommunications and related service locally and internationally. It is the only nationwide network that provide to both urban and rural areas of the country .As the national telecommunication carrier, Telekom Malaysia offers a complete range of services to cater to the individual needs of such subscribers which include:-

- \* Telephones : Business and residential
- \* Telefax
- \* Data Communication eg. Lease Circuit
- \* Public Payphone
- \* Mobile phone Atur 450

## CHAPTER 2 LITERATURE REVIEW

### 2.1 Credit Management Definition

Before we study in depth of credit management functions we must understand what is credit.

As define by Robert H. Cole in his book entitled Customer and Commercial Credit Management (page 5)

*“The term credit is a medium of exchange of limited acceptance. This medium of exchange creates certain rights and privilege. Credit is given by the buyer to the seller; the seller exchange goods on services for the buyer’s credit”*

According to Robert H. Cole the author of Consumer and Commercial Credit Management (pg. 169)

*“ The basic function of credit manager are maximizing sales and profit, minimizing bad debts loses, utilizing funds efficiently, cooperating with internal and external departments and emphasizing public relations “*