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ABSTRACT

The study delved into impact of credit management on the operation of selected small scale enterprises in Nigeria. The study examines whether integration of the world economic enhances product development and performance and whether the advent of internet has effect on product innovation in the beverage industry. The survey research design was employed in this study and the questionnaire was the main research instrument. A total of 30 respondents make up the sample size of the study and chi-square was used as the statistical tool to analyze or in analyzing the collected data.

The findings of this study revealed that extension of credit to customers is an average for imploring sales of small scale industries. Efficiency in the management of small scale business lies on the way credit is been managed. Furthermore, small scale business credit standard and credit analysis before extending credit to customers.

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CHAPTER ONE

INTRODUCTION

1.0 BACKGROUND TO THE STUDY

Private Sector Development as suitable alternative for promoting sustainable and balanced growth in African has attracted considerable attention. Many government and development organizations have focused on the promotion of medium-scale enterprise (SMEs) as a way of encouraging broaden participation in the private sector. The promotion of SMES and especially of those in the informal sector is viewed as a variable approach to sustainable development because it suits the resources in Africa.

The contemporary business environment faced with a number of challenges particularly the globalization process is on course is attempt to standardize operation. One the strategies used in coping with globalization is credit management. Credit management refers to those decision variables that influence the amount of trade credit that is, investment in recurable which a business firm may undertake to any given time. It plays a vital role in promoting small scale industries in Nigeria.

The promotion of small scale industrial business is well recognized and much better strategies of industries development in developed and developing countries and its ability to enhance entrepreneurial and management skills.

In (1973) Nigeria Small Scale Industries Association defines small scale business as those having investment like capital, land, building and equipment up to 60,000 and employing no more-than fifty people.

Some scale industries a business could be referring to the sector of economy that is mostly concern with the

distribution and marketing both industrial and domestic products. According to Ajonbadi (2002) saying Small Scale Industry is an industry which the total capital employed is over 1.5 but not more than 50 million including working capital of it 100 workers.

The research work is to analyze critically the impact analysis of credit management strategies to sector of trade, the problem in managing credit problems and with the aim of finding a lasting solution to the problems and expand the activities of small scale business in the economy in order to arose the attraction both government and individual.

1.1 STATEMENT OF PROBLEMS

Small medium businesses have limitations and problems that account for their failures. All business organization is irrespective of their objectives have philosophy of growth, survival and adaptiveness. (LAWAL, 1993).

The important role which small scale enterprise play in the economics of nations, from the first to the last sage in the developmental countries makes them very relevant in many aspects of economic policies especially those of industrial development. However, the extent to which these enterprises contribute to industrial development depends on the level of growth and development of these enterprises.

In Nigeria, just as in most other countries, small scale enterprise are more in number than large scale enterprises. This is not surprising given the nation's how level of development in both human resources and capital formation.

Small Scale Firms like medium firms, however create bulk of the employment provided in the promotion of entrepreneurship and utilization of indigenous technology as well as ensuring even and more appropriate location of industries.

1.2 OBJECTIVES OF THE STUDY

The general objective of the study is to examine the impact of credit management on the operation of selected small scale enterprises in Nigeria.

Evidence has shown that small scale firms usually carryout "**NICHES**" and produces highly specialized service of product in a geographical area and do not perceive any clear competition.

1. The main purpose of this research is to understand the types of credit, standard of credit, administration of credit and credit terms.
2. Then review the problems of managing credit of small scale business in Nigeria, with the aim of finding lasting solution to them and possibly bring up innovational and ideas general towards expansion in the growth and development of small scale enterprises (SME) in the state.
3. To intensively review the role of the government over the year in the small scale industry enterprises so as to draw attention of the government to the development of the sector.

1.3 RESEARCH QUESTIONS

- i) Do survival of small scale business depend on accessibility of credit facility?
- ii) Does institutional incentives given by government agencies affect the effort of small scale business in Nigeria?
- iii) Is there significant relationship between credit management and small scale enterprises performance?
- iv) To what extent do credit management influence small scale enterprises productivity?
- v) Is there any significant relationship between credit management and small scale enterprise

profitability?

- vi) Does credit management reduce fraudulent act in SSEs?
- vii) Does credit management reduce materials wastage in SSEs?

1.4 RESEARCH HYPOTHESES

HO - There is no significant relationship between Credit management and Small Scale Business in Lagos State.

H1 - There is significant relationship between Credit management Small Scale Business in Lagos State.

HO - Credit management strategy of SMEs do not have significant effects on their profitability.

H1 - Credit management strategies of small scale enterprises have a significant effect on their profitability.

1.5 SIGNIFICANCE OF THE STUDY

The important of small and medium enterprises in the economy. AT the end of the study, the researcher expects that the finding will serve as a point of reference to the managing of business organization student, professional, student of economist and general public. This study will reveal the relevant of credit management.

This study also contributes to knowledge in terms of provisions of additional information in the form of ideas, opinions and views from the field (industry operators) to develop and move the sector forward by way of checking the relationship that exists between the financial institution and SMEs in Nigeria.

1.6 SCOPE AND LIMITATION OF THE STUDY

The study covers credit management SMEs in Nigeria, particularly in Lagos State and does not extend to other sectors. This study is restricted to selected small scale enterprises in Ikeja local government of Lagos State. The study covers a representative numbers of the generality of SMEs. No special consideration is given to sex, age and nationality in collecting data from the respondents.

The level of accuracy in this study is proportional to the availability of information that the respondents are willing to give. Also, there is this uncertainty that information given is without bias. Also, undertaking a research study is a serious business. It requires a commitment of time, money and energy, both intellectual and physical. Hence, balancing the study with academics and going to work is a Herculean task.

1.7 Definitions of Terms

Credit Management: decision variables that influence the amount of trade credit that is, investment in recurable which a business firm may undertake to any given time.

Banks: This is a financial institution that aid in collection of deposit and granting loans and other auxiliary service to the public.

Banking: Is a service delivery business in which information is pivotal, whether in the honoring of cheques or other withdrawals.

Consolidations: This is another term used in place of merger and acquisition. Thus, it is the combination of two or more corporation.

Enterprises: This is any commercial undertaking that is either publicity of privately owned or controlled. The word is used interchangeably with organisation in this study.

Performance: The degree of efficiency and effectiveness with which the organisation objectives are

achieved.

Small Scale Enterprises: These are enterprises in which power consumptions, number of employees, quantum of raw materials, output like are small in size.

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