

Title: Credit Policy and Profitability: A Study of Selected Manufacturing Companies in Nigeria

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Abstract: The study is on the effect of credit policy on the profitability of manufacturing companies in

Nigeria. Credit policy in this context was viewed from the perspective of a mode of regulating credit sales. The study centered majorly on the effects of each of the individual components of credit policy which include the credit standards, the credit period, the cash discount and the collection period on an organization's profitability. The study aimed at identifying the type of effects that a company's credit policy has on its profitability. A survey was conducted on four manufacturing companies namely: Unilever Nigeria plc., Cadbury Nigeria plc., Nestle Nigeria plc., and Nigerian bottling company. The empirical findings revealed that the credit policy of manufacturing organizations have a negative effect on its profitability when the company's credit policy is favorable, the findings also revealed that companies should ensure the monitoring and regular review of their credit policy and the allowance of cash discounts should be minimized as much as possible.