

**SURVIVAL AND GROWTH OF SMALL AND MEDIUM SCALE INDUSTRIES IN  
NIGERIA: THE ROLE OF DEPOSIT MONEY BANKS**

**By**

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AND FINANCE, COLLEGE OF BUSINESS AND SOCIAL SCIENCES, COVENANT  
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**JUNE 2018**

## ACCEPTANCE

This is to attest that this thesis is accepted in partial fulfilment of the requirements for the award of the degree of Master of Science in Finance in the Department of Banking and Finance, College of Business and Social Sciences, Covenant University, Ota.

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**DECLARATION**

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## CERTIFICATION

We certify that this thesis titled “Survival and Growth of Small and Medium Scale Industries in Nigeria: The Role of Deposit Money Banks” is an original work carried out by ABIMBOLA, OLAIDE AKEEM (16PMG01454), in the Department of Banking and Finance, Covenant University, Ota, Ogun State, Nigeria, under the supervision of Dr. Abiola A. Babajide. We have examined and found the work acceptable for the award of a degree of Masters of Science in Finance.

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## **DEDICATION**

I dedicate this work to God Almighty who in His infinite mercies guided this work to its successful completion amidst the challenges and hurdles faced during the course of the research study. I also dedicate it to my parents, siblings and my wife, Abimbola Halima Olajumoke for all of their supports and words of encouragements despite my unavailability at all times due to the time consuming nature of the work; may the Almighty God continually reward all your efforts immensely with over-flowing, supernatural blessings and favour.

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## LIST OF ABBREVIATIONS

<b>BOI</b>	Bank of Industry
<b>CBN</b>	Central Bank of Nigeria
<b>CIMA</b>	Chartered Institute of Management Accountants
<b>CMD</b>	Centre for Management Development
<b>CPI</b>	Consumer Price Index
<b>DMB</b>	Deposit Money Banks
<b>ERPs</b>	Economic Reform Programs
<b>GDP</b>	Gross Domestic Products
<b>MAN</b>	Manufacturing Association of Nigeria
<b>MFBS</b>	Microfinance Banks
<b>NBCI</b>	Nigerian Bank for Commerce and Industry
<b>NBS</b>	National Bureau of Statistics
<b>NDE</b>	National Directorate of Employment
<b>NERFUND</b>	National Economic Recovery Fund
<b>NISER</b>	The National Institute of Science Education and Research
<b>NIDB</b>	Nigerian Industrial Development Bank
<b>NSE</b>	Nigeria Stock Exchange
<b>OLS</b>	Ordinary Least Square
<b>OND</b>	Ordinary National Diploma
<b>PBT</b>	Profit before Tax
<b>PPMC</b>	Pearson Product Moment Correlation
<b>SIBs</b>	Systemically Important Banks
<b>SME</b>	Small and Medium Enterprises
<b>SMEDAN</b>	Small and Medium Enterprises Development Agency of Nigeria
<b>SMEEIS</b>	Small and Medium Enterprises Equity Investment Scheme
<b>SMIS</b>	Small and Medium Industries
<b>SMIEIS</b>	Small and Medium Industries Equity Investment Scheme
<b>SPSS</b>	Statistical Package for the Social Sciences
<b>UK</b>	United Kingdom
<b>UNIDO</b>	United Nations Industrial Development Organization
<b>US</b>	United States of America

## ABSTRACT

This study investigated the roles that Deposit Money Banks (DMBs) play in the Survival and Growth of Small and Medium Industries (SMIs) in Nigeria. SMIs find it very hard to survive their first few years of operation. A large number of the ones that survive continue to operate at the same level almost all through their existence with very little or no growth. It is not new an issue that one of the challenges that these SMIs face in Nigeria is access to funds which is available in abundance with DMBs operating in the country. The study therefore set out: First, to determine the effect of loans obtained from DMBs on the survival of SMIs. Secondly, to evaluate the effect of the owner variables, firm variables and DMB factors on the growth of SMIs. And lastly to obtain the causes of the high rejection rate of SMI loan requests by DMBs. The study obtained primary data using two set of questionnaires administered to both SMI business owners and loan of officers of DMBs in a survey. The survey was carried out on randomly selected SMIs and all the DMBs in Ogun State Nigeria with focus on Otta, Agbara, and Ifo. The data obtained were analysed using advance statistical techniques such as the Pearson correlation and multiple regression analysis. It was found from the study that DMB loans going by its conditions are very inimical to both the survival and growth of SMIs in Nigeria. The study recommended that SMIs should look inwards for funds for their business survival. The firm should also focus more on its own characteristics such as the level of technology infusion it has, the business assets, location and plough back of profit for its expansion needs. Where it is necessary to borrow from DMBs, the study revealed factors that SMIs should give utmost consideration in order to enhance the chances of their loan request being granted. The findings from this research work will help improve the survival and growth rate of SMIs, guide and improve their access to funds from DMBs and also form a part of the basis for other research works in this field.

**Keywords:** *Collateral, Credit facilities, Deposit Money Banks, Small and Medium Industries.*