CREDIT MANAGEMENT AND BUSINESS SUSTAINABILITY OF SELECTED BIOMEDICAL FIRMS IN LAGOS, NIGERIA

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A DISSERTATION SUBMITTED TO THE SCHOOL OF POSTGRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF BUSINESS ADMINISTRATION (MBA) DEGREE IN BUSINESS ADMINISTRATION IN THE DEPARTMENT OF BUSINESS MANAGEMENT, COLLEGE OF MANAGEMENT AND SOCIAL SCIENCES, COVENANT UNIVERSITY, OTA, OGUN STATE, NIGERIA

JULY, 2023

ACCEPTANCE

This is to attest that this dissertation is accepted in partial fulfilment of the requirements for the award of Master of Business Administration (MBA) Degree in the Department of Business Management, College of Management and Social Sciences, Covenant University, Ota, Nigeria.

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DECLARATION

I, **BABAJIMI-JOSEPH, ADEKEMI (21PMB02272)** declare that this research titled **CREDIT MANAGEMENT AND BUSINESS SUSTAINABILITY OF SELECTED BIOMEDICAL FIRMS IN LAGOS, NIGERIA** was carried out by me under the supervision of Prof. Oladele. J. Kehinde of the Department of Business Management, College of Management and Social Sciences, Covenant University, Ota, Ogun state, Nigeria. I attest that this dissertation has not been presented either wholly or partially for the award of any degree elsewhere. All sources of data and scholarly information used in this thesis are duly acknowledged.

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Signature and Date

CERTIFICATION

We certify that this dissertation titled **"CREDIT MANAGEMENT AND BUSINESS SUSTAINABILITY OF SELECTED BIOMEDICAL FIRMS IN LAGOS, NIGERIA."** is an original work carried out by **BABAJIMI-JOSEPH, ADEKEMI (21PMB02272),** in the Department of Business Management, College of Management and Social Sciences, Covenant University, Ota, Ogun State, Nigeria, under the supervision of Prof. Oladele J. Kehinde**.** We have examined and found this research work acceptable as part of the requirements for the award of Master of Business Administration (MBA) Degree in Management.

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DEDICATION

This research work is dedicated to God, the giver of wisdom, knowledge, understanding and strength who provided supernaturally all through this programme. To him alone be all the glory.

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ABBREVIATIONS

AVE - Average Variance Extracted

SMEs - Small Medium enterprises

SPSS – Statistical Package for Social Science

STDEV – Standard Deviation

VIF – Variance Inflation Factor

ABSTRACT

The main purpose of this research was to investigate the effect of credit management on the business sustainability of selected biomedical firms in Lagos, Nigeria. Small and medium-sized enterprises (SMEs) can increase their profits through trade credit, a financing arrangement that allows buyers to make purchases on credit terms. However, inappropriate trade credit management has been a challenge for many small business owners, particularly in the biomedical industry in Lagos, Nigeria. This study aimed to address this gap and explore the impact of credit management on business sustainability. The problem identified in this research is the lack of strategies among small business owners to achieve profitability within the first five years of launching their businesses due to inadequate trade credit management. Insufficient liquidity resulting from bad debts and delayed client payments has been a significant factor contributing to the failure of small businesses globally. While previous studies have focused on financing and account payables, there is a scarcity of research on account receivables and trade credit in the context of the supply of goods on credit. The investigation was conducted in selected biomedical firms located in Lagos state. A descriptive research approach was employed, and 162 out of 169 distributed questionnaires were returned, resulting in a high response rate of 95.86%. Statistical analysis using tools such as Statistical Packages for the Social Sciences (SPSS) and SEM-PLS (Structural Equation Model) was employed to analyze the collected data and test various hypotheses. The findings revealed significant impacts of credit management policies on growth, credit risk management strategies on liquidity, customers' creditworthiness on profitability, and trade credit on customer satisfaction. These results suggest that credit management has a significant effect on the business sustainability of the selected biomedical firms. Based on the study's findings, it is recommended that organizations should enhance their credit management policies; organizations need to strengthen their credit risk management strategies; emphasize customer creditworthiness and optimize trade credit practices. Implementing these recommendations will enable firms to improve their credit management practices, drive business growth, and enhance overall sustainability.

Keywords: Biomedical firms, Business sustainability, Credit management, Small and medium-sized enterprise, Trade credit.