

**Working Capital Management and SMES Performance in Ibadan, Nigeria**

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**Being a MSc Thesis Submitted to the Department of Management and Accounting,  
Faculty of Management and Social Sciences, Lead City University, Ibadan, Oyo State,  
Nigeria**

**In Partial Fulfilment of the Requirements of the Award of the Master Degree (M.Sc.) in  
Business Administration**

**2023**

## Certification

This is to certify that Olufunmilayo Olanrewaju **ABIDOGUN** with the matriculation number **LCU/PG/002331** carried out this research work titled: **Working Capital Management and SMEs performance in Ibadan, Nigeria** in the Department of Management and Accounting Lead City University, Ibadan, Nigeria for the award of Masters Degree (M.Sc.) in Business Administration and this has not been previously submitted.

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**Dr K. Longe**

Supervisor

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**Date**

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**Dr. T. M. Akinbo**

Head of Department

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**Date**

## **Dedication**

This work is dedicated to God Almighty and my supportive family.

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## Acknowledgment

The researcher is grateful to the institution - Lead City University, Ibadan, Oyo State librarian that gave me the access to information I used in this research work.

Bunch of appreciation to my supervisor- Dr K. Longe for readiness and willingness to support in all circumstances. In fact, you are a rare mentor. The Head of department, Dr. T M. Akinbo, is indeed appreciated for her immeasurable contribution to academic excellence in the department. Professor A O. Oredein (Provost of Postgraduate College) is also recognized for her painstaking efforts in moving the entire college to the next level of academic research. I would like to thank all my departmental and Faculty lecturers → Dr. L. A. Balogun, , Dr K. Longe, Dr A.F. Igbadumhe, Dr T.M. Akimbo and others for their active roles in contributing immensely to this research work.

I would like to thank my husband Adesola and my lovely children for their support. Finally, I give all glory and praise to my creator, the most gracious father who has given me the strength, wisdom, knowledge and understanding for making it possible to accomplish this remarkable self-actualization and my life dream.

“Even though the above-mentioned institutions and persons have assisted in the completion of this research work, I alone stand responsible for the errors, if any, found in the work”.

## Abstract

This study aims to investigate the impact of working capital management on SME performance in selected SMEs in Ibadan, Oyo State. It specifically focuses on determining working capital management efficiency, the effects of cash management and account receivable management on SME performance. The study is guided by resource-based theory and operating cycle theory. The research design outlines the overall approach, with a sample of 287 SMEs chosen from the total population of One thousand and eighteen (1018). Data analysis involved using tables to present simple percentages, frequency count, mean, and standard deviation. Hypotheses were tested through linear regressions at a significance level of 0.05. The analysis revealed a significant association between working capital management efficiency and profitability in SMEs ( $F = 61.758$  and  $p < 0.001$ ). Similarly, the impact of cash management on profitability showed a significant effect ( $F = 136.182$  and  $p < 0.001$ ). Account receivable's effect on return on investment was also found to have a significant relationship ( $F = 4.361$  and  $p < 0.003$ ). Furthermore, inventory management was shown to have a significant influence on customer satisfaction ( $F = 56.988$  and  $p < 0.001$ ). The study confirmed that the efficient and effective management of these working capital measures significantly influences the financial performance of SMEs. These findings provided strong evidence of the correlation between working capital management efficiency, cash management, account receivable management, inventory management, and their respective impacts on profitability and customer satisfaction. The significant p-values highlight the importance of these variables in influencing SMEs' financial performance and customer satisfaction levels. The study recommended that SMEs should focus on improving their working capital management by implementing robust account receivable and payable management practices, along with effective inventory control techniques.

**Keywords:** Account Receivable Management, Cash Management, Performance, Small and Medium Enterprises (SMEs), Working Capital Management, Performance, Working Capital Management Efficiency,

**Word Count:** 285

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